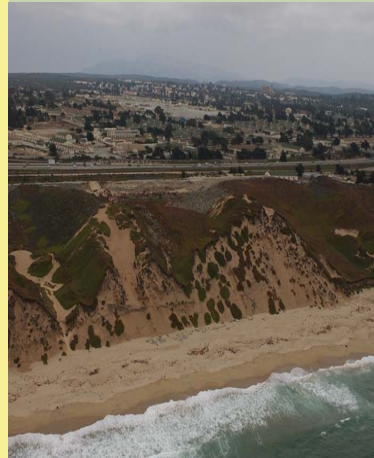


FORA Board Member Agencies

Carmel-by-the-Sea, City of Del Rey Oaks, City of Marina, City of Monterey, County of Monterey, City of Pacific Grove, City of Sand City, City of Salinas, City of Seaside

Ex-Officio Members

17th Congressional District, 27th State Assembly District, 15th State Senate District, California State University Monterey Bay, Marina Coast Water District, Monterey Peninsula Unified School District, Monterey Peninsula Community College, Monterey-Salinas Transit, Transportation Agency for Monterey County, United States Army/Base Realignment & Closure Office, University of California Santa Cruz



FORA Hours

MONDAY — FRIDAY
8:00 A.M. — 5:00 P.M.

BOARD MEETINGS
2ND FRIDAY OF EACH MONTH

FORA CONFERENCE FACILITY
102 13TH STREET, BLDG. 2925
MARINA, CALIFORNIA



FORT ORD REUSE AUTHORITY

Annual Report

JULY 1, 2006 — JUNE 30, 2007

CONTACT INFORMATION:

PHONE: 831-883-3672 FAX: 831-883-3675

OR VISIT www.fora.org

FOR MORE INFORMATION.

Achievements

This past year has been particularly eventful for the Fort Ord Reuse Authority ("FORA"). As a multi-jurisdictional organization, created through State of California law to plan, finance, facilitate and otherwise oversee the economic recovery of the Monterey Region from the impacts of the 1994 closure of Fort Ord, we are often confronted with major economic and political decisions. The 2006-2007 year was no exception as FORA moved ahead with major road projects, allocated the recycled water resources that will soon be on line, and finalized a \$100 Million agreement with the US Army to complete munitions/explosives removal on 3500 acres.



The closure of Fort Ord prompted dreams and plans for replacing the former military training uses by creating essential jobs and supportive housing within our Central Coast region. For the past 13 years these concepts and designs have moved closer and closer to reality. Today, we are witnessing the physical metamorphosis envisioned when the 1997 Base Reuse Plan was adopted to guide this exciting transformation. Significant commercial and housing projects are under construction and our educational partners are experiencing growth with new buildings, programs, and students at California State University Monterey Bay, Golden Gate University, Monterey College of Law, York School, and the University of California science and technology center. We are proud of our commitment to retain two-thirds of the former military base as habitat and open space. This offers opportunities, plans, and facilities for improved beach access, trail systems for hiking and biking, equestrian areas, various sports facilities and preserved habitat. At the same time, we still have significant work ahead to finalize the habitat conservation work, to assure funding for long-term maintenance and preservation of endangered species, and to complete required contaminant clean up of the former Fort Ord. These efforts require substantial local, state and federal processing and funds.



Reuse of Fort Ord also demands replacing roads and transit facilities, water and sewer networks, and other utility systems as new development takes place. The new roads FORA has built are already active travel networks in the region between Peninsula and Salinas Valley communities, yet costs to complete the road network will still require expenditures of more than \$150 million in the coming 15 years. As development occurs, additional capital improvements is financed through fees and loans. These challenges, and securing the related FORA capital funding requires commitment, innovation, flexibility, persistence and stewardship. Following the success of the first two major new housing redevelopments (Seaside Highlands and military's Parks at Monterey Bay) we now see emerging economic investments in the Dunes on Monterey Bay, Marina Heights, East Garrison Village, Cypress Knolls, and Seaside Resort which have been approved and/or are under construction. Several more projects, including the Del Rey Oaks resort/housing development, are scheduled for FORA Board consideration in the coming year -- adding to economic sustainability within the Monterey Bay Region.

