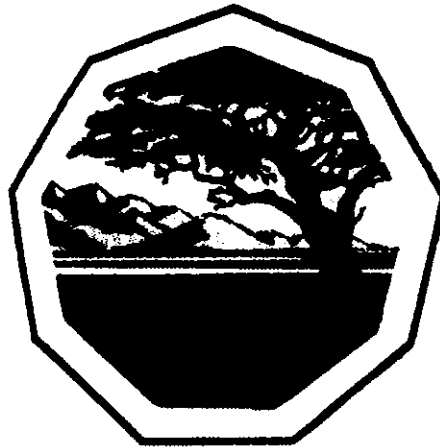




Fort Ord
Reuse Authority



Board Packet
For
Board Meeting
December 12, 2008





Fort Ord Reuse Authority

100 12th Street, Building 2880, Marina, CA 93933
Phone: (831) 883-3672 • Fax: (831) 883-3675 • www.fora.org

BOARD OF DIRECTORS MEETING
Friday, December 12, 2008, at 3:30 pm
FORA Conference Facility/Bridge Center
201 13th Street, Building 2925, Marina (on the former Fort Ord)

AGENDA

1. CALL TO ORDER AND ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. ACKNOWLEDGEMENTS
4. PUBLIC COMMENT PERIOD: Members of the audience wishing to address the Board on matters within the jurisdiction of the Authority but not on the agenda may do so during the Public Comment Period. You may speak for a maximum of three minutes on any subject. Public comments on specific agenda items will be heard at the time the matter is being considered by the Board.
5. CONSENT AGENDA ACTION
 - a. November 14, 2008 board meeting minutes
 - b. Memorandum of Agreement regarding Habitat Management on Portions of the Landfill Site at the Former Fort Ord
6. OLD BUSINESS INFORMATION
 - a. Habitat Conservation Plan approval process ACTION
 - b. Marina Coast Water District capacity charges ACTION
 - c. Multi-Modal Transit Corridor realignment – approve the Memorandum of Agreement ACTION
 - d. Imjin Office Park: Agreement with Marina Coast Water District regarding sale and joint building ACTION
7. NEW BUSINESS ACTION
 - a. Fiscal Year 07-08 Annual Financial Report
8. EXECUTIVE OFFICER'S REPORT INFORMATION
 - a. Administrative Committee report INFORMATION
 - b. Executive Officer's travel report INFORMATION
 - c. Fort Ord Reuse Authority investments – status report INFORMATION
9. ANNOUNCEMENTS AND CORRESPONDENCE
 - a. Letter to Bryon Arroyo, USFWS, Review 2nd Admin. Draft HCP for Fort Ord
 - b. Letter to Mike Chrisman, CA Resources Agency, Review 2nd Admin. Draft HCP for Fort Ord
10. ADJOURNMENT

(Information about items on this agenda is available at the FORA office at 100 12th Street, Building 2880, Marina, on the former Fort Ord or by calling 831-883-3672 or by accessing the FORA website at www.fora.org.)

**ACTION MINUTES
OF THE
FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS' MEETING
Fort Ord Reuse Authority Conference Facility/Bridge Center
December 12, 2008**

APPROVED

1. CALL TO ORDER AND ROLL CALL

Chair Russell called the meeting to order at 3:30pm and requested a roll call.

The following board members were present:

Voting members present:

Chair/Mayor Russell (City of Del Rey Oaks)	Mayor Rubio (City of Seaside)
Mayor McCloud (City of Carmel)	Mayor Wilmot (City of Marina)
Council Member McCall (City of Marina)	Council Member Barnes (City of Salinas)
Councilmember Mancini (City of Seaside)	Mayor Pendergrass (City of Sand City)
Supervisor Mettee-McCutchon (County of Monterey)	Mayor Della Sala (City of Monterey)

Absent were Supervisors Calcagno and Potter (County of Monterey) and Council Member Davis (City of Pacific Grove).

Ex-Officio members present:

Bruce Margon (UCSC)	James Main (CSUMB)
Vicki Nakamura (MPC)	Debbie Hale (TAMC)
Gail Youngblood (BRAC)	Kenneth Nishi (MCWD)
COL Darcy Brewer (U.S. Army)	

Arriving after the roll were called Dan Albert, Jr. (MPUSD) and Hunter Harvath (Monterey-Salinas Transit). Absent were representatives from the 17th Congressional District, the 15th State Senate District and the 27th State Assembly District.

