

FUNDAMENTALS OF LAND-SECURED FINANCING



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PRESENTERS



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Session IV

Project Implementation



Construction or Acquisition?

Construction Project

- Issuer constructs project
- Bond proceeds pay costs as needed

Acquisition Project

- Developer/Owner constructs improvements (must front the costs)
- Issuer to “acquire” with bond proceeds



Developer Constructs Improvements

- Acquisition Agreement specifies purchase processes and eligible improvements
- Review and payment timelines
- Completed Facility vs. Discrete Portions
- Other considerations and requirements
 - Bidding procedures
 - Inspection
 - Insurance
 - Change Orders
 - Soft costs



Developer Constructs Improvements

Requirements for Developer to get paid:

- Contracts, invoices, & proof of payment
- Prevailing wages
- Confirmation of construction quantities
- Evidence of transfer of title
- Evidence of acceptance of improvements or deemed capable of serviceable use
- Lien releases from contractor and subs



Delta Shores CFD No. 2019-1

- Payment request submitted by Developer included roadway, sewer, storm drain, and water improvements
- Documentation included contracts, change orders, invoices, canceled checks, improvement plans, agency approvals, and lien releases covering \$17.6 million
- The final recommended payment was \$13.5 million



Issuer Constructs Improvements

Expand working group to include:

- Public Works staff
- Representatives from other local agencies
- Design engineer / environmental consultant
- Contract administrator / inspectors
- Real property appraiser



Issuer Constructs Improvements

- Project Design
- Property Acquisition
- Environmental Clearance
- Review and Approval of Plans & Specs
- Solicitation of Sealed Bids