FORA remains very optimistic about future accomplishments, and we are reminded daily that reuse of the former Fort Ord still faces many noteworthy challenges. As we continue along this exiting reuse path, the former Fort Ord area will increasingly demonstrate significant economic, social, and community benefits for all regional communities. 2006-2007 has shown just how much we have accomplished -- and the future opportunities are shining even more brightly for us all!

What's Inside:

- CAPITAL IMPROVEMENT PROGRAM
- FORA BUDGET
- REPORTS FROM THE JURISDICTIONS
- ET/ESCA
- IMJIN OFFICE PARK
- PROPERTY TRANSFERS



100 12TH STREET, BLDG. 2880, MARINA, CALIFORNIA, 93933



FORT ORD REUSE AUTHORITY



CAPITAL IMPROVEMENT PROGRAM

FISCAL YEAR 2007/08 THROUGH 2021/22

The Fort Ord Reuse Authority ("FORA") Board of Directors approved the Fiscal Year 2007/08 through 2021/22 Capital Improvement Program ("CIP") at their June 2007 meeting. This approval affirms project time placement and financing, allowing FORA to move forward with \$35,912,716 in capital projects (funding dependent) over the next fiscal year:

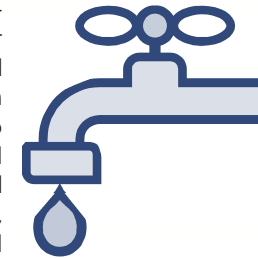
- ⇒ \$21,348,468 — applied to transportation and transit improvements. This amount includes funding the remaining on-site capital improvement projects for which FORA has an obligation; payments to Monterey County and the City of Marina in accordance with existing Reimbursement Agreements; and payment to Monterey-Salinas Transit for inter-modal planning and vehicle purchases.
- ⇒ \$5,415,498 — applied to potable water augmentation. This amount is a portion of the \$39,359,250 committed to Marina Coast Water District ("MCWD") to implement their Regional Urban Water Augmentation Project – Hybrid Alternative.
- ⇒ \$9,032,750 — applied to habitat management. This is 25% of the total anticipated development fees and will apply to an overall +/- \$15,000,000 endowment fund for habitat management obligations.
- ⇒ \$116,000 — applied to fire rolling stock in accordance with a lease-purchase agreement with payments ending in 2014. Four all-terrain fire engines and one water tender are included.

Regional Water Urban Augmentation

The FORA and MCWD Boards of Directors formally endorsed a "Hybrid Alternative" to augment Fort Ord water resources on June 10, 2005, directing their respective staff to scope this two-component project. Since that time, MCWD and FORA have proceeded to implement the Hybrid program. MCWD has completed California Environmental Quality Act documentation for this augmented water program that includes both recycled water and desalinated water.

After several FORA Administrative Committee meetings and Manager's Water Working Group meetings this past

year, it became apparent that FORA jurisdictions have an immediate need for additional recycled water. Therefore, the FORA Administrative Committee determined that its future recycled water allocation recommendation to the FORA Board should be increased upward. Therefore, the MCWD Board certified Amendment 2 to the Project Environmental Impact Report, increasing the Recycled Water Project ("RWP") size from 1,500 acre-feet per year ("AFY") to 1,727 AFY, of which 1,427 is available to the former Fort Ord. This is



the greatest capacity the RWP can provide without adding storage. In order that the FORA jurisdictions could move ahead with water resource support for projects, on May 11, 2007, the FORA Board adopted resolution 07-10, allocating 1,427 AFY of recycled water to former Fort Ord land use jurisdictions.

The Draft Desalination Plant Basis of Design Report is complete and undergoing review for the second part of the Hybrid Program. The report recommends the Main Garri-

son Wastewater Treatment Plant as the preferred location for the new Seawater Desalination Facility. Meetings have been held with State Parks and the Big Sur Land Trust to begin the coordination for support of their plans surrounding this site. However, the desalinated component costs remain high and the FORA Board will continue to evaluate more economic options with MCWD in the coming year.