With a quorum present, Chair Russell opened the meeting.

2. PLEDGE OF ALLEGIANCE

Chair Russell asked Council Member Barnes, who agreed, to lead the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS - none

4. PUBLIC COMMENT PERIOD - none

5. CONSENT AGENDA

There were two items on the Consent Agenda: Item 5a (November 14, 2008 board meeting minutes) and Item 5b (Memorandum of Agreement regarding Habitat Management on Portions of the Landfill Site at the Former Fort Ord). There were no board or public comments. **Motion to approve the two items on the Consent Agenda as presented was made by Mayor Rubio, seconded by Council Member Mancini, and carried.**

6. OLD BUSINESS

Item 6a - Habitat Conservation Plan ("HCP") approval process: Director of Planning and Finance Steve Endsley said that staff is "leaving no stone unturned" voicing its displeasure at the slippage

of the schedule and is making best efforts to keep the process moving forward. He reported a number of conference calls and meetings had been held recently, which will culminate in an all-hands meeting on December 17th to address the technical and agency/policy points of concern in the HCP document. He called attention to the letters to Messieurs Chrisman and Arroyo in the board packet, which had been directed by the board. Council Member Mancini asked who would be meeting with representatives from U.S. Fish & Wildlife Service and the CA Department of Fish & Game on the 17th, and Executive Officer Houlemard responded that FORA staff and a representative from each FORA jurisdiction affected by the HCP would attend. There were no further board or any public comments.

Item 6b – Marina Coast Water District (“MCWD”) capacity charges: Executive Officer Houlemard provided a brief background and called attention to the staff recommendations in the board report, noting that they had been discussed and approved by the Administrative Committee. MCWD General Manager Jim Heitzman remarked that MCWD had not had enough time to examine the \$7,052 per EDU (Equivalent Dwelling Unit) combined capacity charge determined by the Bartle Wells Associates (“BWA”) study, which assumes the Water for Monterey County (“WMC”) project is approved. He said MCWD had not been comfortable with this figure, one reason being it didn’t include an approved environmental impact report. Working with BWA, he said MCWD was now recommending \$7,800, which would provide protection to the ratepayers. He said there is no need for the developers to spend \$50,000 for an updated rate study, into the event the WMC project is not approved; he suggested they deposit a total of \$12,500 in an escrow account, if such a study is needed, and this study commence within 60 days following WMC approval. Mayor Della Sala asked how the \$7,052 figure had been determined, and Mr. Heitzman said by adding the BWA wastewater charge to BWA’s estimated water charge if the WMC project is approved. Mayor Wilmot asked if the capacity charges could be lower if the WMC project is approved, and Mr. Heitzman replied yes, particularly if economic stimulus funds or statewide grants could be accessed. Executive Officer Houlemard suggested adding text to the capacity charges motion to include the possibility of grant funds being received. Mr. Wilmot said that the charges would have to be reduced if revenues from outside sources were received, because a public agency can charge only for the services it provides. Chair/Mayor Russell recommended that the word “would” in staff recommendation (2) be changed to “could.” Mayor Della Sala asked if the FORA Board had to take action on the capacity charges today. Discussion followed. Mayor Rubio suggested that any refinements be returned to the Administrative Committee for recommendation. There were no public comments at this time.

The following motion was made by Supervisor Mettee-McCutchon and seconded by Mayor Rubio: 1) change “would” to “could” in the second staff recommendation; 2) adopt \$7,800 as the capacity charges at this time; 3) seek additional funding from state, federal and grant sources and recognize the possibility that the charges might increase if the WMC is not approved or decrease if the WMC project is approved; and 4) accept the offer of the Fort Ord developers to deposit a total of \$12,500 into an escrow account for an updated study if/when needed. Council Member McCall commented that moving forward signals a positive move to the community and indicated support for the motion. Mayor McCloud suggested adding the following text to the resolution: “approval of the capacity charges is pending review by counsel and the Administrative Committee,” which was accepted by the motion makers. Mayor Pendergrass said he had a problem with the “cheap cost” of the WMC figure and suggested waiting until the final numbers are in before approving any dollar amount. Mayor Rubio remarked that it is important for the Board to approve the capacity charges because the 90-day grace period has long since passed, noting that the board-approved motion would provide the content of the resolution, which the Board will be asked to approve at the next meeting. Discussion followed. Authority Counsel Bowden opined that FORA is already out of compliance in not responding, and providing a detailed response, to MCWD covering the points of

disagreement, and he advised caution in considering further delays. **A call for a vote on the motion was made. Mayor Pendergrass cast a negative vote and the motion failed. A second vote will occur at the next board meeting when a majority vote will prevail.**

