

VI. LAND-SECURED BOND FINANCING

The Financing Strategy may include land-secured financing mechanisms, such as Mello-Roos CFDs or Assessment District bond-financing for capital facilities, such as roads, sewer, water, storm drainage, and parks. This chapter provides information on estimated bonding capacity for capital facilities if a Mello-Roos CFDs is chosen as the primary bond-funding mechanism.

If this financing option is chosen, the actual special tax formula, properties included in the CFD, and the list of facilities to be funded by bonds will be determined at the time of the CFD formation. At that time, there will also be a determination as to the level of maximum special taxes that can be absorbed by the various properties included in the CFD. For purposes of this report, the following annual tax rates¹⁰ have been assumed:

- Single-Family Residential—\$1,300 per unit;
- Medium-Density Residential—\$1,200 per unit; High-Density Residential—\$750 per unit;
- Nonresidential Commercial (Excluding Industrial Park)—\$5,500 per acre; and
- Industrial Park—\$3,000 per acre.

Table 19 presents the estimated preliminary Maximum Annual Special Tax revenue generated by the RDOSP. The estimated Maximum Annual Special Tax revenue is \$4.8 million from Phase 1 development. Development of the Remaining Phases results in \$11.3 million in revenue. At buildout, the Maximum Annual Special Tax revenue is estimated at approximately \$16.1 million. Based on the Maximum Annual Special Tax revenue, **Table 20** shows estimated bonding capacity for the RDOSP. Based on current financing assumptions, the RDOSP developers are estimated to have capacity to bond for approximately \$211.6 million, yielding \$165.7 million in proceeds for construction and acquisition of land and improvements.

Although RDOSP bonding capacity shown in **Table 20** is approximately \$211.6 million, which yields approximately \$165.7 million in proceeds, any initial bond issues will be constrained by various factors including the appraised value of land in the CFD at the time bonds are sold. Several bond sales would occur as the development of RDOSP progresses and security can be demonstrated for the bonds. Also, it is important to note that these estimates of bond capacity are preliminary, based on current financing assumptions, and subject to revision once a land-secured financing mechanism is implemented.

¹⁰ These tax rates are based on maximum special tax rates for comparable land uses in the Sunridge-Anatolia CFD No. 2003-1. Rates have been escalated by 2 percent annually to 2006 dollars and then rounded.

Table 19
 Rio del Oro Specific Plan
 Infrastructure and Public Facilities Financing Plan
 Summary of Maximum Annual Special Tax for Infrastructure CFD (2006\$)

Taxable Land Use Category	Land Use Phase 1			Land Use Phases 2 through 5			Land Use Buildout		
	Units/ Acres	Preliminary Tax Rate [1]	Preliminary Maximum Annual Special Tax	Units/ Acres	Preliminary Tax Rate [1]	Preliminary Maximum Annual Special Tax	Units/ Acres	Preliminary Tax Rate	Preliminary Maximum Annual Special Tax
RIO DEL ORO									
Single-Family Residential	<u>Units</u>	<u>Per Unit</u>		<u>Units</u>	<u>Per Unit</u>		<u>Units</u>	<u>Per Unit</u>	
Single-Family Residential	1,450	\$1,300	\$1,885,000	6,535	\$1,300	\$8,495,500	7,985	\$1,300	\$10,380,500
Medium-Density Residential	904	\$1,200	\$1,084,800	992	\$1,200	\$1,190,400	1,896	\$1,200	\$2,275,200
High-Density Residential	640	\$750	\$480,000	1,080	\$750	\$810,000	1,720	\$750	\$1,290,000
Total Residential	2,994		\$3,449,800	8,607		\$10,495,900	11,601		\$13,945,700
Nonresidential	<u>Acres</u>	<u>Per Acre</u>		<u>Acres</u>	<u>Per Acre</u>		<u>Acres</u>	<u>Per Acre</u>	
Local Town Center	22.0	\$5,500	\$121,000	0.0	\$5,500	\$0	22.0	\$5,500	\$121,000
Regional Town Center	76.0	\$5,500	\$418,000	35.0	\$5,500	\$192,500	111.0	\$5,500	\$610,500
Village Center	0.0	\$5,500	\$0	20.0	\$5,500	\$110,000	20.0	\$5,500	\$110,000
Business Park	41.0	\$5,500	\$225,500	45.0	\$5,500	\$247,500	86.0	\$5,500	\$473,000
Industrial Park	188.0	\$3,000	\$564,000	94.0	\$3,000	\$282,000	282.0	\$3,000	\$846,000
Total Nonresidential	327.0		\$1,328,500	194.0		\$832,000	521.0		\$2,160,500
TOTAL RIO DEL ORO [2]			\$4,778,300			\$11,327,900			\$16,106,200

