

SCIP

Statewide Community Infrastructure Program

A Program of the California Statewide Communities Development Authority



What is the Statewide Communities Infrastructure Program (SCIP)?

- SCIP is a pooled tax exempt bond financing program which can finance impact fees and public improvements for private developments
- The bonds are issued by the California Statewide Communities Development Authority (CSCDA) which is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties to promote bond programs of public benefit to its members
- Any City/County/Special District can participate in SCIP
- SCIP has issued \$350 MM in bonds since its inception in 2003
- These are 30 year tax exempt bonds secured by property owner assessments



1



Who Uses SCIP?

- SCIP provides local agencies a means of offering competitive financing to all developers as a turn key solution which minimizes local agency staff time
- Developers use SCIP for a variety of reasons:
 - 1) Can be part of the capital mix of debt, equity, public financing
 - 2) Provides off balance sheet/land secured non recourse debt
 - 3) Can provide competitive advantages with respect to residential marketing
- SCIP can finance projects which range in size from \$500,000 up to \$20,000,000 or higher
- SCIP provides diversity to investors and economies of scale to its participants which ultimately translates to competitive interest rates and lower costs



2



SCIP Overview / Team

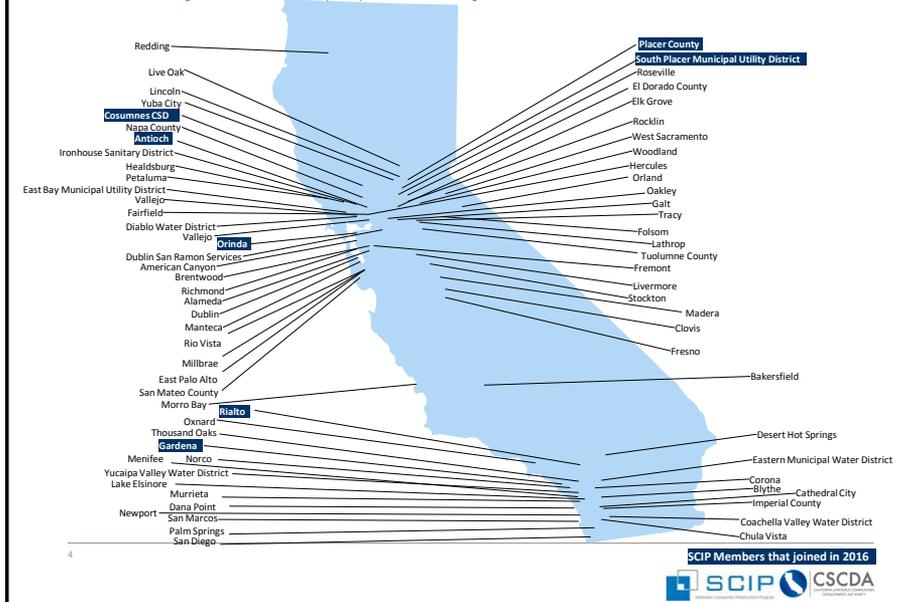
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|----------------------|--|
| Program: | ▪ Statewide Community Infrastructure Program ("SCIP") |
| Issuer: | ▪ California Statewide Communities Development Authority ("CSCDA") |
| Purpose: | ▪ Financing of Development Impact Fees & Improvements |
| Security: | ▪ 1913 / 1915 Act Special Assessment Obligations |
| Finance Team: | ▪ RBC Capital Markets – Bond Underwriter
▪ Orrick, Herrington, & Sutcliffe – Legal Counsel
▪ Bond Logistix – Program Administrator
▪ David Taussig and Associates – Assessment Engineer |

3



Participating Local Agencies

More than 70 Local Agencies across California participate in the SCIP Program



SCIP Program - Mechanics

Program Type	Program Description
Impact Fee Reimbursement Program:	Reimburses property owners for Impact Fees collected when a Building Permit is Issued
Impact Fee Pre-Funding Program:	Provides advance funding of Impact Fees requirement as a condition of land entitlements
Acquisition Funding:	Provides funding of improvements completed by developer. Local agency administers the acquisition agreement.
CFD Financing:	CFDs can be funded by SCIP through CSCDA on an issue-by-issue basis



Reimbursement, Pre-Funding Programs and Acquisition Funding can be combined.