Item 6c – Multi-Modal Transit Corridor (“MMTC”) realignment – approve the Memorandum of Agreement (“MOA”): Director of Planning and Finance Steve Endsley provided a PowerPoint covering a background/summary, maps showing the former and realigned corridors, the outstanding issues and the responses to them, along with the staff recommendation to authorize the Executive Officer to execute the MMTC realignment MOA. Mayor McCloud asked if individual residents were included in the list of stakeholders, and Mr. Endsley replied that some off Reservation Road were included; he added that a program level document does not require that all impacted be individually notified. He said when Monterey-Salinas Transit (“MST”), the lead agency, prepares to construct the corridor, which is a project level process, all those impacted will be notified. Project level undertakings also require a full CEQA process. Ms. Hale asked what would happen to the rights-of-way (“ROW’s”) in the old MMTC, and Mr. Endsley responded that FORA does not own them and most will revert back to the habitat areas. When the realigned corridor undergoes the project level process, the ROW’s will be negotiated by MST, not FORA, even if it still exists. Executive Officer Houlemard remarked that the jurisdictions have all contributed ROW’s for FORA’s infrastructure improvements in the past, because their communities gain compensatory benefits from the improvements; the ROW’s are transferred back to the jurisdictions upon completion of the project. Mr. Harvath, the MST representative, stated that he could not recommend that MST approve the MOA until the ROW issues are resolved and the changes in the MOA are reviewed by MST counsel. Executive Officer Houlemard reminded all that changes, including amendments, to the MOA could be considered and approved in the future. He said authority counsel would review the MOA as to form prior to final approval and execution. Authority Counsel Bowden explained that an MOA is an agreement to cooperate, which does not require an environmental review by FORA. Mr. Houlemard said the Board had two choices: 1) choose to approve the old alignment, which would create obstacles for the regulators who must accept an MOA before final HCP approval, OR 2) the realigned corridor. Discussion followed. One public comment was offered; John Fischer from Pacific Grove said the document had not had enough review by the public. **A motion to authorize the Executive Officer to execute the Multi-Modal Transit Corridor realignment Memorandum of Agreement, subject to review as to form by Authority Counsel and return to the board if substantive changes are inserted into the document by any jurisdiction and subsequently recommended by the Administrative Committee, was made by Mayor Rubio and seconded by Council Member McCall.** There were no additional public comments, and the motion carried.

Item 6d – Imjin Office Park (“IOP”): Agreement with Marina Coast Water District (“MCWD”) regarding sale and joint building: Mayor Rubio recused himself from participating in this item and left the board table during the discussion. Associate Planner Jonathan Garcia provided a brief summary of the staff recommendations. Executive Officer Houlemard reported additional details regarding MCWD’s offer to construct the FORA building under the same terms originally offered in the RFQ but which would also provide FORA and AMBAG office space in one building on the IOP site. **A motion was made by Council Member Mancini and seconded by Mayor Wilmot to authorize the Executive Officer to execute an agreement with Marina Coast Water District regarding the sale of FORA property and a joint use building consistent with the term sheet attached to the board report (staff recommendation #1).** Several board members questioned whether this agreement would put MCWD at financial risk. Authority Counsel Bowden said he had put in a call to MCWD counsel but was unable to talk to him. MCWD General Manager Jim Heitzman said MCWD Counsel Lloyd Lowrey had opined that MCWD had every legal right to purchase property in or out of its service area but must keep the ratepayers interests

in mind. Authority Counsel Bowden concurred and provided several examples of property purchases outside of public agencies' jurisdictions. Mayor Pendergrass asked if any of the charges would be passed on to the ratepayers and from which fund the revenues would be taken. Authority Counsel Bowden responded that these are MCWD's matters, not FORA's, when considering approval of this agreement. Mayor McCloud indicated support for the agreement but requested that an appraisal be returned with the term sheet in dollar signs. **The motion carried.**

A motion was made by Supervisor Mettee-McCutchon and seconded by Council Member Mancini to adopt Resolution #08-11 granting PG&E an easement for underground electric and gas facilities to serve the new Imjin Office Park development (staff recommendation #2). There were no comments by either the board or the public. The motion carried.