Activity during the 2006/2007 fiscal year included:

Transportation/Transit

The Notice of Completion for Phase II improvements to General Jim Moore Boulevard was filed in December 2006.



Phase III improvements to General Jim Moore Boulevard was awarded to Pavex Construction in August 2006. This project includes the widening of General Jim Moore Boulevard from Phase II, south of McClure Way (the entrance to Bayonet and Blackhorse Golf Courses), to the intersection of Coe Avenue. An important component of this project is the installation of MCWD funded water, wastewater

and recycled water facilities in the roadway, extending services toward the south side of the former Fort Ord.

Potable Water Augmentation

In June 2005, the FORA and MCWD Boards of Directors directed staff to initiate the scoping of the Hybrid Alternative. The Hybrid Alternative as identified in the associated Environmental Impact Report ("EIR") includes two components: a 1,500 acre-foot-per-year ("AFY") recycled water pipeline/booster stations and a 1,500 AFY desalination plant. Since last year MCWD has received detailed design documents that were prepared in three bid packages for ease of construction. The "trunk main package" was received in February 2007 and is ready for bid. The two remaining packages, e.g. "smaller mains" and "storage reservoir" will be completed and ready for bid by July 2007. Preparing the bids in this way supports MCWD's ability to deliver recycled water to the former Fort Ord by 2008.

In February 2007, in response to requests from the FORA Manager's Water Working Group, the MCWD Board of Directors approved Addendum No. 2

to its EIR resulting in an increase to the delivery capability of the recycled water component to 1,727 AFY. This was identified (in the EIR) as the amount of recycled water that could be delivered without storage. The FORA Board of Directors, at its May 2007 meeting, approved an allocation of 1,427 AFY to accommodate proposed near term developments.



In addition, FORA and MCWD have coordinated installation of approximately one mile of recycled water pipeline during roadway improvements along General Jim Moore Boulevard.

FY 2006 - 2007 Budget

Revenues

Federal Grants.....	\$40,000,000
Development Fees	5,700,000
Land Sale/Leases	8,000,000
Tax Increment	900,000
Other (Dues, Reimbursements, Loans).....	6,700,000
Totals	61,300,000

Expenditures

Capital Projects—CIP.....	21,000,000
Capital Projects—ET/ESCA.....	39,000,000
Planning/Administration	2,000,000
Totals	62,000,000

Balances

Net Revenues	(700,000)
Beginning Balance 7/1/06	5,000,000
Ending Balance.....	\$4,300,000

All figures rounded from actual budget estimates.

Imjin Office Park—FORA's New Home!

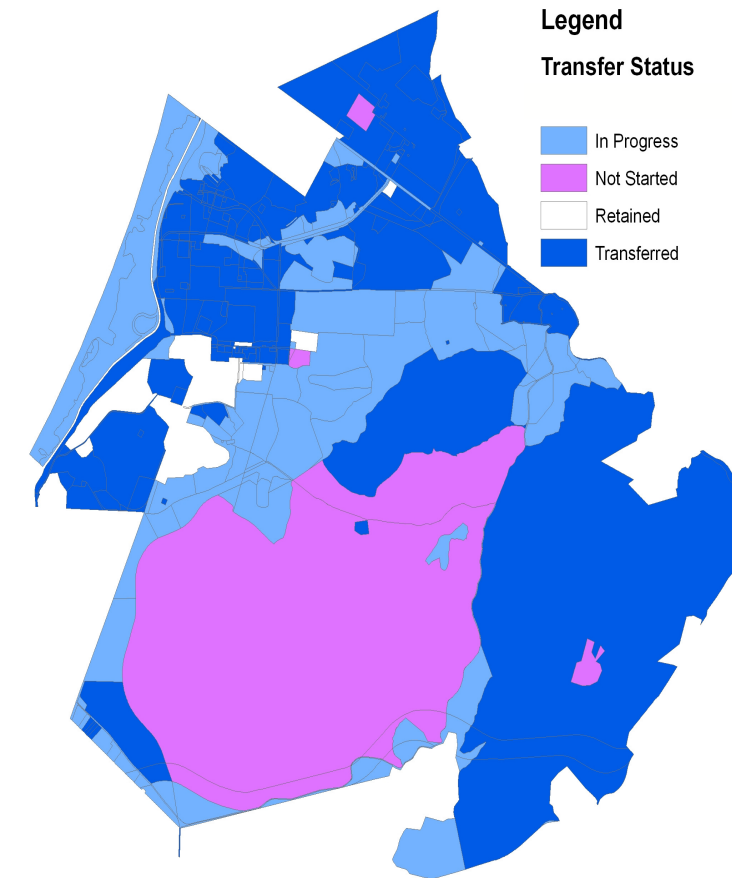
The existing Fort Ord Reuse Authority ("FORA") offices are located within the City of Marina on property scheduled for redevelopment. FORA will relocate to a new location at the northeast corner of Imjin Parkway and 2nd Avenue, to facilitate the reuse of the current FORA office site. To do so FORA has entered into a coordinated partnership with the Imjin Office Park ("IOP") Partners (Carpenters Union, the Builders Exchange of the Central Coast, and Association of Monterey Bay Area Governments) to build an office complex. The site and building designs (and subdivision map) were processed and approved by the City of Marina in the past year.

