



Financing Infrastructure for the Guenoc Valley Mixed-Use Project:
**An Introduction to California Community Facilities Districts
and the California Statewide Communities Development
Authority (CSCDA)**

**Workshop Session with the Honorable Supervisors of Lake County,
California**

Date: November 18, 2025

Meeting Agenda

Today's workshop will guide you through the fundamentals of Community Facilities Districts and how CSCDA can partner with Lake County to support the Guenoc Valley Project's infrastructure financing needs.

01

Welcome and Introductions

Opening remarks by Kevin Case and Jonathan Breene, followed by team introductions from our CFD professional experts.

02

Guenoc Valley Project Overview

Presentation of the project status and scope, development plans, and infrastructure requirements.

03

Introduction to Community Facilities Districts

Comprehensive explanation of CFD mechanisms, legal framework, and how Mello-Roos financing can address infrastructure funding challenges.

04

CSCDA Partnership and Support

Exploration of how California Statewide Communities Development Authority can facilitate CFD formation, manage bond issuance, and provide ongoing administration.



CFD Professional Team

Our experienced team brings decades of specialized expertise in public finance, bond issuance, and infrastructure development to ensure successful CFD implementation.



CSCDA - Bond Issuer

James Hamill , Managing Director, leads the bond issuance process and coordinates all CFD formation activities on behalf of CSCDA.



Hilltop Securities - Bond Underwriter

Todd Smith , Managing Director, structures the bond offering and manages the marketing process to investors in the municipal bond market.



Stradling Yocca - Bond Counsel

Brian Forbath , Partner, provides legal guidance throughout the CFD formation and ensures compliance with all applicable laws and regulations



Goodwin Consulting - Special Tax Consultant

Susan Goodwin , Special Tax Rate & Method Engineer, develops the special tax formula that ensures adequate revenue for bond repayment.



Independent Trustee

An institutional bank serves as trustee to manage the investment of bond proceeds and oversee proper disbursement of funds for approved project costs.

Project Status

The Guenoc Valley Mixed -Use Planned Development is substantially through its entitlement phase: zoning and general plan amendments are approved, the development agreement is in place, major environmental review has been completed (with required modifications). The project is now poised to move into implementation of infrastructure and phased build-out.

- **August 2025** : The County's Planning Commission approved major environmental documentation and advanced the project to the Board of Supervisors.
- **October 2025** : The Board of Supervisors approved the Development Agreement (second reading) on Oct 21.
- **Today** : With the major entitlements (zoning, general plan amendments etc) approved, the project moves into the next phase of permit implementation, infrastructure engineering, and commencement of infrastructure construction.



What is Mello - Roos?

Mechanism to Fund Public Infrastructure and Services

Approved by the California Legislature in 1982, the Mello-Roos Act was passed to address funding gaps created by the enactment of Proposition 13, which significantly limited property tax revenues.

Mechanism to Amortize Costs

By spreading infrastructure costs over time through bond financing, Mello-Roos reduces the upfront financial burden on developers and public agencies, making large-scale projects economically feasible.

Mechanism to Fund Ongoing Services

Beyond capital improvements, Mello-Roos can fund ongoing services and maintenance that public agency budgets can no longer sustain, ensuring quality of life for residents.

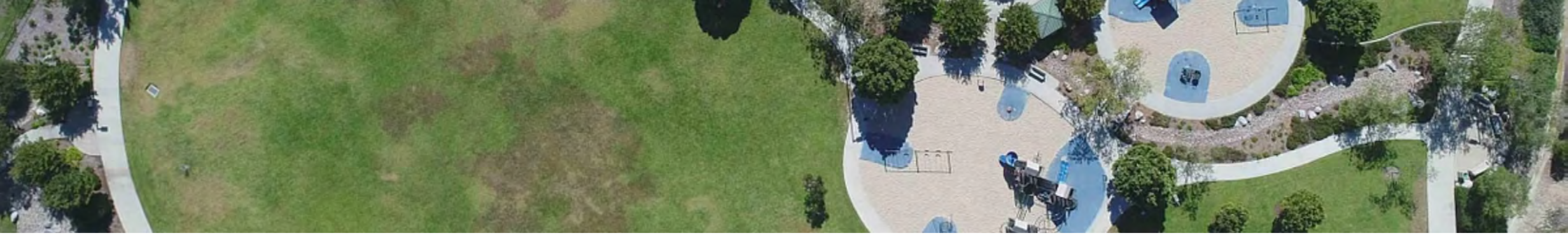
Co- Sponsors of the Mello - Roos Act



Senator Henry Mello



Assemblyman Mike Roos



What is a Community Facilities District ("CFD")?