7. NEW BUSINESS

Item 7a - Fiscal Year 07-08 Annual Financial Report: Executive Officer Houlemard provided background information about the audit, including the impact of the current recession on FORA's finances. He said that although FORA's debt had increased, the year-end figures are positive. FORA expects to receive the final ESCA payment from the Army next Wednesday, December 17th, which will provide full funding for this project. The General Jim Moore road improvements are being funded by existing funds and some debt. Mr. Houlemard said the Finance Committee would be recommending revisions to the investment policy, when they review the mid-year budget next month. Finance Committee Chair Mayor McCloud remarked that the investment policy is currently overweight in mutual funds, which will be reexamined at a special meeting in January. There were no public comments. **Motion to accept the Fiscal Year 07-08 Annual Financial Report (audit report) of the Fort Ord Reuse Authority by Marcello & Company, certified Public Accountants, was made by Mayor McCloud, seconded by Mayor Wilmot, and carried.**

8. EXECUTIVE OFFICER'S REPORT

There were three items in this report: Item 8a (Administrative Committee report), Item 8b (Executive Officer's travel report) and Item 8c (Fort Ord Reuse Authority's investments – status report): Re Item 8b: Executive Officer Houlemard said he expects to get valuable information at the Association of Defense Communities' Winter Forum about the federal government's economic recovery/stimulus funds. Access to these funding opportunities could jump start the redevelopment of former Fort Ord during the current economic downturn.

9. ANNOUNCEMENTS AND CORRESPONDENCE

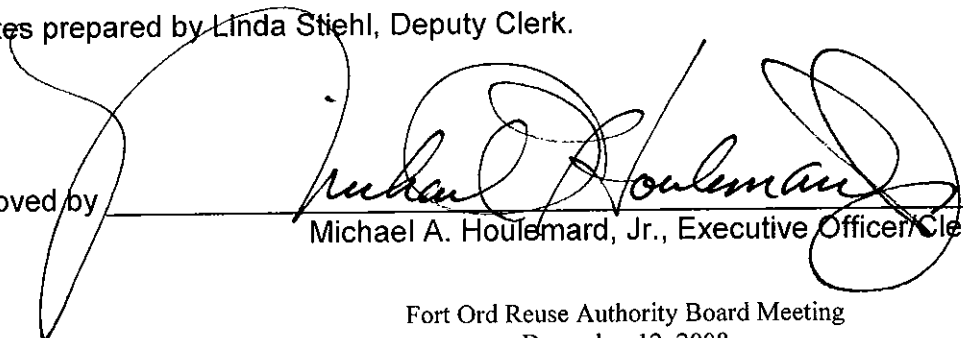
Two letters were in the board packet: one to CA Resources Secretary Mike Chrisman and the other to Brian Arroyo, an assistant director in the U.S. Fish & Wildlife Service, both regarding the draft HCP document.

10. ADJOURNMENT

There being no further business, Chair Russell adjourned the meeting at 5:12 p.m.

Minutes prepared by Linda Stiehl, Deputy Clerk.

Approved by


Michael A. Houlemard, Jr., Executive Officer/Clerk

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject:	Memorandum of Agreement regarding Habitat Management on Portions of the Landfill Site at the Former Fort Ord	
Meeting Date:	December 12, 2008	ACTION
Agenda Number:	5b	

RECOMMENDATION(S):

Authorize the Executive Officer to execute the Memorandum of Agreement regarding habitat management on portions of the Landfill Site at the former Fort Ord among Monterey County Redevelopment Agency, Cypress Marina Heights LP, and the Fort Ord Reuse Authority ("MOA") ("**Attachment A**").

BACKGROUND:

Cypress Marina Heights LP is the private developer of the Marina Heights project in the City of Marina. On November 14, 2005, the California Department of Fish and Game ("CDFG") issued Incidental Take Permit ("ITP") No. 2081-2005-029-03 to Cypress Marina Heights LP for the incidental take of the sand gilia at the Marina Heights project site. The ITP required Cypress Marina Heights to create a Mitigation Plan for preservation and habitat restoration areas. The MOA allows the Marina Heights Sand Gilia Mitigation Plan to be implemented on portions of Monterey County Redevelopment Agency's Landfill Site.

DISCUSSION:

Under the MOA, FORA would assume the long-term management and maintenance plan responsibilities for the preservation and habitat restoration areas described in the Mitigation Plan. With CDFG concurrence, FORA may transfer these responsibilities to a suitable land manager. FORA or its designee's duty to implement these responsibilities is limited to the extent that CDFG makes adequate funds available to FORA or its designee from an endowment account funded by Cypress Marina Heights LP.

