Greetings - You are receiving this newsletter because you have been identified as a party that would benefit from participating in CSCDA's newly revived Water & Wastewater Bond Program to finance new water and sewer projects or refinance outstanding bond issues.

Don't forget to add service@elabra.com to your contact list to ensure that future distributions land in your inbox!

Introduction

California Statewide Communities Development Authority (CSCDA) would like to invite local agencies to submit applications for the newly updated Water and Wastewater Bond Program (WWBP). As with CSCDA Public Agency programs, local agencies can benefit from lower costs and ease of execution in funding water and sewer projects through WWBP. Further, the pooled issues will be insured by Build America Mutual and will utilize a surety reserve in lieu of funding with cash.

CSCDA has issued nearly $500 MM of bonds through its water and sewer program, and has assisted 40 local agencies. Projects funded range from $800,000 to $45,000,000. Under the new program, projects can be pooled or issued on a stand-alone basis depending on size, credit and an optimal funding plan.

Eligible Projects

WWBP can finance a variety of projects, such as:

- Plant upgrades
- Expanded collector systems
New pump stations  
Deferred maintenance  
Equipment replacement  
Refunding of outstanding debt.

Note: Large projects will require CEQA approval. Smaller projects may be exempt or qualify for a negative declaration.

Credit may be available for pay-as-you-go and short-term financing requirements through RBC Bank on a case by case basis.

Bond Structure

The program will fund projects by issuing revenue bonds through CSCDA that will be insured by Build America Mutual and utilize a surety to satisfy the reserve requirement.

CSCDA is a Joint Powers Authority (JPA), which provides the statutory authorization for the issuance of pooled bonds. By pooling, local agencies can reduce cost of issuance. In addition, because CSCDA is a JPA, it is able to issue revenue bonds as opposed to Certificates of Participation. Revenue bonds will allow local agencies to achieve a lower interest rate due to a broader base of buyers, which is of particular benefit to special districts. By participating in the WWBP, a local agency will enjoy ease of execution and the substantial benefits of a strong team available to advise on legal structure, credit features, and marketing considerations to achieve aggressive borrowing costs for each participant.

The WWBP will offer bond insurance through Build America Mutual ("BAM"). BAM will insure the payment of principal and interest and will provide a surety in place of a cash-funded reserve fund. Bond insurance with BAM will result in an AA rating for each issue even if a participant's debt has a lower rating or is non-rated. Because principal and interest will be insured by BAM and because each local agency will enter into a separate installment sale agreement, no local agency will be required to make up any missed payment by another local agency. There will be a common indenture under which the reserve fund surety will grow in size relative to each local agency, thereby enhancing the underlying credit strength of the pool overtime.

If the Local Agency applicant meets certain minimum credit requirements, as summarized below, neither CSCDA nor BAM will require an underlying rating to participate in the Program.

Overview of Program Requirements

Legal Requirements
Each local agency must:

- Become a member of CSCDA, if they are not already (must simply pass a Resolution)
- Submit a simple on-line application for funding
- Adopt a Resolution authorizing CSCDA to issue the bonds, and to approve a form of installment sale agreement, which is the underlying security for the bonds
- Assist in the preparation of what is called Appendix A of the Preliminary Official Statement which describes the participants proposed project and water or wastewater system
- Enter into a Net Revenue Pledge to secure its share of the bonds (Revenues less Expenses)

**Credit Requirements**

- Net revenues must be at least 1.25x annual debt service
- The Enterprise must have at least 1,000 connections
- No one, single customer shall account for greater than 30% of revenues
- Aggregate top ten customers should not exceed 60% of revenues
- Enterprise has historically maintained 90 days cash on hand for operating expenses
- Debt levels should generally not exceed $8,000 per customer account

The above outline focuses on key requirements and is not a comprehensive listing of all desired parameters. The full set of proposed criteria can be viewed on the CSCDA website. If the local agency meets the minimum criteria associated with the program no rating will be required.

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**Online Application**

Please click on the link to the right to access the online application form. Financial information can also be provided online by providing a link to your website.

The online application system is simple and easy to use, and WWBP team members are available to answer questions or assist in the application process.

Visit our website for more information