"Summary_MaxTax"

Source: Rio del Oro Specific Plan (03/30/2006); Sunridge Anatolia CFD; and EPS.

[1] Based on maximum special tax rates for Sunridge-Anatolia Community Facilities District No. 2003-1. Escalated by 2% annually to 2006\$.

[2] Schools, Open Space, and Parks are not considered taxable and therefore are not included.

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Table 20
Rio del Oro Specific Plan
Infrastructure and Public Facilities Financing Plan
Estimated Bond Sizing (2006\$)

Item	Assumptions	Estimated Bond Sizing		
		Phase 1	Phases 2 through 5	Buildout
Maximum Special Taxes Available for Debt Service				
Estimated Annual Maximum Special Taxes		\$4,778,300	\$11,327,900	\$16,106,200
<i>Less Estimated Administration Costs</i>	4%	(\$191,000)	(\$454,000)	(\$645,000)
<i>Less Delinquency Coverage</i>	10%	(\$478,000)	(\$1,133,000)	(\$1,611,000)
<i>Adjustment for Rounding</i>		\$700	(\$900)	(\$200)
Estimated Gross Debt Service (Rounded)		\$4,110,000	\$9,740,000	\$13,850,000
Bond Proceeds and Bond Size				
Total Bond Size		\$52,309,000	\$123,963,000	\$176,272,000
<i>Adjustment for Rounding</i>		(\$9,000)	\$37,000	\$28,000
Total Bond Size (Rounded)		\$52,300,000	\$124,000,000	\$176,300,000
<i>Increase for Annual Escalation [1]</i>		\$10,460,000	\$24,800,000	\$35,260,000
Total Bond Size (Rounded)		\$62,760,000	\$148,800,000	\$211,560,000
Estimated Bond Proceeds				
Rounded Bond Size		\$62,760,000	\$148,800,000	\$211,560,000
<i>Less Capitalized Interest</i>	18 months	(\$6,354,000)	(\$15,066,000)	(\$21,420,000)
<i>Less Bond Reserve Fund</i>	1 yr debt service	(\$4,110,000)	(\$9,740,000)	(\$13,850,000)
<i>Less Issuance Cost</i>	5%	(\$3,138,000)	(\$7,440,000)	(\$10,578,000)
Estimated Bond Proceeds		\$49,158,000	\$116,554,000	\$165,712,000
Assumptions [2]				
Interest Rate	6.75%			
Term	30 years (bonds could be for 25 or 30 years)			
Annual Escalation	2.00%			

"est_bond"

Source: EPS.

[1] Assumes special taxes are escalated 2.0% annually for 30 years, which increases total Bond Size by approximately 20%.

[2] Estimated bond sizing based on conservative assumptions. The interest rate will be determined at the time of bond sale; the bond term could 25 to 30 years or more. This analysis assumes 30 years.

CFDs will not be allowed to fund facility oversizing. Reimbursements for oversizing will be handled through the appropriate fee program, reimbursement agreement, or developer cost-sharing agreement.

Table 21, Table 22, and Table 23 present the estimated bond proceeds per unit and nonresidential acre for Phase 1, Remaining Phases, and Buildout, respectively.

