



**CSCDA**  
CALIFORNIA STATEWIDE COMMUNITIES  
DEVELOPMENT AUTHORITY



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STATEWIDE COMMUNITY INFRASTRUCTURE PROGRAM



NEWSLETTER



**SCIP Refunding(s)** SCIP refunded several issues of outstanding bonds in May and June to take advantage of lower interest rates. The SCIP consolidated refunding refinanced the 2007B, 2008A and 2010 SCIP bonds into a single series of revenue bonds. The issue was \$28.5 MM, sold at a rate of 4.5% and generated \$7.7 MM in savings over the remaining term of the bonds. SCIP also refunded the Orinda Wilder CFD bonds, originally issued in 2007. The \$32 MM issue sold at a rate of 4.6% and saved \$5.8 MM. SCIP will continue to monitor its prior issues to save taxpayers money. Also, SCIP local agency members can use CSCDA to act as the issuer on their refunding bonds. Please call the SCIP team and we will analyze refunding opportunities for land secured bonds.

**SCIP 2015A** The public hearing for SCIP 2015A was held in Sacramento on August 6<sup>th</sup>. There are 4 projects: D.R. Horton (the Wildwood Project) in Manteca, Meritage (Bella Fiore in Brentwood), Meritage (Orchard Park) in Manteca, and ARRIVE Hotels in Palm Springs. Several projects which were in SCIP 2015A will be held over for SCIP 2015B. The issue size for SCIP 2015A is expected to be approximately \$6.0 MM. Below are images of the four projects:

**Bella Fiore**



**Orchard Park**



**Wildwood**



**ARRIVE Hotel**



**Rio Bravo CFD (Special Tax Bonds)** SCIP will be selling \$11 MM of bonds for Rio Bravo the week of August 17<sup>th</sup>.\* California Statewide Communities Development Authority (CSCDA) formed the CFD on behalf of the City of Bakersfield and the East Niles Community Services District. The district is anchored by a 65,000 sf cancer and imaging center which will be the cornerstone of a medial office campus (see image to the right). The district will also benefit from completion of a freeway interchange and overpass which is part of the Thomas Road Improvement Program, also known as TRIP. A second series of bonds will fund the remaining off-sites in 2016 as the project continues to develop.



*\*Preliminary, subject to change*

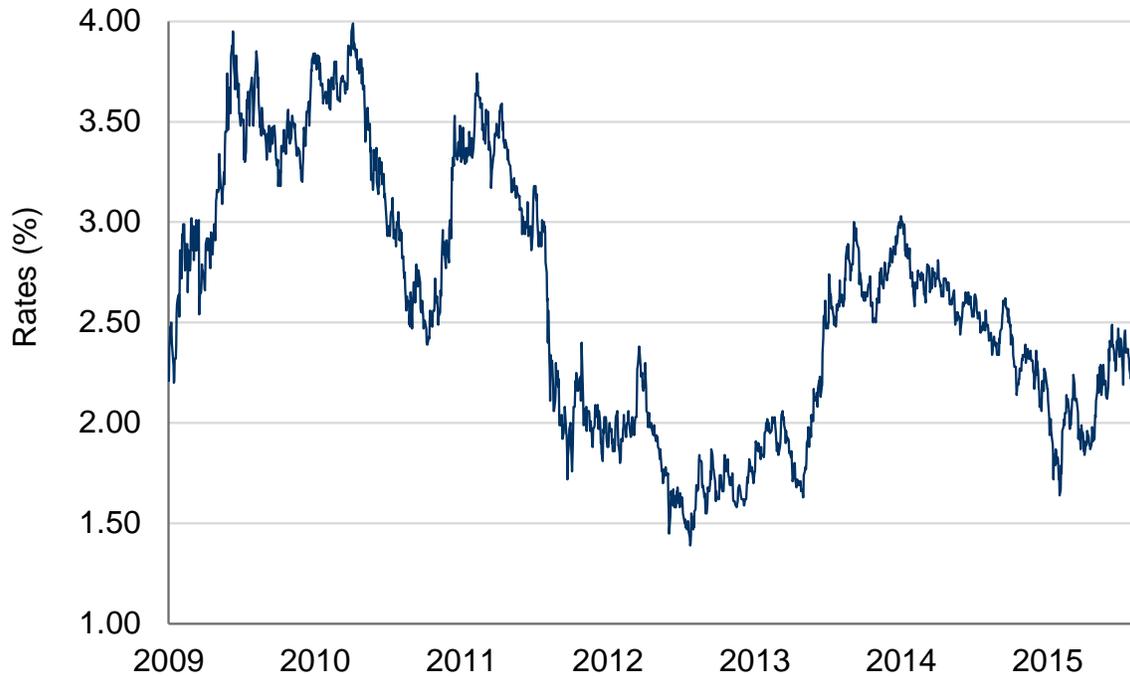
**SCIP 2015B** SCIP will begin proceedings on SCIP 2015B in September. There are a wide variety of pending projects for SCIP 2015B. Cathedral City, a new SCIP member has a project for Campanile Development. The City of Gardena, also a new SCIP member, has a project pending with KB Homes. Other SCIP 2015B projects include Discovery Builders in Brentwood, Duc Construction in Manteca, John Mourier in Rocklin, Lewis Homes in Hercules and CADER Industrial in Petaluma to name a few. SCIP 2015B is expected to be in the \$20 to \$25 MM range. There is still time to submit an application. The fall schedule for SCIP 2015B is as follows:

