

Building Removal Bond: Information/Action

Administrative Committee
September 18, 2019

Peter Said,
Senior Project Manager

- Monterey County Regional Fire District shortfall:
 - County, Marina, and Seaside – suggest a pro-rata share (\$0.5-1M)
- Each agency would set their own BR priorities,
- Clarify insurance requirements
- Confirm statutory pass through in writing
 - Brent Hawkins 2011 opinion letter identifying FORA's tax increment following AB1X26
 - County verification that D.O.F. reviewed county's statutory pass through
 - D.O.F. concurrence of their statutory pass through review

- NHA conducted RFP for underwriters
 - Requested estimate based on current \$3.4M Tax Increment (TI)
 - Requested additional strategies to maximize funding for BR
- Underwriters estimate between **\$38M** and **\$64M** (depending on assumptions)
- NHA recommends **Stifel** as senior manager and **Citi** as co-manager
 - Provided the most confident and creative approaches
 - Put the most \$ on the table for BR
 - FORA Staff reviewed and concurred with the recommendation
- Underwriters directed to develop strategy to cover **\$50-56M** of BR

Bond Proceed Distribution

- **\$50-56M – covers 100% of estimated building removal**

Agency	Option 1: % of Blight	Option 2: % of Tax Increment Generated	Option 3: Est. BR Cost (% of BR)	Project Areas
Marina	60% (\$34M *)	40% (\$22M)	50% (\$25.0M*)	Marina Park, Arts District, Cypress Knolls
Seaside	32% (18)	31% (17.3)	32% (18)	Surplus II
Monterey County	8% (4.1 ‡)	29% (16.4‡)	4% (2.5)	Ammo Supply Point & Dev. Areas
State Parks	County‡	County‡	3% (1.6)	Waste Treatment Plant
TAMC	Marina*	County‡	6% (3.5)	1 st St. Transit Center
MCWD	Marina*	County‡	3% (1.5)	4 th St. Storage Area
MST	Marina*	County‡	2% (1.0)	1 st Transit Center, Surplus II Storage
FORA	Marina*	County‡	3.0M (*)	E2c.4.2.1 completion
				(* , ‡) = Agency to distribute by agreement

- What does the Admin Committee (AC) recommend?

- Successor Entity Responsibilities:

- Preserve and protect the security of the Bonds and the rights of Bond Owners
- Ensure allocation and payment of Tax Increment Revenues
- Continuing Disclosure
- Approve expenditure of Administrative Expenses
- Direct Trustee as necessary under the Indenture
- Direct investment of Reserve Fund and future redemption of Bonds
- Replace Trustee, if needed
- Amend Trust Agreement, if needed
- Incorporate FOR A audit, if conducted & applies

- Construction deficit: agency responsibility
- Construction surplus: BR bond funds returned to Successor Entity (SE):

Option 1	Option 2	Option 3
SE pays off the bond with surplus funds	SE equally re-allocates surplus funds to other Agencies	SE re-allocates surplus funds 1) equally between projects with over-runs, 2) equally to each agency, 3) pays off bond once all BR are complete

- Which option does the AC recommend?

What is the AC recommendation on the Successor Entity?

- 1. City of Marina**
- 2. City of Seaside**
- 3. City of Marina or Seaside with JPA**