FISCAL IMPACT:

Reviewed by FORA Controller 

Staff time to review this matter and process billing is absorbed in the operating budget.

COORDINATION:

Monterey County Redevelopment Agency, Cypress Marina Heights LP, Authority Counsel, Executive Committee, and Administrative Committee

Prepared by 
Jonathan Garcia

Reviewed by 
Steve Endsley

Approved by 
Michael A. Houlemard, Jr.

DRAFT

ATTACHMENT A
Item 5b
FORA Board, December 12, 2008

**MEMORANDUM OF AGREEMENT
REGARDING HABITAT MANAGEMENT ON PORTIONS OF THE
LANDFILL SITE AT THE FORMER FORT ORD, CALIFORNIA**

This Memorandum of Agreement Regarding Habitat Management On Portions of the Landfill Site at the Former Fort Ord, California ("Agreement") is made and entered into among the **FORT ORD REUSE AUTHORITY** ("FORA"), **MONTEREY COUNTY REDEVELOPMENT AGENCY** ("Redevelopment Agency"), and **CYPRESS MARINA HEIGHTS L.P.** (hereinafter referred to collectively as the "Parties").

WITNESSETH THAT:

WHEREAS, FORA, created under Title 7.85 of the California Government Code, Chapters 1 through 7, inclusive, commencing with Section 67650, *et seq.*, and selected provisions of the California Redevelopment Law, including Division 24 of the California Health and Safety Code, Part 1, Chapter 4.5, Article 1, commencing with Section 33492, *et seq.*, and Article 4, commencing with Section 33492.70, *et seq.*, is a regional agency established under Government Code Section 67650 to plan, facilitate, and manage the transfer of former Fort Ord property from the United States Army (hereinafter referred to as the "Army") to the governing local jurisdictions or their designee(s). FORA has been designated as the Local Redevelopment Authority for the former Fort Ord Military Installation located in Monterey, California ("Former Fort Ord"), by the Office of Economic Adjustment on behalf of the Secretary of Defense;

WHEREAS, Redevelopment Agency is an agency created pursuant to the Community Redevelopment Law of the State of California, commencing with Health and Safety Code section 33000, *et seq.*, which agency has been designated by the Fort Ord Reuse Plan (June 13, 1997) ("Reuse Plan") to receive certain property from FORA that has been or will be transferred to FORA from the Army;

WHEREAS, Cypress Marina Heights L.P. is the private developer of the Marina Heights project in the City of Marina, County of Monterey;

WHEREAS, FORA has already or will soon receive fee title to certain land parcels of the Former Fort Ord from the Army pursuant to the Reuse Plan ("FORA Property");

WHEREAS, pursuant to the Reuse Plan, FORA already has conveyed to the Redevelopment Agency by quitclaim deed the following parcels of FORA Property: Parcels E8a.1.1.2, E8a.1.3, E8a.1.4, and E8a.1.5, and intends to convey Parcel E8a.1.1.1 (all said parcels hereafter "Redevelopment Agency Property"). These parcels constitute most of the property which is commonly referred to as the landfill site on the Former Fort Ord;

WHEREAS, subject to the terms and conditions set forth below, the Redevelopment Agency intends to allow portions of Parcels E8a.1.1.1, E8a.1.4, and E8a.1.1.2, and all of Parcel

HABITAT MANAGEMENT MOA – LANDFILL SITE OF THE FORMER FORT ORD

E8a.1.3, totaling approximately 58.8 acres, more or less, as more particularly described and depicted in Exhibit "A," to be preserved and managed in perpetuity for their sand gilia plant (*Gilia tenuiflora* ssp. *arenaria*) and maritime chaparral habitat values ("Preservation Area");

WHEREAS, the 58.8 acres depicted in Exhibit A specifically exclude all of Parcel E8a.1.2, as well as the 44.3 acre area designated as "West Landfill Parcel," the 10 acre area designated as "Expansion Area," the 4.02 acre area designated as "County Preservation Area" and the 2.01 acre area designated as "County Restoration Area;"

WHEREAS, subject to the terms and conditions set forth below, the Redevelopment Agency does not object to portions of Parcel E8a.1.1, totaling approximately 14.5 acres, more or less, as more particularly described and depicted in Exhibit "A," being restored and managed in perpetuity for its sand gilia habitat value ("Habitat Restoration Area," collectively, "Preservation and Habitat Restoration Areas");