5



Eligible Fees and Improvements

- Fees for infrastructure to be owned by public agency
 - Does not include school, housing, fire, and police fees
- Improvements identified in the 1913/1915 Assessment Act, including but not limited to, are listed below:



Eligible Improvements

- Street and Roadways
- Freeway Interchanges
- Pedestrian Malls
- Sidewalks
- Storm Drainage
- Flood Control
- Water Supply
- Gas Supply
- Street lighting
- Parking
- Landscaping
- Sewer and Pipelines
- Parks and Parkways
- Bridges and Thoroughfares
- Bicycle and Pedestrian Trails
- Open Space and Greenbelts

6



Local Agency Requirements

- Must be a member of CSCDA
- Adopt resolution consenting to use of the SCIP program
 - Contained in SCIP manual
- Submit SCIP Applications
 - Each prospective project will submit an application with a local agency contact
- When tax-exempt bonds are issued, the City executes a bond closing certificate, which confirms that:
 - The infrastructure financed through SCIP with bond proceeds, is public infrastructure
 - Property being assessed has valid entitlements
 - Funds will not be spent in violation of federal tax law
- Approve Requisition of Funds



7



Benefit Assessment Formula

- **Benefit Requirement** - The SCIP Program is an Assessment District program requiring an allocation of Development Impact Fees or Public Infrastructure /Facilities Costs by land use category. These allocations are based on relative levels of benefit received from Fees or Public Infrastructure/Facilities by each land use category, and are expressed as Equivalent Dwelling Units

- **Benefit Criteria** – Depends on the type of facility being funded.
 - Development Impact Fee – Based on Municipality’s existing Fee Study
 - Roads and Transportation Facilities – Based on Average Daily Trips
 - Water and Sewer Facilities – Based on Water Usage Factors
 - Flood Control Facilities – Based on Drainage Runoff Coefficients
 - Parks – Based on household size (SFD vs. SFA) or employees per 1,000 square foot of non-residential floorspace

8



Estimated Bond Amounts

- The following table presents estimated assessment amounts for various project amounts

- In general, costs of issuance are approximately 6% and the bond reserve fund is 7% (excludes capitalized interest)

Estimated Bond Amounts				
Fees and Improvements	Bond Amount	Interest Rate	Term (Years)	Annual Payment
\$500,000	\$570,000.00	4.75%	30	\$35,910
\$1,000,000	\$1,145,000.00	4.75%	30	\$72,437
\$2,000,000	\$2,295,000.00	4.75%	30	\$144,539
\$3,000,000	\$3,445,000.00	4.75%	30	\$217,035
\$5,000,000	\$5,745,000.00	4.75%	30	\$361,935
\$10,000,000	\$11,490,000.00	4.75%	30	\$723,870

9



Conducting the Proceedings

- SCIP Prepares the Engineer's Reports
- Districts are established by SCIP on a City-by-City or County-by-County basis
- Proceedings conducted by CSCDA
- Hearing and Landowner Vote conducted by CSCDA
- CSCDA authorizes the sale of bonds
- City or County does not issue bonds or levy assessments

10

SCIP Tasks and Responsibility

SCIP Task and Responsibility Schedule	
Task	Responsibility
Conducting the Proceedings	CSCDA
Issuing Bonds	CSCDA
Administering the District <ul style="list-style-type: none"> • Tax Roll • Lot Splits • Rebate • Continuing Disclosure • Foreclosure 	CSCDA / BLX / DTA
Entitlements	Developers in Conjunction with Local Agency
Payment of Fees or Completion of Improvements	Developers
Bond Payments (Investor Risk)	Landowners

11

Community Facilities District (“CFDs”)

- CSCDA can also establish, sell bonds and levy special taxes for CFDs on behalf of local agencies
- CFDs will be financed on a stand alone basis
- No benefit requirement, only a “reasonableness” test
- CFD financings are for specific projects and districts
 - May include one or more developers
- CSCDA will review local agency CFD guidelines (if available)
- CSCDA requires a minimum 4x value to lien ratio
- Maximum tax rate cannot exceed 2% of home sales prices
- May use 2% escalating debt service if permitted by local agency
- Local agency can establish more stringent guidelines
- Local agency must identify funding priorities (infrastructure, fees, etc.)
- CSCDA is authorized to proceed by a Resolution adopted by local agency (which will include a form of acquisition agreement)



