

Building Removal Financing/Feasibility Update

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- NHA Advisors' Scope
 - Legal & Financial Feasibility
 - Financing Plan
- *Feasibility Memo*
- Next Steps



Two Tasks in current scope, third task contingent

1. Complete Legal and Financial Feasibility Analyses
2. Design Financial Plan
3. Implement Financing Plan (potential add on to scope; requires Board to authorization first)

- **Legal Authority for FORA Bond Issuance:**
 - Law firm of Stradling, Yocca, Carlson & Rauth concluded FORA has authority to issue bonds with terms that extend beyond 2020 dissolution, subject to two conditions:
 - Bonds are issued under authority of Mark-Roos Act
 - Tax increment revenues pledged to the bonds are subject to limitation of the project areas from which the tax increment revenue originates

Bond Capacity Scenarios

Scenario	Coverage Ratio	Estimated Interest Rate	Tax Status	Likely Rating	Net Bond Proceeds for Projects
1 - Most Optimistic	1.1x	4.75%	Blend of Taxable and Tax Exempt	BBB	\$31,620,000
2 - Moderately Conservative	1.15x	5.00%	Fully Taxable (Current Market)	BBB	\$29,463,000
3 - Conservative	1.25x	5.50%	Fully Taxable (Current Market + 0.5%)	BBB/A-	\$25,455,000

All scenarios assume 9/1/2047 final principal payment

- NHA believes that FORA has significant bonding capacity that would be lost to FORA member jurisdictions if the bonds are not issued prior to FORA dissolution.
- Remediation/infrastructure on property for long-term public ownership can be financed with tax-exempt status, reducing borrowing costs.
- Future analysis needs to include set aside for future operating revenue in the event of FORA extension.

- Feasibility Analyses – **Completed**
- Conceptual building removal business plan
– **Coming in the next few weeks**
- Comparative Analysis of individual jurisdiction building removal liability versus base-wide conceptual plan – **April/May**
- 2 meetings with Admin. Committee to present quantitative analysis – **April/May**
- 3 Draft Financial Plan iterations – **May/June**
- 1 Final Draft Financial Plan – **June**

Questions?