WHEREAS, habitat management requirements and funding for the Preservation and Habitat Restoration Areas are set forth in the Incidental Take Permit No. 2081-2005-029-03 (dated, November 14, 2005, as may be amended pursuant to the terms of this Agreement) issued by the California Department of Fish and Game ("CDFG") to Cypress Marina Heights L.P. for the incidental take of the sand gilia at the Marina Heights project site in the City of Marina ("Incidental Take Permit"), and the Marina Heights Sand Gilia Mitigation Plan created there under ("Mitigation Plan," attached hereto as Exhibit "B," as may be amended pursuant to the terms of this Agreement);

WHEREAS, nothing in the Incidental Take Permit or the Mitigation Plan creates legal or financial obligations for the Redevelopment Agency relative to the implementation of the Mitigation Plan or adherence to the Incidental Take Permit requirements; provided, however, that upon payment of the Purchase Price, as set forth below, Redevelopment Agency agrees to allow the implementation of the Mitigation Plan in the Preservation and Habitat Restoration Areas;

WITH REFERENCE TO THE FACTS RECITED ABOVE, the Parties agree as follows:

I. AGREEMENT

1. FORA and Redevelopment Agency agree that the Preservation and Habitat Restoration Areas shall be protected and managed in perpetuity for their sand gilia habitat values. To this end, FORA and Redevelopment Agency agree to allow implementation of the Mitigation Plan for the Preservation and Habitat Restoration Areas.

2. For purposes of ensuring the protection of the Preservation and Habitat Restoration Areas in perpetuity, upon payment of the Purchase Price set forth in Paragraph 6, Redevelopment Agency agrees to convey as soon as practicable, but in all events, within six

HABITAT MANAGEMENT MOA – LANDFILL SITE OF THE FORMER FORT ORD

months after any necessary amendments to the Incidental Take Permit have been approved by CDFG, a conservation easement over the Preservation and Habitat Restoration Areas to CDFG, or to another entity approved by CDFG, in accordance with the requirements set forth at California Civil Code, Section 815 *et seq.* ("Conservation Easement"). The Conservation Easement shall be written so as to be consistent with the habitat management prescriptions contained in the Mitigation Plan, and the form and content of the Conservation Easement shall be subject to approval by the CDFG before it is recorded with the Office of the County Recorder.

3. Subject to the provisions of paragraph 5 of this Agreement, FORA agrees to assume the "long term management and maintenance plan" responsibilities for the Preservation and Habitat Restoration Areas, as described in Section IV of the Mitigation Plan. This obligation may be transferred by FORA to a suitable land manager that has been approved by CDFG. This obligation shall not commence until FORA is notified in writing by CDFG that the success criteria applicable to the "short term mitigation plan" for the Preservation and Habitat Restoration Areas have been attained. The "short term mitigation plan" and the associated success criteria for the Preservation and Habitat Restoration Areas are set forth in Section III of the Mitigation Plan. Attainment of the success criteria for the "short term mitigation plan" is solely the responsibility of Cypress Marina Heights L.P.

4. Pursuant to its obligations under the Incidental Take Permit, and as part of the Purchase Price set forth in Section 6, Cypress Marina Heights L.P. will fund an endowment for the implementation of the "long term management and maintenance plan." As provided for under the Incidental Take Permit, CDFG will hold and manage this endowment unless another entity is designated by CDFG for this purpose.

5. FORA's duty (or that of the approved land manager designee) under this Agreement to implement the "long term management and maintenance plan" and its associated monitoring and reporting obligations is limited to the extent CDFG or its designee makes adequate funds available for this purpose from the endowment account. FORA (or its designee) agrees to allow CDFG the opportunity to periodically review the expenditure of funds from the endowment account.