Table 21
Rio del Oro Specific Plan
Infrastructure and Public Facilities Financing Plan
Estimated Bond Proceeds per Unit and Nonresidential Acre for Phase 1 (2006\$)

Item	Unit/ Acres	Prelim. Max. Special Tax Rate [1]	Maximum Special Tax		Bond Size [2]		Bond Proceeds	
			Amounts	% of Total	Amount	Per Unit/Acre	Amount	Per Unit/Acre
<i>Formula</i>	<i>A</i>	<i>B</i>	<i>C = A * B</i>	<i>D = C / Total MaxTax</i>	<i>E = D x total bond</i>	<i>F = E / A</i>	<i>G = D x bond proceeds</i>	<i>H = G / A</i>
RIO DEL ORO PHASE 1								
Single-Family Residential	<u>Units</u>	<u>Per Unit</u>				<u>Per Unit</u>		<u>Per Unit</u>
Single-Family Residential	1,450	\$1,300	\$1,885,000	39.4%	\$24,758,303	\$17,075	\$19,392,426	\$13,374
Medium-Density Residential	904	\$1,200	\$1,084,800	22.7%	\$14,248,174	\$15,761	\$11,160,161	\$12,345
High-Density Residential	640	\$750	\$480,000	10.0%	\$6,304,502	\$9,851	\$4,938,124	\$7,716
Total Residential	2,994		\$3,449,800	72.2%	\$45,310,978	\$15,134	\$35,490,712	\$11,854
Nonresidential	<u>Acres</u>	<u>Per Acre</u>				<u>Per Acre</u>		<u>Per Acre</u>
Local Town Center	22	\$5,500	\$121,000	2.5%	\$1,589,260	\$72,239	\$1,244,819	\$56,583
Regional Town Center	76	\$5,500	\$418,000	8.7%	\$5,490,170	\$72,239	\$4,300,283	\$56,583
Village Center	0	\$5,500	\$0	0.0%	\$0	\$0	\$0	\$0
Business Park	41	\$5,500	\$225,500	4.7%	\$2,961,802	\$72,239	\$2,319,890	\$56,583
Industrial Park	188	\$3,000	\$564,000	11.8%	\$7,407,789	\$39,403	\$5,802,296	\$30,863
Total Nonresidential	327		\$1,328,500	27.8%	\$17,449,022	\$53,361	\$13,667,288	\$41,796
TOTAL RIO DEL ORO PHASE 1			\$4,778,300	100.0%	\$62,760,000		\$49,158,000	

"bond_unitP1"

Source: Sunridge-Anatolia Community Facilities District No. 2003-1; and EPS.

[1] Preliminary maximum special tax rates based on Sunridge-Anatolia Community Facilities District No. 2003-1, excluding industrial land uses. EPS assumed the tax rate for industrial land uses based on the lower value of industrial property. Assumes 2% escalation on preliminary maximum special tax rate as shown in Table 20.

[2] Assumes special taxes are escalated 2.0% annually for 30 years, which increases total Bond Size by approximately 20%.

Table 22
Rio del Oro Specific Plan
Infrastructure and Public Facilities Financing Plan
Estimated Bond Proceeds per Unit and Nonresidential Acre for Phases 2 through 5 (2006\$)

Item	Unit/ Acres	Prelim. Max. Special Tax Rate [1]	Maximum Special Tax		Bond Size [2]		Bond Proceeds	
			Amounts	% of Total	Amount	Per Unit/Acre	Amount	Per Unit/Acre
<i>Formula</i>	<i>A</i>	<i>B</i>	<i>C = A * B</i>	<i>D = C / Total MaxTax</i>	<i>E = D x total bond</i>	<i>F = E / A</i>	<i>G = D x bond proceeds</i>	<i>H = G / A</i>
RIO DEL ORO REMAINING PHASES								
Single-Family Residential	<u>Units</u>	<u>Per Unit</u>				<u>Per Unit</u>		<u>Per Unit</u>
Single-Family Residential	6,535	\$1,300	\$8,495,500	75.0%	\$111,594,417	\$17,076	\$87,411,127	\$13,376
Medium-Density Residential	992	\$1,200	\$1,190,400	10.5%	\$15,636,748	\$15,763	\$12,248,156	\$12,347
High-Density Residential	1,080	\$750	\$810,000	7.2%	\$10,639,924	\$9,852	\$8,334,178	\$7,717
Total Residential	8,607		\$10,495,900	92.7%	\$137,871,090	\$16,018	\$107,993,461	\$12,547
Nonresidential	<u>Acres</u>	<u>Per Acre</u>				<u>Per Acre</u>		<u>Per Acre</u>
Local Town Center	0	\$5,500	\$0	0.0%	\$0	\$0	\$0	\$0
Regional Town Center	35	\$5,500	\$192,500	1.7%	\$2,528,624	\$72,246	\$1,980,654	\$56,590
Village Center	20	\$5,500	\$110,000	1.0%	\$1,444,928	\$72,246	\$1,131,802	\$56,590
Business Park	45	\$5,500	\$247,500	2.2%	\$3,251,088	\$72,246	\$2,546,555	\$56,590
Industrial Park	94	\$3,000	\$282,000	2.5%	\$3,704,270	\$39,407	\$2,901,529	\$30,867
Total Nonresidential	194		\$832,000	7.3%	\$10,928,910	\$56,335	\$8,560,539	\$44,126
TOTAL RIO DEL ORO REMAINING PHASES			\$11,327,900	100.0%	\$148,800,000		\$116,554,000	

