



CSCDA
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY



NEWSLETTER

MARCH 2024



Greetings - you are receiving this newsletter because you have been identified as a party that could potentially benefit from using the Statewide Community Infrastructure Program to finance impact fees and improvements related to new development projects or to refinance currently outstanding Special Assessment District or Community Facilities District debt.

You may reply directly to this email with any questions about participating in the Program.

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

SCIP Receives First Ratings from Standard & Poor's ("S&P")

Since the sale of the SCIP 2017B Bonds, the SCIP program has incorporated a credit enhancement feature which includes a Master Pooled Reserve Fund. This has the effect of linking 205 projects and \$445 million of bonds into a common pool. The pool is 60% developed, has a 20x value to lien ratio, and over \$30 million in cash reserves. This means that new projects participating in the SCIP pool will have the benefit of development of the older more mature projects and which are still contributing to the reserve fund.

S&P Global Ratings

For the first time in SCIP history S&P has provided secondary market ratings to three prior SCIP pool bonds, 2017B, 2018B, and 2019B. So, going forward, investors will begin to see that the SCIP bonds they purchase as non-rated bonds will mature and become published investment grade rated bonds as they develop toward build-out. We expect this will improve interest rates for the pool going forward by increasing investor demand, and broadening out the numbers of investors. Going forward, CSCDA will be applying for S&P ratings on additional series of SCIP pool bonds as the district develop and mature further enhancing investor demand.

Summary of Credit Rating Changes:

- **SCIP 2017B:** Formerly "**Non-Rated**" and is now rated "**A-**"
- **SCIP 2018B:** Formerly "**Non-Rated**" and is now rated "**BBB+**"
- **SCIP 2019B:** Formerly "**Non-Rated**" and is now rated "**A-**"

Applications Open for SCIP 2024B

SCIP 2024B Applications Due April 1st!

Application deadline for the Statewide Community Infrastructure Program's annual "Series B" financing is April 1, 2024. SCIP 2024B is expected to price in August 2024 and close the following month. The schedule for SCIP 2024B is provided below:

Application Deadline

Applications due April 1, 2024

April 2024 - May 2024

Prepare Preliminary Engineer's Reports

June 2024

Commence Proceedings

August 2024

Hold public hearing to approve Bond Sale

August - September 2024

Sell Bonds and Deliver Funds



Sale in Progress

SCIP 2024A Bonds (\$20.4 million*)

SCIP 2024A remains on schedule. Proceedings have commenced and due diligence is currently underway. The bond sale is anticipated to occur on May 2, 2024, with closing and delivery of funds expected to happen later that month. Total estimated par amount is \$20.4 million. Approximately, \$16 million of development impact fees and public improvements are expected to be funded from bond proceeds. When complete, the nine residential projects are expected to add a total of 605 homes to the California housing supply.

| Location | Project | Developer | No. of Units | Est. Par Amount |
|--------------------------|----------------------------------|---|--------------|---------------------|
| Bakersfield, City of | Harvest Grove (IA-1) | LGI Homes - California, LLC | 92 | 1,335,000 |
| Sacramento, County of | Park Place | Northwest Home Company, Inc. | 48 | 1,325,000 |
| Yucaipa, City of | Wildwood Estates (Tract 16268) | Far West Pacific Development, LLC | 22 | 945,000 |
| San Diego, Couty of | Provence (formerly Bonsall Oaks) | Neighborhood 1 at the Havens, LLC | 59 | 3,620,000 |
| Lathrop, City of | Eagle's Landing | D.R. Horton (Bay Area Division) | 95 | 1,645,000 |
| Manteca, City of | Denali - Unit 3 (Phase 2) | Trumark Homes | 66 | 2,070,000 |
| San Luis Obispo, City of | San Luis Square (Phase 1) | Marsh Nipomo Mixed Use, LP (G3 Concepts) | 26 | 1,330,000 |
| Morgan Hill, City of | Rosewood | Brookfield Properties Development | 120 | 6,190,000 |
| Yuba City, City of | Harter Estates South | D.R. Horton, CA 2, a California Corporation | 77 | 1,940,000 |
| Total | 9 Projects | | 605 | \$20,400,000 |