6. Cypress Marina Heights, LP, agrees to purchase, and Redevelopment Agency agrees to sell, a Conservation Easement for a total cash price of Three Hundred Sixty-Three Thousand, Three Hundred Fifty Dollars (\$363,350) paid to the Redevelopment Agency, plus the amount paid to the CDFG (or its designee) as an endowment sufficient to implement the long term management and maintenance plan approved by CDFG for the Preservation and Habitat Restoration Areas (collectively, the "Purchase Price"). The amount of the endowment is currently set as Two Hundred Thousand Forty-four Dollars (\$200,044), but the parties agree and acknowledge that this amount can change, based upon amendment of the Incidental Take Permit as contemplated herein. Upon payment of the Purchase Price, Redevelopment Agency agrees to convey and record a Conservation Easement over the Preservation and Habitat Restoration Areas, depicted in Exhibit "A," for the sole purpose of allowing Cypress Marina Heights, LP to

HABITAT MANAGEMENT MOA – LANDFILL SITE OF THE FORMER FORT ORD

fulfill its Incidental Take Permit and Mitigation Plan obligations. Recording fees, if any, shall be paid by Cypress Marina Heights, L.P. The Conservation Easement shall substantially be in the form attached as Exhibit "C." Payment of the Purchase Price and conveyance of the Conservation Easement is contingent upon Cypress Marina Heights LP obtaining written approval by the CDFG of an amendment to the Incidental Take Permit and the Mitigation Plan reflecting the size and location of the Conservation Easement as described in the Recitals and Exhibit A and otherwise consistent with this Agreement. Cypress Marina Heights LP shall pay the Purchase Price, and the Redevelopment Agency shall record the Conservation Easement, within thirty (30) days of CDFG's approval of the amendment to the Incidental Take Permit and Mitigation Plan. Cypress Marina Heights LP shall use its best efforts to obtain such approval as quickly as feasible. To the extent that any portion of the Preservation and Habitat Restoration Areas has not been conveyed by FORA to the Redevelopment Agency at the time that Redevelopment Agency is obligated by this Agreement to record the Conservation Easement, a Conservation Easement shall be recorded by Redevelopment Agency over said portion within thirty (30) days of receipt of title for that portion from FORA.

7. This Agreement may be modified or terminated only as mutually agreed in writing by the Parties. In no event will Cypress Marina Heights L.P. agree to any modification or termination without first securing the approval of, or a statement in writing of "no objection" from, CDFG.

8. Any or all obligations created by this Agreement for any individual Party may, as the law permits, be transferred or assigned by that Party to a third party; provided, however, any such transfer or assignment must be approved in writing by the other Parties, which shall not be unreasonably withheld or delayed.

II. INDEMNITY

Each of the Parties shall indemnify and hold the other Parties, and its officers, directors, partners, affiliates, principals, employees, agents, successors and permitted assigns (each an "Indemnified Party"), harmless from and against all claims, demands, losses, damages, liabilities, penalties, fines, assessments and actions and all related attorneys' fees and expenses and costs of litigation (collectively "Claim(s)") for injury or death of any person or loss of or damage to tangible real or tangible personal property or the environment, to the extent that such Claims are proximately caused by the acts or omissions or by the willful or intentional misconduct of the Party from whom indemnity is sought, or by its agents, employees, contractors, subcontractors, or material suppliers, in connection with or relating to this Agreement, the Conservation Easement, or the Mitigation Plan. The Indemnified Party will notify the indemnifying Party in writing promptly upon learning of any Claim for which indemnification may be sought, provided that the failure to do so shall not affect the indemnity except to the extent the indemnifying party is prejudiced thereby. The indemnifying Party shall have control of the defense or settlement provided that no settlement that materially affects the obligations under this Agreement of the other Party shall be entered into without the other Party's prior written approval, which shall not

HABITAT MANAGEMENT MOA – LANDFILL SITE OF THE FORMER FORT ORD

be unreasonably withheld or delayed, and provided further that the Indemnified Party shall have the right to participate in the defense or settlement with counsel of its own selection and at its sole expense. The indemnified Party shall reasonably cooperate with the defense and at the Indemnifying Party's expense.

III. NOTICES

Formal notices, demands, and communications among the Parties shall not be deemed given unless sent by certified mail, return receipt requested, or express delivery service with a delivery receipt, or personal delivery with a delivery receipt or facsimile, to the principal office of the Parties as follows:

Fort Ord Reuse Authority:

ATTN: Michael A. Houlemard, Jr.,
Executive Officer
100 12th Street, Bldg. 2880
Marina, California 93933

Redevelopment Agency:

ATTN: Jim Cook, Director
Redevelopment and Housing Office
168 W. Alisal Street, 3d Floor
Salinas, California 93901

Cypress Marina Heights L.P.