A CFD is a legally distinct public financing entity established under the Mello-Roos Community Facilities Act of 1982, designed to provide infrastructure services without burdening the forming agency's general fund.

Public Agency Creates a Separate Legal Entity

The public agency establishes a CFD as a distinct entity with specific geographic boundaries and authorized purposes for infrastructure development.

Bonds are Limited Obligations

CFD bonds are payable solely from annual special taxes levied on taxable property within the district. The special taxes are collected from property owners (including future homeowners) through their annual property tax bills.

Voter Approval Required

Landowners or registered voters within the CFD must approve, by a two-thirds vote, both (i) the levy of Special Taxes up to the maximum approved rates, and (ii) the issuance of bonds to finance improvements.

No Financial Liability to Public Agency

CFDs function as separate legal entities with no staff. The public agency forming the CFD assumes no financial liability for CFD bonds. Agency staff works with consultants and the County to levy, collect, apply, and enforce the special taxes.

Why Use Mello - Roos?

Mello - Roos financing addresses critical funding challenges facing California communities and provides flexibility that traditional financing mechanisms cannot match.

Funding Availability

Mello - Roos provides an alternative financing source that doesn't rely on government appropriations or general fund revenues.

Timely Project Delivery

Public agencies can secure funding for improvements in a more timely manner than traditional "pay - as-you - go" funding approaches, allowing infrastructure to be built when it's needed most.

Flexibility

Mello - Roos districts offer significantly more flexibility than traditional assessment districts:

- Wider range of authorized improvements and services
- No formal benefit finding is required
- District boundaries and special tax formulas can be customized to accommodate varied project objectives and development scenarios
- Tax formulas can adapt to changing land uses and development plans





What Can a CFD Fund and Finance?

Community Facilities Districts have broad authority to finance a wide range of public capital facilities, services, and associated costs that benefit the community.

Public Capital Facilities

Facilities must have a useful life of five years or more. Both hard costs (construction) and soft costs (design, engineering, planning) for public capital facilities can be funded through CFD bonds.

Administrative Costs

Ongoing administrative costs related to operating and maintaining the CFD can be funded through special tax revenues, ensuring proper district management.

Ownership Requirements

A public agency must own the public capital facilities being financed upon completion of construction.

The CFD Special Tax Formula

Essential Ingredients

The special tax formula is the financial engine that powers a CFD, ensuring adequate revenues are collected annually to meet all district obligations. The formula must be carefully engineered to provide certainty and stability throughout the life of the bonds.



Estimated Debt Service on Bonds

The largest component of the annual special tax requirement is the principal and interest payments due on the CFD bonds. This amount is determined by the bond structure, interest rates, and maturity schedule negotiated during the bond issuance process.



Annual Service Costs

If the CFD is authorized to fund ongoing services such as park maintenance, landscaping, or public safety, these recurring annual costs are included in the special tax calculation and can escalate with inflation.



Annual CFD Administration Costs

The costs of administering the CFD, including tax roll preparation, financial reporting, trustee fees, continuing disclosure, and consultant services, are incorporated into the annual special tax levy to ensure proper district management.

The CFD Special Tax Formula

Miscellaneous Considerations

Beyond the basic components, several important legal and practical considerations shape how the special tax formula is structured to ensure fairness, legality, and financial adequacy.

Cannot Be Ad Valorem

California law explicitly prohibits special taxes from being calculated as a percentage of property value (ad valorem). This distinguishes CFD special taxes from traditional property taxes and requires alternative allocation methodologies.

Benefit Allocation Not Required

Unlike assessment districts, CFDs are not required to allocate special taxes based on a precise calculation of special benefit received by each property. This provides greater flexibility in tax formula design.

Revenue Adequacy and Stability

The special tax formula must generate sufficient revenues to pay all CFD obligations regardless of changes in land use, unit count, home sizes, or development plans. This protects bondholders and ensures debt can be repaid even if the project evolves differently than originally planned.

Developed and Undeveloped Categories

Most CFD formulas include separate tax categories for "developed" properties (such as completed homes or commercial buildings) and "undeveloped" land. This allows the tax burden to transition from the developer to homeowners as development progresses, while ensuring adequate revenues during construction.

Rate and Method of Apportionment of the Special Tax

The Rate and Method of Apportionment (RMA) is the legal document that defines how special taxes are calculated and allocated among properties within the CFD. It is approved by voters and establishes the rules that govern special tax levies throughout the life of the district.

Key RMA Components

- **Voter Approval:** The RMA must be approved by a two-thirds vote of landowners or registered voters within the CFD at the time of district formation.
- **Maximum Annual Special Tax Rate:** The RMA establishes a ceiling on the special tax that can be levied on each property type, providing certainty to property owners about their maximum annual obligation.
- **Tax Escalation:** The maximum tax rate may include an annual escalation provision, typically up to 2% per year, to maintain purchasing power and cover inflation in service costs.

