

CITY OF LAKE ELSINORE

Annual Report



FISCAL YEAR 2021-22
COMMUNITY FACILITIES DISTRICT NO. 2016-2
(CANYON HILLS)



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**Community Facilities District No. 2016-2
(Canyon Hills)
Special Tax Bonds Series 2018**

1. Bond Profile

Project Description

Community Facilities District No. 2016-2 (the “CFD No. 2016-2” or the “District”) was formed to finance certain public improvements needed with respect to the development of property located within the District, including public improvements to be owned by the City and water and sewer facilities to be owned and operated by the Elsinore Valley Municipal Water District. The District contains approximately 166 gross acres and approximately 72 net taxable acres and is located in the southeastern portion of the City of Lake Elsinore (“the “City”), north of Railroad Canyon Road and to the west of Canyon Lake. The property within CFD No. 2016-2 is being developed by Pardee Homes into a neighborhood known as “Westridge.” Westridge constitutes the eighth phase of the master-planned community in the City known as “Canyon Hills.” The property within the District is planned for 456 residential units, a commercial site, and community parks and other open space.

Location

CFD No. 2016-2 is generally located northwest of Railroad Canyon Road and east of Interstate 15. The District’s boundaries are Railroad Canyon Road and Longhorn Drive (Old Newport Road). The main entrance into CFD No. 2016-2 is located at the south end of Tassel Way off of Railroad Canyon Road.

Series 2018 Bonds

The Community Facility District No. 2016-2 Special Tax Bonds, Series 2018 (the “CFD No. 2016-2 Bonds”) in the amount of \$19,745,000 were issued on August 1, 2018, to finance major public improvements needed with respect to the development of property located within the District, to prepay the special tax obligation of Improvement Area B of Lake Elsinore Community Facilities District No. 2003-2, with respect to the property in the District in accordance with the Mello-Roos Community Facilities Act of 1982, and to fund a reserve account for the CFD No. 2016-2 Bonds. Interest rates range from 3.00% to 5.00%, and interest is payable semi-annually on March 1 and September 1. The date for the final maturity of the CFD No. 2016-2 Bonds is September 1, 2048. As of September 30, 2021, the Principal Amount of the CFD No. 2016-2 Bonds Outstanding was \$19,485,000.

2. Fund Information

The Fund Balances for CFD No. 2016-2 as of September 30, 2021 are shown in the following table:

*Table 2-1
Fund Balances*

Account	Balance
LE 2016-2 (CANYON HILLS) 2018 SPL TA	\$4.56
LE 2016-2 (CANYON HILLS) 2018 INTERE	\$0.93
LE 2016-2 (CANYON HILLS) 2018 PRINCI	\$0.08
LE 2016-2 (CANYON HILLS) 2018 ADM EX	\$4.55
LE 2016-2 (CANYON HILLS) 2018 RESERV	\$1,720,800.64
Total	\$1,720,810.76

Reserve Requirement

The Reserve Fund must be maintained at the Reserve Requirement which is defined, as of any date of calculation, as an amount equal to the lesser of (i) 10% of the initial principle amount of the CFD No. 2016-2 Bonds and Parity Bonds, if any; (ii) Maximum Annual Debt Service on the then Outstanding CFD No. 2016-2 Bonds and Parity Bonds, if any; or (iii) 125% of average Annual Debt Service on the then Outstanding CFD No. 2016-2 Bonds and Parity Bonds. The Reserve Requirement may be satisfied in whole or in part by cash, a Reserve Policy (as defined in the Indenture), or a combination thereof.

Amounts in the Reserve Account will be used to pay debt service on the CFD No. 2016-2 Bonds to the extent other moneys are not available. Amounts in the Reserve Account in excess of the Reserve Requirement will be deposited into the Administrative Expense Account of the Special Tax Fund to the extent that Administrative Expenses exceed or are expected to exceed the Administrative Expense Cap. **As of September 30, 2021, the balance in the Reserve Fund was \$1,720,800.64 and the Reserve Requirement was \$1,720,800.64.**

3. Special Tax Information

Special Tax

A Special Tax is collected each year to pay the principal and interest obligations on the CFD No. 2016-2 Bonds. The amount collected each year is determined by the Special Tax formula and can vary from year to year, but shall not exceed the maximum authorized (or permitted) Special Tax rates. The amount levied for Fiscal Year 2021-22 tax year is \$1,136,464.26. The Assigned Special Tax rates for Fiscal Year 2021-22 are as follows:

On each July 1, commencing July 1, 2018, the Assigned/Maximum Special Tax rate for Facilities for Developed Property, Approved Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

Table 3-1
Assigned/Maximum Special Tax Rates

Land Use Category	Assigned Special Tax	Maximum Special Tax
Single Family Residential (Less than 1,175 sq. ft.)	\$1,463.95	\$2,687.68
Single Family Residential (1,175 - 1,324 sq. ft.)	\$1,593.92	\$2,687.68
Single Family Residential (1,325 - 1,549 sq. ft.)	\$1,805.30	\$2,687.68
Single Family Residential (1,550 - 1,649 sq. ft.)	\$1,935.27	\$2,687.68
Single Family Residential (1,650 - 1,749 sq. ft.)	\$2,063.82	\$2,687.68
Single Family Residential (1,750 - 1,949 sq. ft.)	\$2,138.08	\$2,687.68
Single Family Residential (1,950 - 2,199 sq. ft.)	\$2,210.93	\$2,687.68
Single Family Residential (2,200 - 2,449 sq. ft.)	\$2,470.87	\$2,687.68
Single Family Residential (2,450 - 2,699 sq. ft.)	\$2,600.84	\$2,687.68
Single Family Residential (2,700 - 2,949 sq. ft.)	\$2,732.24	\$2,732.24
Single Family Residential (Greater than 2,949 sq. ft.)	\$2,990.75	\$2,990.75
Multifamily Property (per Unit)	\$856.95	\$856.95
Non-Residential Property (per Acre)	\$7,141.23	\$7,141.23
Approved Property (per Acre)	N/A	\$2,687.68
Undeveloped Property (per Acre)	N/A	\$18,733.65

Table 3-2
Special Tax Breakdown

Category	Parcels	Levied Amount	Assigned Special Tax	% of Assigned Special Tax
Single Family (1,750 - 1,949 sq. ft.)	82	\$175,322.56	\$175,322.94	100.00%
Single Family (1,950 - 2,199 sq. ft.)	89	\$196,771.88	\$196,772.34	100.00%
Single Family (2,200 - 2,449 sq. ft.)	76	\$187,785.36	\$187,785.82	100.00%
Single Family (2,450 - 2,699 sq. ft.)	64	\$166,452.48	\$166,453.53	100.00%
Single Family (2,700 - 2,949 sq. ft.)	91	\$248,632.02	\$248,633.39	100.00%
Single Family (Greater than 2,949 sq. ft.)	54	\$161,499.96	\$161,500.37	100.00%
Total	456	\$1,136,464.26	\$1,136,468.39	100.00%

4. Payment History

Delinquencies are calculated through July 2021 and may reflect parcels that may already be on a payment plan.

Delinquency Rate for Fiscal Year 2020-21

As of July 2021, the delinquency rate of CFD No. 2016-2 for Fiscal Year 2020-21 is 0.29%.

Information Concerning Delinquent Parcels

CFD No. 2016-2 delinquency information as of July 2021 is illustrated in the table below:

Table 4-1
Delinquency Summary

Fiscal Year	Levied		Delinquent		
	Parcels	Special Tax	Parcels	Amount	Del. Rate
2016-17	49	\$44,623.74	0	\$0.00	0.00%
2017-18	187	\$188,637.48	0	\$0.00	0.00%
2018-19	373	\$1,122,770.48	0	\$0.00	0.00%
2019-20	456	\$1,092,332.74	4	\$3,633.17	0.33%
2020-21	456	\$1,114,180.30	2	\$3,251.34	0.29%
Total		\$3,562,544.74	5	\$6,884.51	0.19%

Foreclosure Covenant

The District covenants with and for the benefit of the Owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes are due; and (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied; (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement. The District may, but not obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of delinquent amount will be deposited in the Special Tax Fund.

There are no foreclosure actions at this time.

