

Improvement Area 3
City of Stockton
Community Facilities District No. 2018-2
(Westlake Villages II)
Special Tax Bonds Series 2024

City Council Meeting
March 19, 2024
Agenda Item 15.2

History of the District

- ▶ **District Formation:** June 2018
- ▶ **Location:** North Stockton, South of Eight Mile Road and West of Highway 5
- ▶ **Original Size: 580 Gross Acres**
 - ▶ Split off from CFD 2006-2 in 2018
 - ▶ Original formation included Improvement Area 1
 - ▶ Amended in February 2020 to split off a portion of Improvement Area 1 into Improvement Area 2
 - ▶ Amended in December 2021 to split off a portion of Improvement Area 2 into Improvement Area 3 and Improvement Area 4
 - ▶ CFD 2018-2 planned for 2,163 residential units (277 units in Imp. Area 3), with a portion reserved for a 55+ retirement community

Improvement Area 3

▶ **Special Taxes:**

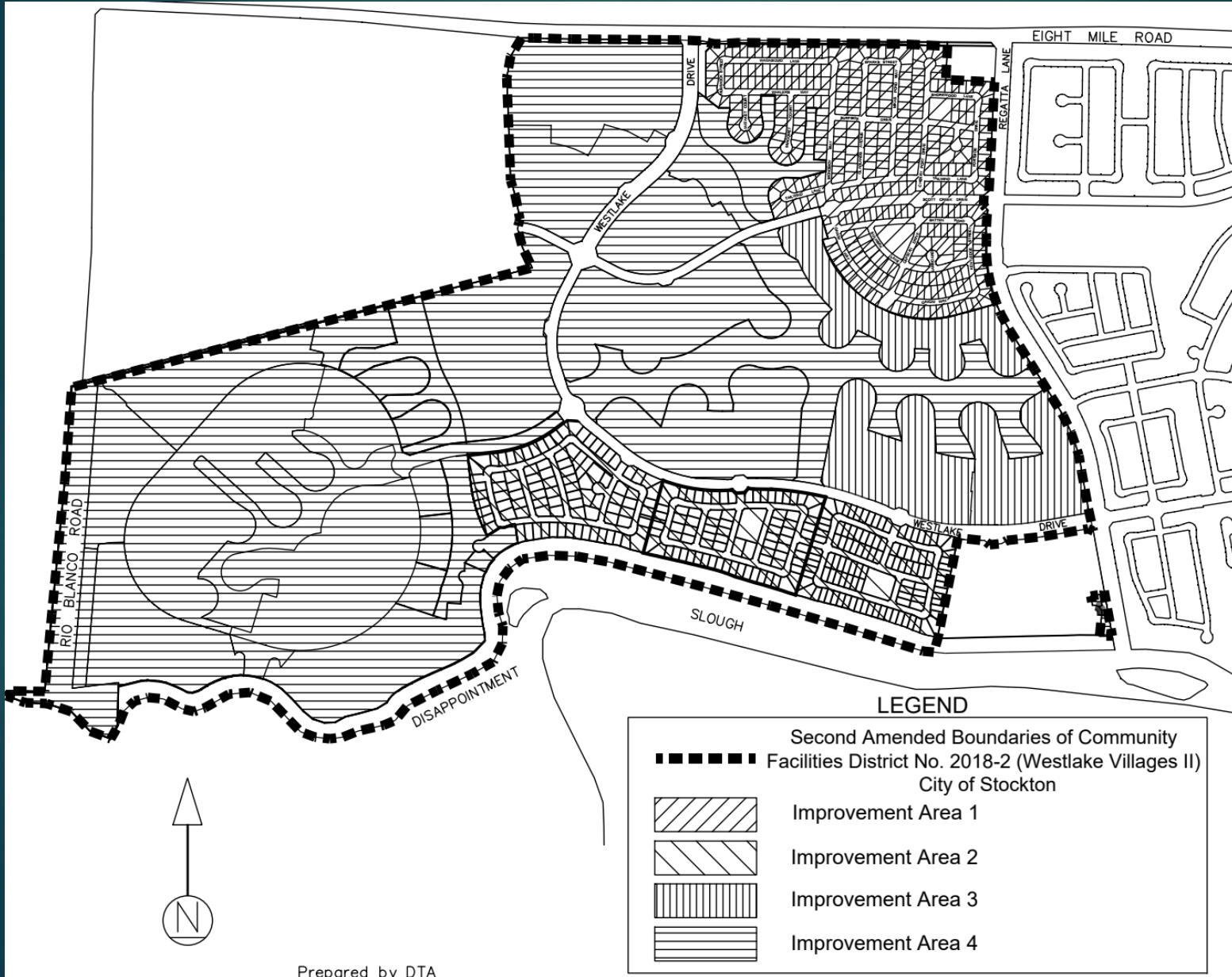
- ▶ Single-family residential with FY 2024-25 facilities tax rates ranging from \$2,708 (<1,800 SF) to \$3,747 (>3,000 SF) annually.
- ▶ 2% escalation of facilities tax
- ▶ City is able to recover administrative costs as part of the special taxes
- ▶ A services tax is also paid each year by property owners

