

*New Partners for Smart Growth
Benefits of Special District Financing*

About DPFPG

Organization:

DPFG Founded in 1991

Business Purpose

- Financing public improvements
- Reducing public infrastructure costs
- Mitigating Risk

Personnel:

60 team members in 12 offices in 9 states.

Performance

Directly or indirectly involved in over 2,100 special taxing districts

Approximately \$15 billion in bonds issued



Development Financing Challenges

- Commercial banks continue to shy away from land development projects.
- Creating a huge “gap” in the financing of public infrastructure.
- Gap must be filled with expensive equity financing (3 to 5 time more expensive) rendering many projects unfeasible.
- Another Problem – The excess infrastructure capacity from “boom days” is eroding, requiring additional public facilities.
- Question – What will fill the “Gap”?

Special Purpose Taxing Districts

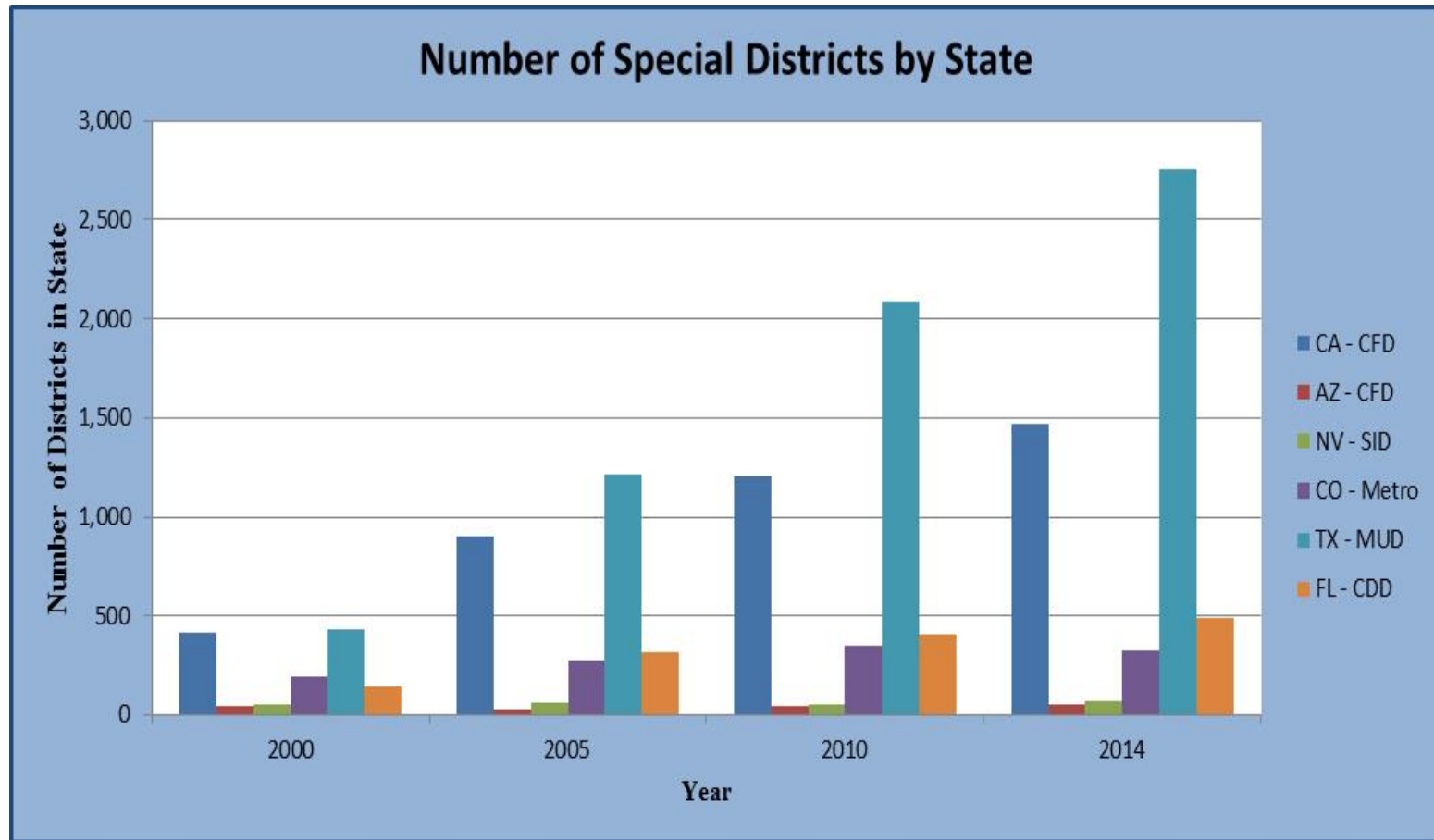
What are Special Purpose Taxing Districts?