"bond_unit_rem"

Source: EPS.

[1] Preliminary maximum special tax rates based on Sunridge-Anatolia Community Facilities District No. 2003-1, excluding industrial land uses. EPS assumed the tax rate for industrial land uses based on the lower value of industrial property. Assumes 2% escalation on preliminary maximum special tax rate as shown in Table 20.

[2] Assumes special taxes are escalated 2.0% annually for 30 years, which increases total Bond Size by approximately 20%.

Buildout

Table 23
Rio del Oro Specific Plan
Infrastructure and Public Facilities Financing Plan
Estimated Bond Proceeds per Unit and Nonresidential Acre at Buildout (2006\$)

Item	Unit/Acre	Prelim.	Maximum Special Tax		Bond Size [2]		Bond Proceeds	
		Max. Special Tax Rate [1]	Amounts	% of Total	Amount	Per Unit/Acre	Amount	Per Unit/Acre
<i>Formula</i>	<i>A</i>	<i>B</i>	<i>C = A * B</i>	<i>D = C / Total MaxTax</i>	<i>E = D x total bond</i>	<i>F = E / A</i>	<i>G = D x bond proceeds</i>	<i>H = G / A</i>
RIO DEL ORO BUILDOUT								
Single-Family Residential	<u>Per Unit</u>					<u>Per Unit</u>		<u>Per Unit</u>
Single-Family Residential	7,985	\$1,300	\$10,380,500	64.5%	\$136,351,131	\$17,076	\$106,801,941	\$13,375
Medium-Density Residential	1,896	\$1,200	\$2,275,200	14.1%	\$29,885,467	\$15,762	\$23,408,870	\$12,346
High-Density Residential	1,720	\$750	\$1,290,000	8.0%	\$16,944,556	\$9,851	\$13,272,434	\$7,717
Total Residential	11,601		\$13,945,700	86.6%	\$183,181,153	\$15,790	\$143,483,245	\$12,368
Nonresidential	<u>Acres</u>					<u>Per Acre</u>		<u>Per Acre</u>
Local Town Center	22	\$5,500	\$121,000	0.8%	\$1,589,373	\$72,244	\$1,244,934	\$56,588
Regional Town Center	111	\$5,500	\$610,500	3.8%	\$8,019,109	\$72,244	\$6,281,257	\$56,588
Village Center	20	\$5,500	\$110,000	0.7%	\$1,444,885	\$72,244	\$1,131,758	\$56,588
Business Park	86	\$5,500	\$473,000	2.9%	\$6,213,004	\$72,244	\$4,866,559	\$56,588
Industrial Park	282	\$3,000	\$846,000	5.3%	\$11,112,476	\$39,406	\$8,704,248	\$30,866
Total Nonresidential	521		\$2,160,500	13.4%	\$28,378,847	\$54,470	\$22,228,755	\$42,666
TOTAL RIO DEL ORO BUILDOUT			\$16,106,200	100.0%	\$211,560,000		\$165,712,000	

"bond_unit"

Source: EPS.

[1] Preliminary maximum special tax rates based on Sunridge-Anatolia Community Facilities District No. 2003-1, excluding industrial land uses. EPS assumed the tax rate for industrial land uses based on the lower value of industrial property. Assumes 2% escalation on preliminary maximum special tax rate as shown in Table 20.

[2] Assumes special taxes are escalated 2.0% annually for 30 years, which increases total Bond Size by approximately 20%.

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