▶ **Term of the Improvement Area 3 Facilities Tax:**

Fiscal year 2071/72

- ▶ **Bonds:** Bonds approved up to \$18.5 million for Improvement Area 3

CFD 2018-2 Boundary Map



Special Tax Bonds, Series 2024 (Improvement Area 3)

- ▶ Maximum amount of bonds authorized \$18.5 million
- ▶ Series 2024 Expected Issue Size: \$13.96 million
- ▶ Series 2024: Not-To-Exceed Issue Size: \$15.5 million
- ▶ Interest only on 9/1/24, 3/1/25 and 9/1/25
 - ▶ Interest on 9/1/24 paid by capitalized interest
 - ▶ Interest on 3/1/25 and 9/1/25 partially paid by capitalized interest
- ▶ 2026 debt service begins at \$738k and increases at 2.00% annually to September 1, 2054
- ▶ 1.10 times debt service coverage each year
- ▶ Estimated fixed costs of issuance of \$275,000 plus underwriter's compensation of \$132,620 for "all-in" cost of \$407,620
- ▶ Issuance planned as non-rated Public Offering

Proposed Timeline

Timeline	Item
March 19, 2024	City Council Consideration
Friday, March 22, 2024	Print and Post Preliminary Official Statement
April 2 and April 3, 2024	Pre-Pricing and Pricing
April 17, 2024	Close the Transaction

Documents for Consideration

- ▶ **Fiscal Agent Agreement:** This agreement governs the terms and conditions of the bonds and the role and responsibilities of the Fiscal Agent.
- ▶ **Preliminary Official Statement (Including Continuing Disclosure Certificate):** Will be distributed as the primary marketing document to prospective bond purchasers.
 - ▶ The agenda packet includes the Preliminary Official Statement deemed to be essentially final.
 - ▶ A final version of this document, called the Final Official Statement, is estimated to be made available shortly after the bonds are sold and will reflect all the bond sale information.
 - ▶ The continuing disclosure certificate is part of the official statement and governs the terms and conditions of the City's responsibility to disclose information to bondholders.
- ▶ **Bond Purchase Agreement:** Is a contract between the City and the Underwriter that provides the terms and conditions under which the underwriter will purchase the Series 2024 Bonds.

Staff Recommendation

Adopt a Resolution authorizing

- 1) the issuance of special tax bonds for and on behalf of Improvement Area 3 of the Community Facilities District No. 2018-2 (Westlake Villages II),
- 2) approving and directing the execution of a fiscal agent agreement,
- 3) approving the form of Preliminary Official Statement,
- 4) approving sale of such bonds, and
- 5) approving other related documents and actions.