- Special purpose districts are established by municipalities and counties.
- Encompass a specific boundary.
- Districts issue tax exempt bonds.
- To acquire/construct eligible public improvements.
- Typically no financial liability to jurisdiction.
- Great way to have “growth pay for growth”.

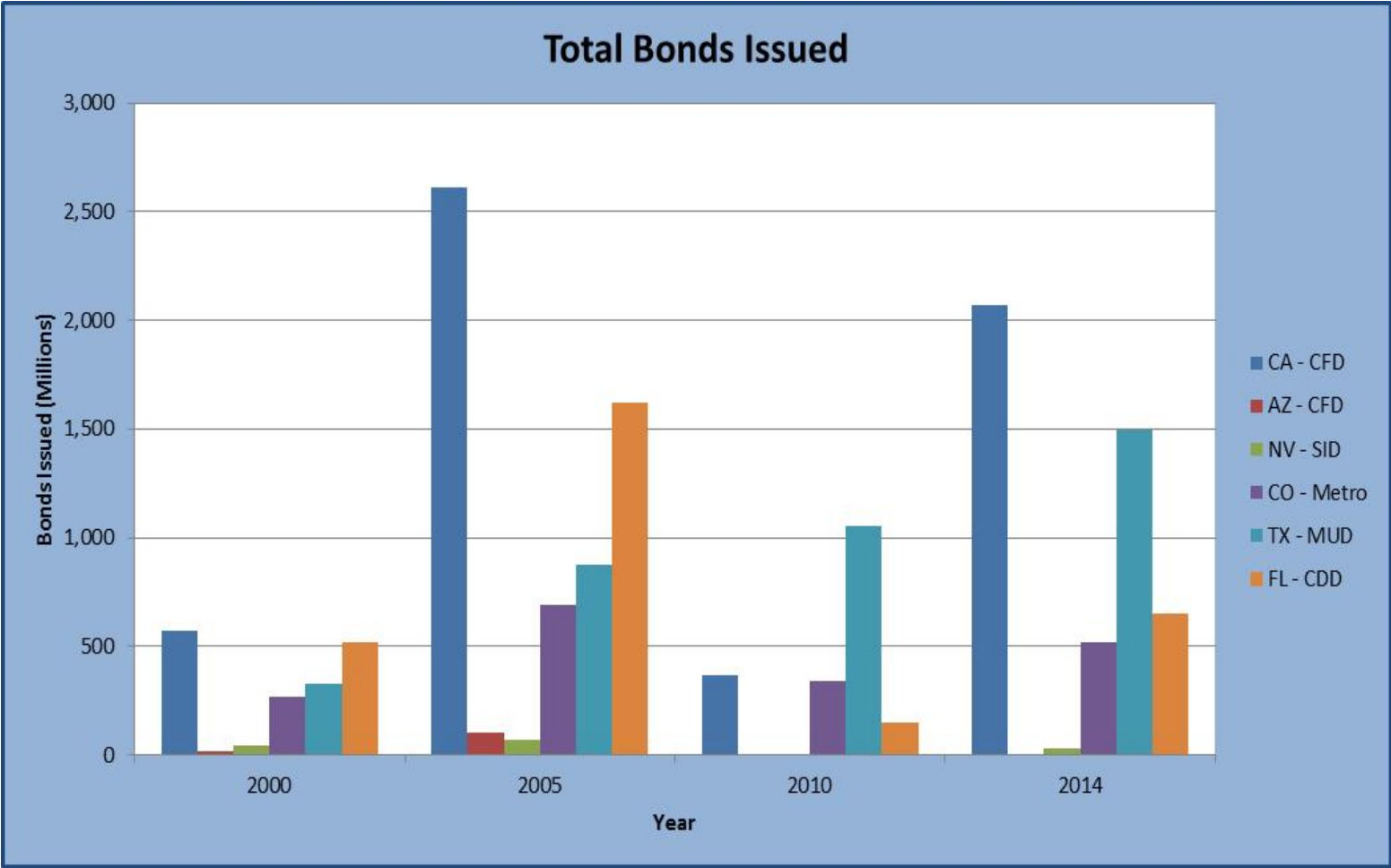
Special Purpose Taxing Districts – Examples