#### **SCIP Fall Schedule**

Applications due:	August 01, 2015
Prepare Engineers Reports:	September, 2015
Commence Proceedings:	October, 2015
Hold Public Hearing:	November, 2015
Authorize Sale of Bonds:	December, 2015
Sell Bonds and Close:	January, 2016

**Interest Rates are Still Low** While there has been considerable volatility in the bond market, interest rates are once again headed lower. Rates for municipal issues are still near historic lows, and rates for SCIP bonds have improved with investors gaining confidence in the California real estate market. We see rates for 30 year bonds with projects that have a 6x or higher value to lien ratio (and where development is underway) in the 4.5% to 4.75% range. At a 4x value to lien ratio, rates will be 25 (0.25%) to (0.50%) 50 basis points higher, depending on location size of the issue and the status of development. These rates are better than we have ever seen in the California land secured market. We would urge developers to take advantage of these low rates. We would also urge Local Agencies to review their own land secured bond issues for refunding opportunities which can be done through SCIP.

## 10 Year U.S. Treasury Rates (2009 -2015 YTD)



**What is SCIP?** SCIP is a development impact fee and public improvement financing program, which utilizes 1913/15 Act bonds. Through **SCIP, impact fees for roads, water, sewer, storm drainage, parks, etc. can be funded by tax-exempt bonds.** Developers can be reimbursed for fees paid to obtain a building permit, or fees can be funded directly prior to obtaining a building permit. **The two SCIP programs are called the “Reimbursement Program” and the “Pre-Funding Program”.** SCIP can also now finance public improvements directly through the Acquisition Funding Program. **Financing both fees and public improvements will greatly expand the range of financing options available through SCIP.** Developers can fund fees, improvements or both for individual projects.

**Mello Roos Community Facilities Districts** CSCDA is available to work with Local Agencies on Mello Roos Community Facilities Districts (CFD's). CFDs are done on a stand-alone basis, and require that a separate Resolution of the governing body be adopted for each CFD. The ability to issue CFD bonds will be analyzed by bond counsel and the SCIP underwriter on a case by case basis. The CFD financing option broadens the scope of work available through CSCDA, and is separate from the pooled SCIP assessment program.

**What Projects are best for SCIP?** SCIP can be used for commercial, industrial, retail, multi-family and single-family residential projects, but can be modified for specific land uses as determined by the Local Agency. **SCIP is ideal as an economic development tool,** and can act as a substitute for fee deferral programs for commercial and industrial projects. SCIP works well for residential projects, where it may be too expensive to form a stand-alone district. Local agencies are free to use SCIP to fund selected fees and improvements for different land uses, depending on local policies. In general, SCIP can be used for **traffic** impact fees, **water** and **sewer** fees, **park** fees, **storm** drain, pedestrian **sidewalks** and the public improvements associated with the types of fees. SCIP team members are available to work with developers and the local agencies to determine the optimal mix of fees and improvement to be funded.

**How does a Local Agency Join?** To make SCIP available, a local agency must be a member of CSCDA. Most counties and nearly all the cities in California are already members. A local agency can join CSCDA by passing a Resolution and there is no cost. Once a member of CSCDA, the local agency can then approve the SCIP Resolution. The SCIP Resolution authorizes CSCDA to act as the issuer and administrator for the program.

**There is no cost to the Local Agency to join CSCDA or SCIP.** Once a local agency joins, a developer can seek approval from the local agency to submit an application which requires a \$1,500 application fee. After acceptance, there may be an additional deposit required for an appraisal and engineer's report. Call any member of the SCIP financing team on more information on how to join or how to submit an application.

**For more information on SCIP please contact:**

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