APPENDIX A

Boundary Map





BOUNDARY MAP
COMMUNITY FACILITIES DISTRICT NO. 2016-2
(CANYON HILLS)

APPENDIX B

Debt Service Schedule



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**CITY OF LAKE ELSINORE
CFD 2016-2 (CANYON HILLS)
Special Tax Bonds 2018**



Issued

08/01/2018

Date	Coupon Rate	Principal	Principal Outstanding	Semi-Annual Interest	Semi-Annual Debt Service	Annual Debt Service
03/01/2019			\$ 19,745,000.00	\$ 538,201.56	\$ 538,201.56	
09/01/2019	3.000%	\$ 55,000.00	\$ 19,690,000.00	\$ 461,315.63	\$ 516,315.63	\$ 1,054,517.19
03/01/2020			\$ 19,690,000.00	\$ 460,490.63	\$ 460,490.63	
09/01/2020	3.000%	\$ 90,000.00	\$ 19,600,000.00	\$ 460,490.63	\$ 550,490.63	\$ 1,010,981.26
03/01/2021			\$ 19,600,000.00	\$ 459,140.63	\$ 459,140.63	
09/01/2021	3.000%	\$ 115,000.00	\$ 19,485,000.00	\$ 459,140.63	\$ 574,140.63	\$ 1,033,281.26
03/01/2022			\$ 19,485,000.00	\$ 457,415.63	\$ 457,415.63	
09/01/2022	3.000%	\$ 135,000.00	\$ 19,350,000.00	\$ 457,415.63	\$ 592,415.63	\$ 1,049,831.26
03/01/2023			\$ 19,350,000.00	\$ 455,390.63	\$ 455,390.63	
09/01/2023	3.000%	\$ 160,000.00	\$ 19,190,000.00	\$ 455,390.63	\$ 615,390.63	\$ 1,070,781.26
03/01/2024			\$ 19,190,000.00	\$ 452,990.63	\$ 452,990.63	
09/01/2024	4.000%	\$ 190,000.00	\$ 19,000,000.00	\$ 452,990.63	\$ 642,990.63	\$ 1,095,981.26
03/01/2025			\$ 19,000,000.00	\$ 449,190.63	\$ 449,190.63	
09/01/2025	4.000%	\$ 215,000.00	\$ 18,785,000.00	\$ 449,190.63	\$ 664,190.63	\$ 1,113,381.26
03/01/2026			\$ 18,785,000.00	\$ 444,890.63	\$ 444,890.63	
09/01/2026	5.000%	\$ 250,000.00	\$ 18,535,000.00	\$ 444,890.63	\$ 694,890.63	\$ 1,139,781.26
03/01/2027			\$ 18,535,000.00	\$ 438,640.63	\$ 438,640.63	
09/01/2027	3.000%	\$ 285,000.00	\$ 18,250,000.00	\$ 438,640.63	\$ 723,640.63	\$ 1,162,281.26
03/01/2028			\$ 18,250,000.00	\$ 434,365.63	\$ 434,365.63	
09/01/2028	3.000%	\$ 315,000.00	\$ 17,935,000.00	\$ 434,365.63	\$ 749,365.63	\$ 1,183,731.26
03/01/2029			\$ 17,935,000.00	\$ 429,640.63	\$ 429,640.63	
09/01/2029	5.000%	\$ 350,000.00	\$ 17,585,000.00	\$ 429,640.63	\$ 779,640.63	\$ 1,209,281.26
03/01/2030			\$ 17,585,000.00	\$ 420,890.63	\$ 420,890.63	
09/01/2030	5.000%	\$ 390,000.00	\$ 17,195,000.00	\$ 420,890.63	\$ 810,890.63	\$ 1,231,781.26
03/01/2031			\$ 17,195,000.00	\$ 411,140.63	\$ 411,140.63	
09/01/2031	5.000%	\$ 435,000.00	\$ 16,760,000.00	\$ 411,140.63	\$ 846,140.63	\$ 1,257,281.26
03/01/2032			\$ 16,760,000.00	\$ 400,265.63	\$ 400,265.63	
09/01/2032	5.000%	\$ 480,000.00	\$ 16,280,000.00	\$ 400,265.63	\$ 880,265.63	\$ 1,280,531.26
03/01/2033			\$ 16,280,000.00	\$ 388,265.63	\$ 388,265.63	
09/01/2033	3.375%	\$ 530,000.00	\$ 15,750,000.00	\$ 388,265.63	\$ 918,265.63	\$ 1,306,531.26
03/01/2034			\$ 15,750,000.00	\$ 379,321.88	\$ 379,321.88	
09/01/2034	3.500%	\$ 575,000.00	\$ 15,175,000.00	\$ 379,321.88	\$ 954,321.88	\$ 1,333,643.76
03/01/2035			\$ 15,175,000.00	\$ 369,259.38	\$ 369,259.38	
09/01/2035	3.500%	\$ 620,000.00	\$ 14,555,000.00	\$ 369,259.38	\$ 989,259.38	\$ 1,358,518.76
03/01/2036			\$ 14,555,000.00	\$ 358,409.38	\$ 358,409.38	
09/01/2036	5.000%	\$ 670,000.00	\$ 13,885,000.00	\$ 358,409.38	\$ 1,028,409.38	\$ 1,386,818.76
03/01/2037			\$ 13,885,000.00	\$ 341,659.38	\$ 341,659.38	
09/01/2037	5.000%	\$ 730,000.00	\$ 13,155,000.00	\$ 341,659.38	\$ 1,071,659.38	\$ 1,413,318.76
03/01/2038			\$ 13,155,000.00	\$ 323,409.38	\$ 323,409.38	

