Building Removal Bond

FORA Board
August 9, 2019

Peter Said - Senior Project Manager
Mark Northcross - NHA Advisors
1. **July 2018:** Administrative Committee (AC) recommended FORA investigate building removal bond feasibility.

2. **October 2018:** FORA Board directed staff to investigate legality & feasibility of issuing debt against FORA’s statutory share of the **Property Tax Revenue** stream provided to FORA by the **State Legislature** as codified in the **State of California Health and Safety Code**.


4. **March 2019:** NHA Advisors contracted as **Bond Consultant**.
NHA Advisors Scope:

• Phase 1 – confirm legality of financing (Complete)
• Phase 2 – Prepare a financial plan for Board Review (Complete)
• Phase 3 – Implementation of the Bond Financing (upon approval)
April 2019: AC & FORA Board considered bonding legality

Conclusion:
FORA has authority to issue bonds with terms extending beyond dissolution:

- Bonds must be issued under Marks-Roos Act
- Tax increment revenues to be used within the former Fort Ord boundary
April 2019: AC reviewed bond financial feasibility

- NHA coordinated closely with the County Auditor/Controller
- NHA reviewed assumptions with each jurisdiction
- NHA adjusted for “low” vs “high” buildout scenarios
- AC identified additional stakeholders / interested parties:
  - Monterey County Regional Fire District
  - Monterey Bay Peninsula Unified School District and Monterey Peninsula College
  - TAMC, MST, MCWD, and the State Parks
• All figures in **Present Value ("PV")** (=Today’s dollars)
  • PV for one-time payment of bond revenue
  • PV for 30-year estimated cash flow (or annual revenues)

### Scenario 2: 2020 Dissolution *without* Building Removal Bond

<table>
<thead>
<tr>
<th></th>
<th>Marina</th>
<th>Seaside</th>
<th>Del Rey Oaks</th>
<th>Monterey County (General Fund)</th>
<th>Monterey County Regional Fire District*</th>
<th>MST, MCWD &amp; TAMC</th>
<th>MPUSD</th>
<th>MPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net bond proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PV of increased revenues</td>
<td>4,499,579</td>
<td>3,988,513</td>
<td>1,615,786</td>
<td>23,198,201</td>
<td>30,626,951</td>
<td>-</td>
<td>97,718,616</td>
<td>10,552,817</td>
</tr>
<tr>
<td>Total Benefit</td>
<td>4,499,579</td>
<td>3,988,513</td>
<td>1,615,786</td>
<td>23,198,201</td>
<td>30,626,951</td>
<td>-</td>
<td>97,718,616</td>
<td>10,552,817</td>
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### Scenario 3: 2022 Extention *with* Building Removal Bond

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<th>MPUSD</th>
<th>MPC</th>
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<tbody>
<tr>
<td>Net bond proceeds</td>
<td>18,737,217</td>
<td>9,500,000</td>
<td>-</td>
<td>2,520,000</td>
<td>-</td>
<td>5,850,000</td>
<td>-</td>
<td>-</td>
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<tr>
<td>PV of increased revenues</td>
<td>5,206,398</td>
<td>3,969,919</td>
<td>1,562,178</td>
<td>22,673,686</td>
<td>29,748,369</td>
<td>-</td>
<td>124,536,313</td>
<td>13,448,868</td>
</tr>
<tr>
<td>Total Benefit</td>
<td>23,943,615</td>
<td>13,469,919</td>
<td>1,562,178</td>
<td>25,193,686</td>
<td>29,748,369</td>
<td>5,850,000</td>
<td>124,536,313</td>
<td>13,448,868</td>
</tr>
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**Net Benefit (PV)**

<p>| | | | | | | | | |</p>
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<tbody>
<tr>
<td></td>
<td>$19,444,035.8</td>
<td>9,481,406</td>
<td>(53,608)</td>
<td>1,995,485</td>
<td>(878,582)</td>
<td>5,850,000</td>
<td>26,817,697</td>
<td>2,896,051</td>
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8/9/2019 4:36 PM
1. Prepare Fiscal Consultant Report
2. Identify % of Public Rights of Way (ROW) for each removal area
3. Establish prioritization process for fund distribution
4. Establish amendment methodology
   • Cost savings & fund reallocation
   • Unforeseen/unexpected change
5. Establish invoicing & payment methodology
6. Prepare bond documents & provide bond counsel
   • Disclosure documents
   • Standard & Poor’s credit package for bond insurance
   • Negotiating and drafting stakeholder bond administration agreements

Item 1: Economic & Planning Systems ("EPS") Deliverable (Cost: $40,000)
Items 2-6: NHA Advisors & Stradling, Yocca, Carlson and Rauth ("SYCR") Deliverable (Cost = $200,000 contingent on successful bond issuance + $65,000 contingency)
Schedule

1. Fiscal Consultant Report
2. % Taxable
3. Prioritization
4. Amendment & Invoicing
5. Public Hearing - Monterey County
6. FORA Board Approval

- EPS – Due Mid September
- AC – Due Mid-August
- AC – Due End of August
- FORA Staff + AC - Due by Mid-September

Week: 1. AUG, 2, 3, 4, 5. SEP, 6, 7, 8, 9. OCT, 10
Authorize all necessary preparatory work to issue bonds for building removal and approve Executive Officer to:

• Move forward with the draft schedule presented by NHA Advisors;
• Approve a Fiscal Consultant’s Report from EPS – **NTE $40,000**;
• Approve NHA Advisors as Municipal Advisor and SYCR as Bond Counsel for an amount **NTE $200,000 + $65,000 contingency**;
• Work with the County and jurisdictions on post-FORA administration;
• Secure jurisdictional support for the proposed schedule; and
• Work with the Regional Fire District on revenue loss related issues.