FORA has hired a LEED Certified Consultant to insure that the new offices and conference facility, (consisting of four buildings) will incorporate sustainable and "green" features, with construction scheduled to begin this summer.



Property Transfers

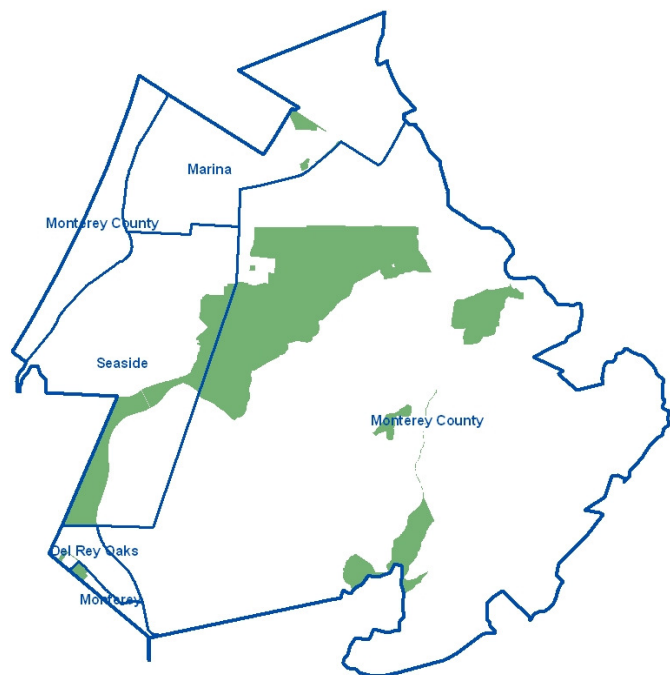
Over the past year the Army has transferred **69** acres to FORA and FORA has transferred a total of **827** acres to the local jurisdictions: **45** acres to the City of Monterey, **79** acres to the City of Seaside, **10** acres to the City of Del Rey Oaks, and **693** acres to the County of Monterey. The Army is currently processing both a Finding of Suitability for Early Transfer (**3,340** acres) and a Finding of Suitability for Transfer (**694** acres) to transfer 4,034 acres to FORA in the upcoming year. The parcels that the Army will transfer this upcoming year are located in all the FORA land-use jurisdictions.



Environmental Services Cooperative Agreement

The former Fort Ord Environmental Services Cooperative Agreement ("ESCA") between the U.S. Army and FORA provides \$100 Million to FORA to remediate Munitions and Explosives of Concern ("MEC") on all remaining Economic Development Conveyance properties (3,500 acres). The funding is granted by the U.S. Army and the amount is guaranteed sufficient for the munitions cleanup of the included property by an AIG insurance policy.

