

# Marina Successor Agency Subordination Request

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- Subordination Request
- Property Tax Resource
- Clarifications
- 2<sup>nd</sup> Vote

# Subordination Request

- ▶ On January 25, 2018, FORA received a letter from the Successor Agency to the Marina Redevelopment Agency (Successor Agency) request FORA to subordinate its right to receive property tax revenue to the Successor Agency's debt service obligations on 2018 Tax Allocation Refunding Bonds (Bonds).
- ▶ FORA was given 45 days to approve or disapprove the request for subordination.

- ▶ In fiscal year (FY) 2017-18, FORA anticipates receiving \$2.3 million in property tax to fund:
  - FORA Operations,
  - Capital Improvement Program,
  - Jurisdiction-Incurred Caretaker Costs Reimbursements, and
  - Prevailing Wage Program.
  
- ▶ FORA-Marina Implementation Agreement requires Marina to establish a method of FORA property tax payment for basewide mitigation measures and costs.

- ▶ Did the Successor Agency provide assurance of whether its proposed Bonds will interfere with FORA's or its successor's ability to issue debt as needed to carry out its responsibilities?
  - No. Karen Tiedemann's 03-06-18 letter states that FORA is only entitled to receive its property tax until it dissolves in 2020. Authority Counsel finds that FORA may assign its property taxes post-2020 to meet its basewide mitigation measures and basewide costs.
  - Health and Safety Code section 33492.71 (D) states: "Upon dissolution of the authority, the amount allocated pursuant to this section shall continue to be paid to the accounts of the authority insofar as needed to pay principal and interest or other amounts necessary to pay debt service on authority debt that was incurred by the authority."

- ▶ What are the eligible expenses for which the Successor Agency could use Bond proceeds to reimburse the Developer?
  - The Second Implementation Agreement allows for reimbursement of Horizontal Improvements (infrastructure and related improvements, excluding buildings) and MCWD connection and capacity fees that exceed the Pro Forma estimate.

- ▶ **Take a second vote on a motion to direct staff to issue a letter back to Marina, rejecting the subordination request at this time, asking for more information, and for FORA staff to work with their staff and see if we can come to a mutually beneficial arrangement.**