

# FUNDAMENTALS OF LAND-SECURED FINANCING



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# PRESENTERS



**Ed Espinoza**  
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Francisco and  
Associates



**James V. Fabian**  
*Principal*  
Fieldman Rolapp &  
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**Susan Goodwin**  
*Managing Principal*  
Goodwin Consulting  
Group



**Bradley R. Neal**  
*Shareholder*  
Stradling Yocca Carlson &  
Rauth, P.C.



# Session II

# Pre-Formation Considerations



## Local Goals and Policies

- Legal requirement for CFDs
- Good idea for ADs
- Important to provide guidance, consistency and assurances
- Not the place to cover all deal points



# Key Issues to Cover in Policies

- Priority & Eligibility of Facilities and Services
- Disclosure to:
  - Homebuyers
  - Bond Investors
  - Financial Markets
- Appraisal Criteria
- Application Process
- Credit Quality Requirements



# Acquisition vs. Construction

- ACQUISITION:
  - Developer funds and builds improvements, and public agency “acquires” them
- CONSTRUCTION:
  - Public agency builds
- COMBINATION



## Selecting the Team

- Public agency should choose team
- Municipal Advisor can assist
- RFP Process / Consultant Pool
- Mello-Roos or Assessment District experience is key

# Consultant Roles

## Bond Counsel

- Legal guidance and opinion; formation documents

## Municipal Advisor

- Guidance & market knowledge
- Fiduciary obligation to public agency

## Special Tax Consultant

- Cash flow analysis, tax formula, boundary map, CFD report

## Assessment Engineer

- Benefit finding & Engineer's Report

## Underwriter

- Although not needed until bond issuance, usually part of formation team





# Consultant Roles (cont.)

## Market Consultant

- Price point analysis
- Absorption study
- Mortgage study/report

## Appraiser

- Determines value of properties to be assessed/taxed

## Developer and its Counsel and Consultants

- Provide the required information about the developer, the project, and the financing proposal



# Important Considerations in Assembling Team

- Good communication among team members
- How to best facilitate meetings and calls
- Involve legal counsel to protect agency
- Understand structure and associated workload



## Other Agencies/Utilities Coordination

- Jurisdictional overlap
- Who will own and operate facilities?
- Joint Community Facilities Agreements required for CFDs
- Consent of legislative body required for CFDs and ADs