Under this grant, FORA entered into a contract with LFR, Inc. to perform the MEC removal and regulatory compliance requirements. U.S. Environmental Protection Agency and the California Department of Toxic Substance Control require FORA/LFR, Inc. to meet the same standards for MEC as the U.S. Army. This is a major success and the largest ESCA contract on a Superfund site in the country. The related agreements also enable the transfer of the 3,500 acres from the Army to FORA. We expect the MEC removal work to take about 7 years, much less than anticipated under the former program.



The ESCA properties are in green.

Habitat Conservation Planning

FORA is committed to preserving two-thirds of the 28,000-acre former base as habitat lands into perpetuity. Over the past twelve years, FORA has worked with all of the resource and habitat management agencies in the state of California to develop a basewide Habitat Conservation Plan ("HCP").

During the past year, FORA's previous HCP Consultant completed and submitted a draft



SNOWY PLOVER

HCP for coordinated review. FORA's Legislative Representatives met with key leaders in US Fish and Wildlife Service ("USFWS") and California Department of Fish and Game ("CDFG") to define challenges and commit to a final process leading to HCP approval. These efforts will lead to the approval of a 2081 permit in 2008.

Jones & Stokes, FORA's new HCP Consultant, is leading the charge in addressing all



TIGER SALAMANDER

USFWS and CDFG comments on the draft HCP. Denise Duffy & Associates, FORA's Environmental Consultant, will perform the California Environmental Quality Act and federal National Environmental Policy Act compliance documents. As a part of this work, FORA anticipates public review of the HCP during the coming fiscal year. FORA has set aside several million dollars from its developer fees collected to date in order to



BLACK LEGLESS LIZARD



HOOKER MANZANITA

meet habitat management responsibilities under the HCP. As further evidence of the FORA commitment, FORA will be collecting a total of \$12 million through these developer fees over the next few years, adjusting the final number as cost estimates for HCP habitat management responsibilities are refined. FORA and the habitat recipients will ensure that appropriate resources are secured to protect habitat on the former Fort Ord for many years to come!

Marina

"The Dunes on Monterey Bay provide a positive change and directional statement for the City of Marina"



Marina Heights

The Marina Heights residential project includes 1,050 units on 248 acres in the northern portion of the former Fort Ord with nearly all former military buildings removed. The project developer purchased the property from the City of Marina in May of 2006 and expects first phase grading, road and utility improvements to be complete in Summer 2007. The first 299 homes are scheduled to begin construction in Fall 2007.

Cypress Knolls

The 712 unit Cypress Knolls Active Adult Senior Community required its approvals in February 2007. Demolition is anticipated in Spring 2008 with first phase housing construction starting later that year.

Dunes on Monterey Bay (formerly University Village)

Dunes on Monterey Bay is a mixed-use planned development community with 1,237 homes, 657,000 square feet of retail space, 642,000 square feet of commercial office space, and 500 hotel rooms. This past year the project has literally "come out of the ground". In the regional retail area several retail stores such as Target, REI, Kohl's, Bed Bath and Beyond, Michael's, Old Navy and Best Buy will open in 2007. Plans also began this year for the residential area on the Southeast corner of Imjin Parkway and 2nd Avenue.

Seaside

Main Gate

Clark/General, the developer of The Strand at Seaside (formerly Main Gate Retail Center) is working under an Exclusive Negotiating Agreement with the Redevelopment Agency of the City of Seaside ("RACS"). A Disposition and Development Agreement will be presented for consideration by RACS by the end of 2007. The project contemplates the development of a lifestyle mall containing 550,000 square feet of upscale retail/restaurants, a movie theater and a 180-room upscale boutique hotel.

Seaside Resort

The first 30 residential lots will be marketed this year. The hotel design drawings are nearly completed and construction drawings anticipated for late Fall 2007. A grand opening was held in May 2007 for the first nine holes of the Bayonet golf course that were renovated to PGA standards. Renovation for the back nine holes of Black Horse golf course is currently under design.