**Preliminary and subject to change.*

Upcoming Bond Sales

\$6,465,000*

CSCDA Community Facilities District No. 2022-12 (SOMO Village - Improvement Area No. 1) Special Tax Bonds, Series 2024

CSCDA is forming a community facilities district for the SOMO Village project in the City of Rohnert Park. Once complete, SOMO Village will provide residents an inspiring environment to live, work and play. With access to amenities such as coworking space, indoor and outdoor recreational areas, eateries, and entertainment, residents will be able to easily connect with like-minded people and make choices that simply feel good.



SOMO Village is being developed by SOMO Living and SOMO Management LLC. Century Communities is also building homes within the CFD. Development plans for SOMO Village are approved for 1,750 homes of all sizes, including 254 affordable units. Homes will incorporate the latest technology in a walkable community of interconnected streets, parks, art, and easy transportation. The proposed bonds will be for Improvement Area No. 1, which is expected to encompass over 15 acres and include 148 residential units once fully built.

The Bonds are expected to be non-rated and amortized over 30 years. Bond proceeds are expected to be used to fund the construction of roadway, water system, storm drain, sewer, parks, trails, landscaping and open space improvements. The bond sale is expected to occur in March 2024.

**Preliminary and subject to change.*



\$13,700,000*

**CSCDA Community Facilities District No. 2020-02
(Atwell - Improvement Area No. 3)
Special Tax Bonds, Series 2024**



CSCDA is planning another bond sale for Community Facilities District No. 2020-02 (Atwell) located in the City of Banning, within Riverside County. This sale will be for Improvement Area No. 3 ("IA-3") and reflects the third bond sale for the Atwell project.

IA-3 is expected to encompass approximately 60 gross acres of land within the City of Banning, of which 55 acres are expected to be

developed to facilitate the construction of 311 single family residential units, including various amenities. Tri Pointe Homes is the developer and homebuilder for this project. Eligible facilities and fees that may be financed include, but are not limited to roadways, public streets, wet utilities, drainage systems, public safety facilities, parks, trails, and landscaping improvements.

The CFD is authorized to issue up to \$17.5 million of special tax revenue bonds and the upcoming bond sale is for \$13.7 million. The non-rated 2024 Bonds are expected to be sold in early-April 2024.

**Preliminary and subject to change.*



\$16,000,000*
CSCDA Community Facilities District No. 2022-07
(Watson Ranch - Improvement Area No. 2)
Special Tax Bonds, Series 2024

CSCDA is readying another bond sale for Community Facilities District No. 2022-07. This time for Improvement Area No. 2 ("IA-2"). IA-2 is a part of the Watson Ranch Specific Plan and is located in the City of American Canyon within Napa County. McGrath Properties, Inc is the Master Developer and homes within IA-2 will be built by D.R. Horton.



Watson Ranch is approved for the development of 1,061 medium density single family homes, 176,000 sq. ft. of commercial development, 58,000 of ancillary commercial property and a 200-room hotel on a total of 308.7 acres. IA-2 is expected to include 219 residential units at full buildout. Vertical construction is well underway and homes are currently being marketed and sold.

The Bonds are expected to be non-rated and amortized over 30 years. Bond proceeds are expected to be used to fund various public facilities, including transportation, storm drain, water and sewer system, parks, trails and other recreational facilities and improvements. The bond sale is expected to occur in June 2024.