12



Comprehensive Transaction History

Sale date	Issuer	Series	Par	Description	Projects
Oct-03	CSCDA	Series 2003A	\$6,270,000	SCIP Pooled Revenue	5
Dec-04	CSCDA	Series 2004A	\$3,590,000	SCIP Pooled Revenue	10
Jul-05	CSCDA	Series 2005A	\$10,645,000	SCIP Pooled Revenue	10
Oct-06	CSCDA	Series 2006A	\$19,015,000	SCIP Pooled Revenue	11
Jun-07	CSCDA	Series 2007A	\$25,545,000	SCIP Pooled Revenue	11
Nov-07	CSCDA	Series 2007B	\$10,460,000	SCIP Pooled Revenue	8
Dec-07	CSCDA	Series A (2007)	\$37,500,000	Stand Alone CFD (Orinda Wilder)	1
Jul-08	CSCDA	Series 2008A	\$21,805,000	SCIP Pooled Revenue	9
Jun-10	CSCDA	Series 2010A	\$6,180,000	SCIP Pooled Revenue	6
Sep-11	CSCDA	Series 2011A	\$9,190,000	SCIP Pooled Revenue	4
Dec-12	CSCDA	Series 2012	\$21,030,000	Reassessment Refunding	1
May-13	CSCDA	Series 2013A	\$6,245,000	Stand Alone CFD (Manteca)	1
Aug-13	CSCDA	Series 2013	\$14,444,827	SCIP Pooled Revenue Refunding	9
May-14	CSCDA	Series 2014A	\$4,680,000	SCIP Pooled Revenue	3
Nov-14	CSCDA	Series 2014	\$11,015,000	Stand Alone Assessment District (Yucaipa VWR)	1
Jan-15	CSCDA	Series 2014B	\$10,605,000	SCIP Pooled Revenue	5
Jun-15	CSCDA	Series 2015R1	\$29,195,000	SCIP Pooled Revenue Refunding	17
Jun-15	CSCDA	Series 2015	\$33,015,000	Stand Alone CFD Refunding (Orinda Wilder)	1
Aug-15	CSCDA	Series 2015A	\$11,125,000	Stand Alone CFD (Rio Bravo)	1
Sep-15	CSCDA	Series 2015A	\$5,320,000	SCIP Pooled Revenue	4
Dec-15	CSCDA	Series 2015	\$15,305,000	Stand Alone Assessment District (Emerson Ranch)	1
Mar-16	CSCDA	Series 2016A	\$11,275,000	Stand Alone CFD (University District)	1
May-16	CSCDA	Series 2016A	\$10,115,000	SCIP Pooled Revenue	6
Oct-16	CSCDA	Series 2016B	\$11,040,000	SCIP Pooled Revenue	6
Nov-16	CSCDA	Series 2016A	\$11,155,000	Stand Alone CFD (Delta Coves)	1
Total			\$355,764,827	25 Transactions	133

13



Appendix: 2016 Case Studies

14



SCIP Pooled Revenue Bond Transactions

SCIP 2016A

- SCIP 2016A, in an amount of \$10,090,000, was sold in May at a 30 year interest rate of 4.20%. The issue consisted primarily of residential projects in El Dorado County, Brentwood, Manteca and Gardena. These were for the most part undeveloped tracts but in the first stage of pulling building permits and constructing model homes.
- Roseville also participated with its Top Golf project (current Roseville site pictured). Top Golf has been described as the premier new golf experience where hitting microchip guided golf balls is complemented by your favorite food and beverage.
- Developers that participated in SCIP 2016A included KB Homes, DUC construction, DR Horton, Discovery Builders and Meritage. The issue financed a combination of public impact fees and improvements. While there have been non-rated bonds sold at lower rates for more developed property, these are some of the lowest rates we have ever seen of undeveloped land secured bonds.



Topgolf Facility (Now Open)
Roseville, California

SCIP 2016B

- SCIP 2016B, in an amount of \$11,040,000, was sold the week of October 3rd at a 30 year interest rate of 4.37%. Despite adverse market conditions and heavy supply, the Bonds achieved a competitive rate for a non-rated undeveloped land-secured deal on a historic basis. The Bonds financed a combination of public impact fees and improvements.
- The bond issue consisted entirely of undeveloped residential projects located in the cities of Roseville, San Diego, Rocklin, Manteca and Fairfield. The projects located in San Diego and Manteca, Vista del Sur and Evans Estates respectively, have participated in prior SCIP bond issues and are good examples of how the program can be used to finance subdivisions or phases of a single project over time.
- Developers that participated in SCIP 2016B included John Mourier Construction, Tri Pointe Homes, Southview Development Partners and Development Solutions EE.



Foothills American Dream
Roseville, California

15



SCIP Stand-Alone Transactions

Special Tax Bonds, Series 2016A (University District)

- SCIP 2016A, SCIP sold \$11,275,000 of special tax bonds for the University District Project in Rohnert Park for Brookfield Homes.
- The 30 year bonds sold at a TIC of 4.34% and had a value to lien ratio of 5.8x.
- The rate was exceptional given the largely undeveloped status of the CFD, although 175 of the 399 lots in Phase I had just been were sold to merchant builders. They included Richmond America, KB Homes, and Signature, all of which were commencing construction of model homes.
- The site is located directly north of Sonoma State University within the City of Rohnert Park. The transaction financed public facilities fees which were used by the City to construct major city improvements. Phase I is planned for 399 units, the first of 1,454 units within University Park. The CFD is authorized to issue up to \$50 MM in bonds.



University District (Rendition)
Rohnert Park, California

Special Tax Bonds, Series 2016A (Delta Coves)

- CFD No. 2016-02 (Delta Coves) sold \$11,115,000 of Special Tax Bonds on November 16, 2016 at a 30 year interest rate of 5.20%.
- The Bonds were sold during the most turbulent period that the fixed income market has seen in years, with yields rising roughly 50 basis points between the sale and the election (the election being the cause of the spike in market volatility).
- Bond debt service was structured to increase at 2% annually, in lockstep with the tax inflator.
- The CFD comprises 310 acres of undeveloped property located on the California Delta in Bethel Island.
- This represents the first issue of bonded debt for the CFD, which is authorized to incur a not-to-exceed amount of \$62 million between both improvement areas.



Delta Coves
Bethel Island, California

16



SCIP Contact Information

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17