Ft. Ord Market Analysis

Seaside hired an economic consulting firm to prepare an analysis of the highest and best use for the undeveloped land it owns or will obtain as a result of the base closure. The Agency Board has reviewed and

approved the market analysis. The study recommendations include: (1) Issue a solicitation for a master developer for approximately 730 acres east of General Jim Moore Blvd., (2) Issue an RFQ/RFP for a developer to build a mixed use project for the approximately 26 acres parcel along Lightfighter Drive and (3) Hire a planning firm to develop a specific plan for the approximately 80 acres north of Gigling Road to coordinate the public benefit conveyance uses and economic development property acquired by Seaside from FORA.

DEL REY OAKS

"Former Fort Ord property serves as the real estate resource to offer expansion opportunities for Del Rey Oaks."

Final development negotiations continues between the City and Federal Development of Washington D.C. in order to meet the developers schedules of submitting their proposed final development plan by summer.



This project is slated to contain a hotel, golf course, commercial/office center and a full range of market rate and below market housing, including low to moderate and workforce units.

The project was also presented for preliminary review to the Fort Ord Reuse Authority Board of Directors and the Administrative Committee.

In the meantime the City in cooperation with members of the FORA Board of Directors were awarded an extra allotment of reclaimed water (for irrigation use of the proposed golf course and gardens) that allows additional housing and hotel use for the 320 acre project area. Current negotiations are also taking place with developers of workforce housing.

MONTEREY

The City of Monterey continues in an active role to support Fort Ord reuse plan implementation.

Although Monterey is receiving a relatively small portion of the former Fort Ord, the City is keenly interested in, 1) the water issues, 2) the FORA CIP program and the land transfers to Monterey and FORA contributions to traffic improvements. To meet these concerns, the City participates in both the potable and reclaimed water programs (from Monterey Regional Water Pollution Control Agency and Marina Coast Water District) usage on FORA land and how it is allocated to each of the entities within FORA. In short, Monterey is actively pursuing a form of governance structure that maintains the water dis-

tribution system on the "former Fort Ord" even after FORA's sunset. The City is working with FORA staff to update and revise as necessary the CIP on the former Fort Ord property. Additionally, Monterey is working with Del Rey Oaks on diverting the sewage in the area near FORA and is monitoring the many issues dealing with traffic. The City continues to monitor Monterey land transfers and expediting "the clean-ups" and conveyance. Once these transfers occur, Monterey will move ahead on uses to meet regional/city needs.



County of Monterey

"THE COUNTY OF MONTEREY HAS THE LARGEST JURISDICTIONAL AREA ON THE FORMER FORT ORD, TO BE USED FOR A WIDE RANGE OF ECONOMICALLY SUSTAINABLE PROJECTS."



The past year has been an exciting one for the Redevelopment Agency of Monterey County ("Agency") as it initiated the transition from project negotiations projects to property transfer to development. The highlight of the year was the East Garrison groundbreaking ceremony held on April 9, 2007. This ceremony marked the beginning of development of 1,400 new housing units, up to 70,000 square feet of commercial space and the Historic Arts District. The Agency is still actively involved in working with East Garrison Partners to keep the project on track and that the models are constructed by August 2008.

The last year has also seen significant progress toward the development of the Veterans Cemetery. The Agency Board of Directors has appointed a redevelopment Citizen's Advisory Committee to guide the development and fundraising activities necessary to establish an endowment large enough to fund the ongoing operations and maintenance of the cemetery. The Agency has also retained a consultant to

look at alternative business models that could generate Operations and Maintenance funding and to prepare updated cost estimates for project implementation.

Almost as significant as East Garrison and the Veterans Cemetery was the Agency Board of Directors dividing the unincorporated area into six planning areas: East Garrison, Habitat, Laguna Seca, Landfill, Parker Flats, and UCMBEST Triangle. The Board's adoption of these planning areas has enabled staff to aggressively plan for redevelopment within the unincorporated area. One of the first projects to be developed is a light industrial park on the parcel known as the ("Landfill Shoe") adjacent to Intergarrison Road. The Agency issued a request for proposals to developers in June 2007 and expects to have the Development and Disposition Agreement and entitlement process completed by July 2009.