**CITY OF LAKE ELSINORE
CFD 2016-2 (CANYON HILLS)
Special Tax Bonds 2018**



Issued

08/01/2018

Date	Coupon Rate	Principal	Principal Outstanding	Semi-Annual Interest	Semi-Annual Debt Service	Annual Debt Service
09/01/2038	3.625%	\$ 795,000.00	\$ 12,360,000.00	\$ 323,409.38	\$ 1,118,409.38	\$ 1,441,818.76
03/01/2039			\$ 12,360,000.00	\$ 309,000.00	\$ 309,000.00	
09/01/2039	5.000%	\$ 855,000.00	\$ 11,505,000.00	\$ 309,000.00	\$ 1,164,000.00	\$ 1,473,000.00
03/01/2040			\$ 11,505,000.00	\$ 287,625.00	\$ 287,625.00	
09/01/2040	5.000%	\$ 930,000.00	\$ 10,575,000.00	\$ 287,625.00	\$ 1,217,625.00	\$ 1,505,250.00
03/01/2041			\$ 10,575,000.00	\$ 264,375.00	\$ 264,375.00	
09/01/2041	5.000%	\$ 1,005,000.00	\$ 9,570,000.00	\$ 264,375.00	\$ 1,269,375.00	\$ 1,533,750.00
03/01/2042			\$ 9,570,000.00	\$ 239,250.00	\$ 239,250.00	
09/01/2042	5.000%	\$ 1,085,000.00	\$ 8,485,000.00	\$ 239,250.00	\$ 1,324,250.00	\$ 1,563,500.00
03/01/2043			\$ 8,485,000.00	\$ 212,125.00	\$ 212,125.00	
09/01/2043	5.000%	\$ 1,170,000.00	\$ 7,315,000.00	\$ 212,125.00	\$ 1,382,125.00	\$ 1,594,250.00
03/01/2044			\$ 7,315,000.00	\$ 182,875.00	\$ 182,875.00	
09/01/2044	5.000%	\$ 1,260,000.00	\$ 6,055,000.00	\$ 182,875.00	\$ 1,442,875.00	\$ 1,625,750.00
03/01/2045			\$ 6,055,000.00	\$ 151,375.00	\$ 151,375.00	
09/01/2045	5.000%	\$ 1,355,000.00	\$ 4,700,000.00	\$ 151,375.00	\$ 1,506,375.00	\$ 1,657,750.00
03/01/2046			\$ 4,700,000.00	\$ 117,500.00	\$ 117,500.00	
09/01/2046	5.000%	\$ 1,460,000.00	\$ 3,240,000.00	\$ 117,500.00	\$ 1,577,500.00	\$ 1,695,000.00
03/01/2047			\$ 3,240,000.00	\$ 81,000.00	\$ 81,000.00	
09/01/2047	5.000%	\$ 1,565,000.00	\$ 1,675,000.00	\$ 81,000.00	\$ 1,646,000.00	\$ 1,727,000.00
03/01/2048			\$ 1,675,000.00	\$ 41,875.00	\$ 41,875.00	
09/01/2048	5.000%	\$ 1,675,000.00	\$ 0.00	\$ 41,875.00	\$ 1,716,875.00	\$ 1,758,750.00
Total		\$ 19,745,000.00		\$ 20,523,073.63	\$ 40,268,073.63	\$ 40,268,073.63



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