RMA Characteristics

- **Term of Tax:** The special tax levy may continue beyond the maturity date of the bonds to fund ongoing services, maintenance, and administration costs.
- **Collection Method:** Special taxes are collected through the County property tax bill, utilizing the existing tax collection system and enforcement mechanisms.
- **"Reasonable" Basis:** Special taxes may be allocated on any "reasonable" basis (except ad valorem) as determined by the legislative body of the public agency, including per-acre, per-unit, per-square-foot, or hybrid methodologies.

How Can CSCDA Assist?

CSCDA is available to form CFDs and issue bonds on behalf of its member agencies through a streamlined joint powers agreement structure. The local agency maintains policy control while CSCDA handles the technical and administrative functions.

01

Local Agency Resolution and JCFA

The local agency adopts a resolution requesting CSCDA to form a CFD, along with a Joint Community Facilities Agreement (JCFA) that outlines roles, responsibilities, and terms.

02

Required Documentation

The resolution package includes a boundary map of the project area, a detailed list of facilities and fees to be financed and may include provisions for ongoing services or maintenance components.

03

Multi -Agency Participation

With appropriate approvals, the CFD can include more than one local agency, allowing for regional infrastructure solutions that benefit multiple jurisdictions.

04

Stand -Alone Project Financing

CSCDA's program can finance stand -alone projects on behalf of member agencies, with local agencies directing CFD policies but assuming no liability for bond issuance and administration, while prioritizing which facilities and maintenance costs receive funding.

CSCDA Credit Requirements

4x

Value -to- Debt Ratio

The value of taxable property within the CFD must be **at least 3x** the amount of bonded debt on the property, provided a waiver is obtained based on credit.

2%

Combined Tax Burden Cap

The combined tax burden (including special taxes and all other property-related taxes) **cannot exceed 2%** of the estimated home value, ensuring affordability for homeowners.

2%

Maximum Annual Escalation

Annual debt service may **escalate at a maximum rate of 2% per year**, providing predictability and allowing for inflation adjustments.

