



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Grant Yates, City Manager

Prepared by: Jason Simpson, Assistant City Manager

Date: October 24, 2017

Subject: Community Facilities District No. 2006-1 (Summerly) Issuance of its Special Tax Bonds, Series 2017A (Improvement Area EE)

Recommendation

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF CITY OF LAKE ELSINORE COMMUNITY FACILITIES DISTRICT NO. 2006-1 (SUMMERLY) AUTHORIZING THE ISSUANCE OF ITS SPECIAL TAX BONDS, SERIES 2017A (IMPROVEMENT AREA EE) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,500,000.00 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

Background

The City of Lake Elsinore (City) formed the Community Facilities District No. 2006-1 (District) in 2006 pursuant to the Mello-Roos Community Facilities District Act of 1982. The District comprises a portion of Summerly, a planned residential community located in the southeast portion of the City. McMillin Summerly, LLC, acquired the partially-developed Summerly project in 2010 and now serves as the Master Developer. At build-out, the Summerly project is expected to include approximately 1,500 single-family detached homes, commercial development, and recreational and open space. The Summerly project will be built in four phases.

Improvement Area EE (Improvement Area) includes neighborhoods 9, 10, and 11 and is part of phase 4 of the Summerly development. Improvement Area EE consists of a total of 181 single-family lots.

Provided below is a summary of the current development and ownership within the Improvement Area as of September 1, 2017.

Construction Stages	Total
Developed Property	
Individual Owned	38
Woodside Homes Owned ¹	25
Beazer Homes Owned ²	23
CalAtlantic Homes Owned ³	<u>36</u>
Subtotal Developed	122
Approved Property	
Woodside Homes Owned	13
Beazer Homes Owned	23
CalAtlantic Homes Owned	<u>23</u>
Subtotal Approved	<u>59</u>
Total Units	<u>181</u>

¹17 Homes Under Construction, 3 Model Homes, 1 Home over 95% Complete, and 4 Finished Lots

²6 Homes Under Construction, 3 Model Homes, 9 Homes over 95% Complete, and 5 Finished Lots

³33 Homes Under Construction and 3 Finished for CalAtlantic Homes which have building permits

Discussion

The proposed Special Tax Bonds, Series 2017A (2017 Bonds) are expected to be issued in a par amount of approximately \$4,985,000 with a final maturity of 2047 (30-year term). Proceeds from the 2017 Bonds will be primarily used to finance public facilities within the Improvement Area. Final interest rates and par amount will be determined when the 2017 Bonds are priced and sold. The pricing date would be targeted for some time in mid-November, assuming that interest rates continue to remain attractive. The table below highlights a few estimated financing statistics of the 2017 Bonds.

Summary of Financing Statistics*	
2017 Bonds	
Par Amount	\$4,985,000
Average Bond Yield	4.25%
Estimated Cost to Home Owners	
FY 2018-19 Assessment**	\$1,363
Average Annual Assessment**	\$1,791

*Preliminary; Subject to Change; Based on Current Market Conditions

**Annual Assigned Special Tax will increase at approximately 2% per year.

Documents to be Approved

Approval of the attached resolution will approve and authorize the execution of the following financing documents:

Bond Indenture
Bond Purchase Agreement
Continuing Disclosure Certificate; and
Preliminary Official Statement

Bond Counsel and the City Attorney have reviewed the attached financing documents on behalf of the District. If this resolution is approved, City staff will continue to work with the financing team to finalize all of the aforementioned documents. As previously mentioned, the pricing date

would be targeted for some time in mid-November, assuming that interest rates remain attractive.

Fiscal Impact

There is no cost to the City; however, the property owners are expected to pay approximately \$1,363 per parcel starting in FY 2018-19, increasing at 2% per year through 2047, as illustrated in the table on the previous page. The average assessment over the life of the 2017 Bonds is expected to be approximately \$1,791.

Exhibits:

- A. Resolution No. 2017-
- B. Bond Indenture
- C. Bond Purchase Agreement
- D. Disclosure Certificate/Preliminary Official Statement