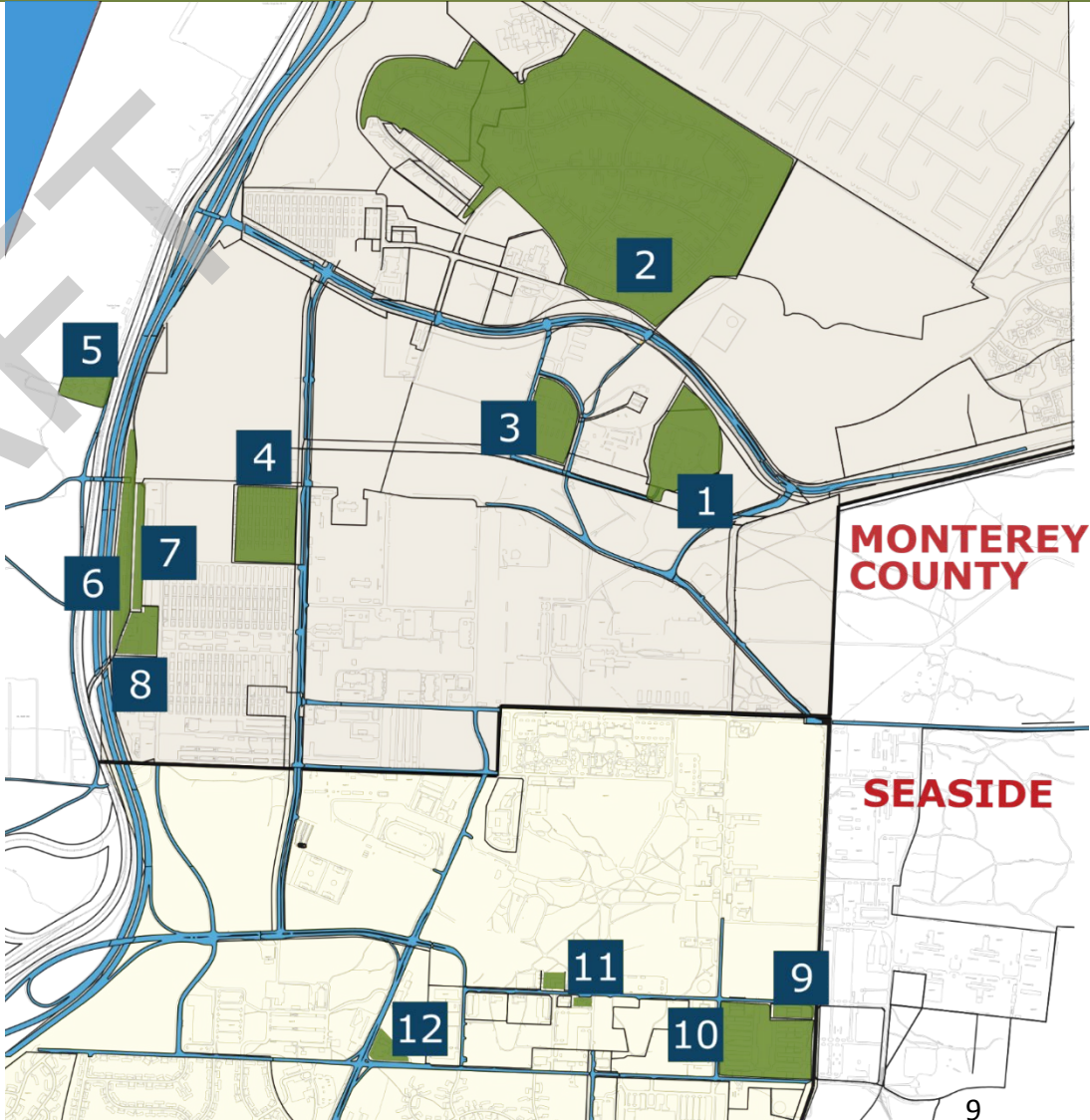
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- Bond proceeds are limited to a fixed building removal project/agency list
- Building removal required to be completed in (5) years
- Each agency to determine it's own list priority
- Each agency would vet invoices and payments
- Responsible for waste generation & construction
- Any multi-agency coordination would be by agreement

Building Removal Project List

Project Area = boundaries of a building removal project

	Area Name	Owner
1	Stockade	FORA
2	Cypress Knolls	Marina
3	MCWD – 4 th St. Storage	MCWD
4	Marina Park	Marina
5	Water Treatment Plant	State Parks / MCWD
6	TAMC – 1 st St. Transit Center	TAMC
7	Marina Arts District	Marina
8	MST – 1 st St. Transit Center	MST
9	MST – Surplus II Storage	MST
10	Surplus II – Hammerheads	Seaside
11	Church & DGS Bldg.	Seaside
12	Former Fast Food	Seaside
13	Ammo Supply Point	Monterey County



- Each agency is the waste generator for their site *
- Cost of insurance is tied to weight of hazmat generated *
- Each agency provides its own insurance as mitigation:
 - Pollution Legal Liability
 - General Liability
 - “Cradle-to-grave” liability including joint and several liability
 - Contractors performance bond & identifies Agency as additionally insured

**See EPA Hazardous Waste Requirements to further determine Agency Risk*

Priorities

Priority	Marina \$28M	Seaside \$18M	County \$2.5M	State Park \$1.6M	MCWD \$1.5M	TAMC \$3.5M	MST \$1M
1	Marina Park \$5.5M	Surplus II \$17M	Dev Area Wood Bldgs. \$1.5M	Waste Treatment Plant \$1.6M	4 th St. Storage \$1.5M	1 st St. Transit Center \$3.5M	1 st St. Transit Center \$800K
2	Cypress Knolls \$17M	Church +DGS \$600K	Ammo Supply Point \$1.0M				Surplus II Storage \$200K
3	Marina Arts District \$2.5M	Former Fast Food \$300K					
4	Other Bldgs. \$3M						

- Public hearing @ County – recognizing funds to be spent within the county
- County resolution to commit fund intercept assignment to trustee
- Successor Entity resolution to accept bond administration responsibilities

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- Staff is requesting recommendations on:
 - *Distribution: 1) % of blight, 2) % of increment generated, 3) \$ of project*
 - *Successor Entity: 1) Marina, or 2) Seaside*
 - *Method to distribute surplus funds*

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