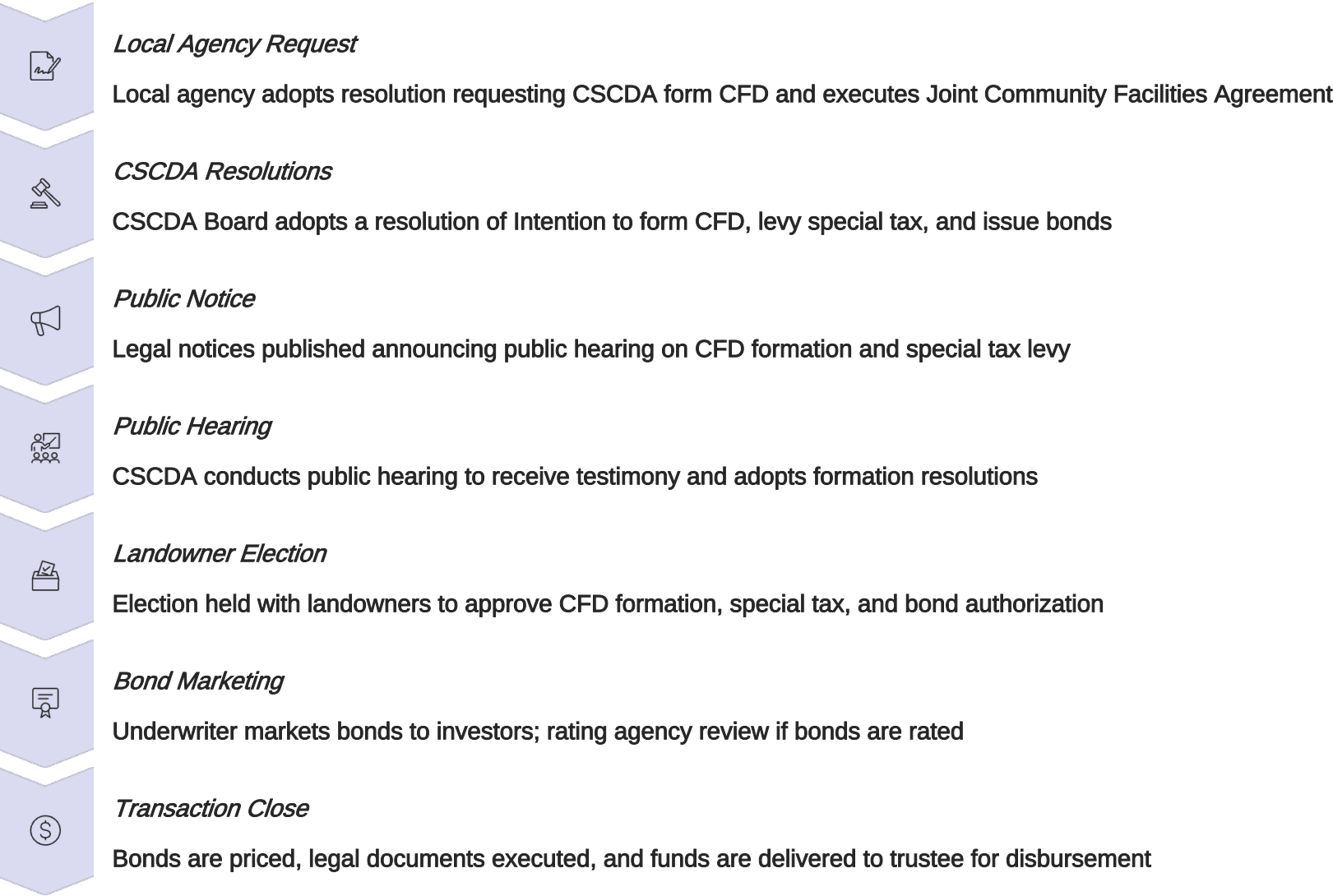
Key Events

The Local Agency Does Not Issue Bonds or Special Taxes

When working with CSCDA, the local agency's role is limited to policy decisions and coordination. CSCDA, as the issuer, handles the technical aspects of CFD formation, bond issuance, and ongoing administration. This structure protects the local agency from financial liability while ensuring professional management of the district.

Schedule of Proceedings

The following timeline outlines the key milestones in the CSCDA CFD formation and bond issuance process, from initial through final funding request.



Tasks and Responsibility Schedule



County Actions

Resolution Adoption Adopt resolution requesting CSCDA form CFD and execute Joint Community Facilities Agreement.	Project Approvals Provide project entitlements and approvals for development within the CFD.	Rate and Method Review Review and approve the Rate and Method of Apportionment for special taxes.
Improvement Acceptance Accept completed public improvements funded by the CFD bonds.	Tax Roll Coordination Coordinate with the County Auditor on the annual special tax roll.	



Developer Responsibilities

Cost Estimates, Engineering, Construction Provide accurate infrastructure cost estimates for CFD financing.	CFD Boundary Coordination Coordinate with CSCDA and local agencies on CFD boundaries.
Landowner Election Participate in the landowner election process to approve CFD formation and bond authorization.	Parcel Data Provide lot split and parcel data for special tax allocation.



CSCDA Responsibilities



Annual Tax Roll
Preparation and delivery of annual special tax levy to County Auditor.



Continuing Disclosure
Annual financial reporting to the municipal securities market.



Lot Splits & Parceling
Processing parcel changes and special tax reallocations.



Foreclosure Management
Monitoring delinquencies and coordinating foreclosure proceedings if necessary.



Arbitrage Rebate
Federal tax compliance and rebate calculations for bond proceeds.

Next Steps

Following today's workshop, the Lake County Board of Supervisors will have the opportunity to consider formal action to advance the Guenoc Valley Project's CFD formation through CSCDA. The next Board meeting will be a critical milestone in moving this infrastructure financing forward.

Upcoming Board of Supervisors Meeting

The Board is being asked to reconvene on **December 9, 2025** to consider the following formal actions:

Resolution Requesting CSCDA Form CFD

Consider adoption of a resolution formally requesting that CSCDA form a Community Facilities District for the Guenoc Valley Project.

Joint Community Facilities Agreement

Consider adoption of the Joint Community Facilities Agreement (JCFA) between Lake County and CSCDA, which defines the roles, responsibilities, and terms governing the CFD formation, bond issuance, and ongoing administration.

CFD Goals and Policies

Consider adoption of CFD Goals and Policies that will guide decision-making throughout the life of the district, including infrastructure priorities, financial objectives, and administrative procedures to ensure the CFD serves the County's long-term interests.

 **Preparation for Next Steps:** Between now and the next Board meeting, staff will work with CSCDA, the Developer, and the CFD professional team to prepare draft documents for Board review, including the proposed CFD boundaries, preliminary facility list, and draft Joint Community Facilities Agreement.

Contact Information

Our experienced CFD professional team is available to answer questions and provide additional information about Community Facilities Districts and how CSCDA can assist Lake County with the Guenoc Valley Project.

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We appreciate the opportunity to present to the Lake County Board of Supervisors and look forward to partnering with you on the Guenoc Valley Project.