Description	Arizona	California	Colorado	Florida	Illinois	Maryland
	CFD	CFD	Metro	CDD	SSA	STD
Jurisdiction Availability						
Establish in County	X	X	X	X	X	X
Establish in a Municipality	X	X	X	X	X	X
Jurisdiction Liable for District	-	-		-		
Available Bond Types(1)						
Revenue Bonds	X	-	X	X	-	-
General Obligation Bonds	X	-	X	X	X	-
Special Assessment Bonds	X	-	-	-	-	-
Special Tax Levy Bonds	-	-	-	-	X	X
Maximum Bond Term (Years) (1)	25	40	30	40	40	30
Eligible Capital Public Improvements						
Roadways	X	X	X	X	X	X
Water	X	X	X	X	X	X
Sewer	X	X	X	X	X	X
Drainage	X	X	X	X	X	X
Lighting	X	X	X	X	X	X
Traffic Control	X	X	X	X	X	X
Natural Gas	-	X	-	-	-	-
Telephone	-	X	-	-	-	-
Electrical	-	X	-	-	-	-
Cable TV/	-	X	X	-	-	-
Landscaping	X	X	X	X	-	X
Recreational Facilities/Parks	X	X	X	X	-	X
Civic Buildings	X	X		X	-	X
Schools	-	X		X	X	X
Police Facilities	X	X	X	X	-	-
Fire Facilities	X	X	X	X	-	-
Pedestrian Malls	X	X		-	-	-
Parking	X	X	X	X	-	-
Child Care Facilities	-	X	-	-	-	-
Hazardous Waste Remediation	-	X	-	X	-	
Solid Waste	-	-	X	X	-	X
Mosquitoes / Pest Control	-	-	X	X	-	X
Transit Facilities	-	-	-	-	X	X
Provision of On-going Operations and Maintenance Costs	Limited	Limited	X	X	X	X

Special District Financing Trends



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Financing Trends

- Bond financing filling the “Gap” left by commercial banks at tax exempt interest rates (3 to 6.5%).
- Underwriting criteria is loosening up (CA – 100% build out now < 50%).
- Lower interest rates (was 6% now mid 3%).

Private Sector Benefits

- Non-recourse financing.
- Long term financing (up to 30 years).
- Lower interest rates (3% to 6%).
- Reduces third party borrowing.
- 100% debt financing (no equity requirement).
- Interest reserves (borrow up to 3 years).
- No acceleration provisions.

Public Sector Benefits

- New source of capital funding.
- Faster than development impact fees.
- Acceleration of public infrastructure construction.
- Preserves bonding capacity of jurisdiction.
- Off balance sheet financing for jurisdiction.
- Fulfillment of public policy objectives.
- Provision of additional public amenities.
- “Growth pays for growth”.

End User Benefits

- Lower home prices.
- Additional public amenities.
- Lower HOA fees (non-tax deductible).
- Accelerated public infrastructure construction.

Avimor – Ada County, Idaho

- CID - \$300,000 special assessment bond, 30 year term, 7% interest rate, street construction.



Summerlin – Las Vegas, Nevada

- SID - \$29,500,000 special assessment bond, 20 year term, 4.81% interest rate, funded streets, water, sewer.



Treasure Island – San Francisco, CA

- CFD / Tax Increment – \$1.5 billion, streets, water, sewer, parks (In process).



For Further Information

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