**Preliminary and subject to change.*



Market Update

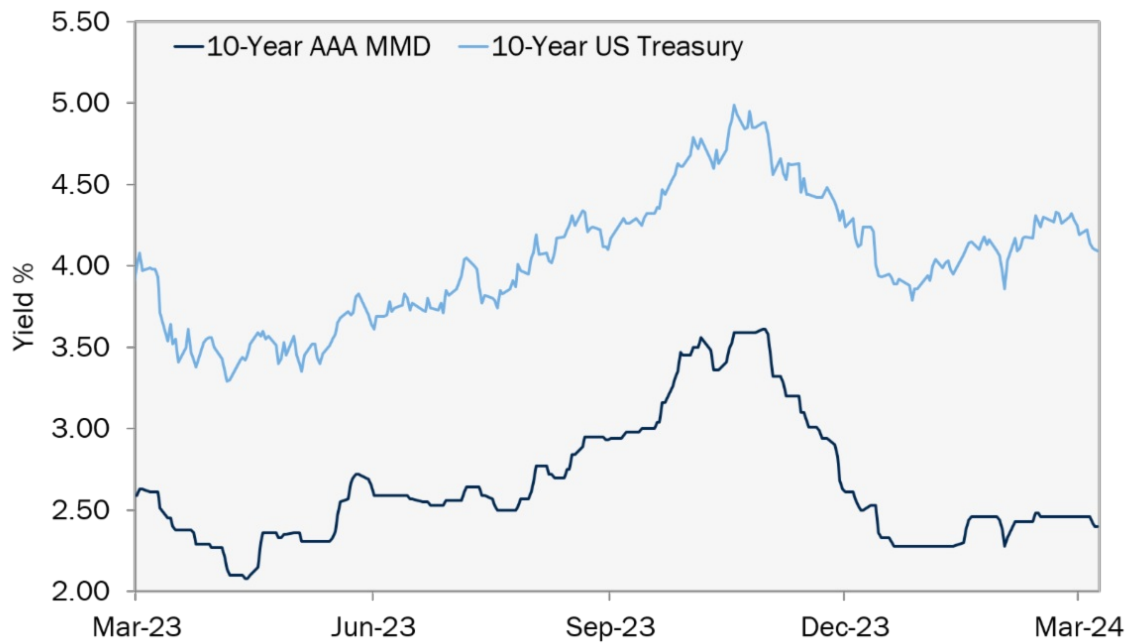
U.S. equities declined last week, with the DJIA, S&P 500 and Nasdaq declining by 0.9%, 0.3%, and 1.2%, respectively. U.S. Treasury yields initially fell to start the week due to softening U.S. economic data and "dovish" comments from Chair Powell during his Congressional testimony. However, yields rose after the release of the February CPI, which showed a monthly gain of 0.4%, and "core" CPI reflecting a m-o-m gain of 0.4% and a 3.1% gain y-o-y. The 10- and 30-year U.S. Treasury yields are presently at 4.16% and 4.31%, while yields for the 10- and 30-year "AAA" MMD are at 2.40% and 3.57%, respectively.

U.S. Investment Grade issuance totaled \$51.9 billion last week, bring year-to-date issuance over \$439 billion. This weeks IG calendar is expected to total \$40 billion--with M&A expected to drive ongoing activity within the primary market. Municipal supply totaled \$9.6 billion last week, and this week's calendar is expected to exceed \$10 billion. No California land secured bond transactions are scheduled to price this week.

Municipal bond funds reported \$869 million of inflows last week, up from \$72 million during the previous week.

Due to proposed voter initiative titled the "The Taxpayer Protection and Government Accountability Act" ("Initiative 1935"), the issuance of land secured bonds have slowed considerably in California since the start of the year. Year-to-date, there have been approximately \$180.2 million of California land-secured bonds sold in the public markets. As highlighted in the "Upcoming Bond Sales" section above, the CSCDA is expected to bring to market two special tax bond financings in the coming weeks for the SOMO Village and Atwell CFDs. These two bond financings are expected to be one of the first land secured bonds to be publicly offered to investors with Initiative 1935 disclosures.

10-Year US Treasury vs. 10-Year AAA MMD (March 2023 - Present)



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