2716 Ocean Park Boulevard, Suite 1064
Santa Monica, California 90405

Such written notices, demands, and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate as provided in this Section. Receipt shall be deemed to have occurred on the date marked on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

In addition, a copy of all notices under this Agreement shall be contemporaneously provided to CDFG at the following address:

California Department of Fish and Game
ATTN: Habitat Conservation Manager
Central Region
1234 E. Shaw Avenue
Fresno, California 93710

HABITAT MANAGEMENT MOA – LANDFILL SITE OF THE FORMER FORT ORD

IV. LIST OF EXHIBITS

The following listed Exhibits are made a part of this Agreement:

- Exhibit A: Depiction of the Preservation and Habitat Restoration Areas
- Exhibit B: Mitigation Plan
- Exhibit C: Form of Conservation Easement

###

In Testimony Whereof witness the signature of Parties this ____ day of _____, 2008 and hereby accepts and approves this Agreement for itself, its successors and assigns, and agrees to all the conditions and terms contained therein.

FORT ORD REUSE AUTHORITY

BY: _____
MICHAEL A. HOULEMARD, JR.
Executive Officer

REDEVELOPMENT AGENCY

BY: _____

CYPRESS MARINA HEIGHTS L.P.
a California limited partnership

By: Chadmar/Watt Marina Partners LLC,
a California limited liability company,
its General Partner

By: Chadmar Marina Partners LLC,
a California limited liability company,
Manager

By: Chadmar, Inc.
a California corporation, Manager

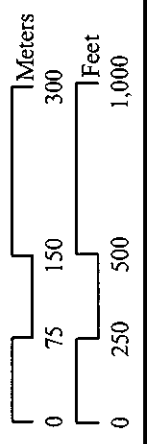
Charles R. Lande,
President

Exhibit A



Landfill Site

Project: Marina Heights
 Date: 11.26.2008
 Projection: State Plane Zone 4



- CTS Habitat 2K Buffer
- County Development Parcel
- County Expansion Area
- County Preservation Area
- County Restoration Area
- Existing FORA Mitigation Site
- Landfill Parcel
- Marina Heights Preservation Area
- Marina Heights Restoration Area
- Maritime Chaparral
- Sand Gilia Locations

Exhibit B

Appendix A

Marina Heights Sand gilia Mitigation Plan

*Exhibit B is
60 pages. Please
Contact Charlotte
or Jonathan, 883-
3672, to request
a copy.*

Prepared for:
California Department of Fish and Game

In Support of:
Section 2081 Permit Application

For:
Marina Heights

Submitted by:
Cypress Marina Heights, L.P.
2716 Ocean Park Boulevard, Suite 3025,
Santa Monica, CA 90405

Submitted:
July 17, 2004
Revised September 27, 2004
Revised March 1, 2005
Revised June 21, 2005

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Habitat Conservation Plan approval process

Meeting Date: December 12, 2008

Agenda Number: 6a

INFORMATION

RECOMMENDATION(S):

Receive a status report regarding preparation of Habitat Conservation Plan ("HCP") and State of California 2081 Incidental Take Permit ("ITP") Process.

BACKGROUND/DISCUSSION:

Recent Developments:

1. On November 14, 2008, staff provided an oral report to the Board regarding comments made by U.S. Fish and Wildlife Service ("USFWS") and California Department of Fish and Game ("CDFG") during a conference call that could potentially cause further delay to the HCP process. FORA subsequently contacted USFWS and CDFG regional executives to schedule meetings in December with USFWS and CDFG to address their comments and outstanding issues. On December 17, 2008, the HCP working group will discuss USFWS and CDFG's comments and negotiate outstanding issues. Fort Ord Reuse Authority ("FORA"), its HCP consultant ICF Jones & Stokes ("Jones & Stokes"), and FORA member agencies and jurisdictions held working meetings on December 3, 2008 and will continue to frame outstanding issues prior to the December 17, 2008 meeting; major issues include: a) defining the role of a future Joint Powers Authority in the HCP, b) determining HCP costs and identifying the entity to hold the HCP endowments, c) determining borderlands management costs and responsible parties, d) developing a framework to integrate existing 2081 permits into the basewide HCP and 2081 permit, and e) determining whether or not (and to what degree) the HCP must be revised to accommodate new USFWS requirements for a self-regulating HCP.
2. On September 30, 2008, a conference call including representatives from FORA, USFWS, Denise Duffy ("DD&A") [National Environmental Policy Act ("NEPA")/California Environmental Quality Act ("CEQA") consultant], Bureau of Land Management ("BLM"), and other was held and the scheduled noted in #3 below was endorsed.
3. HCP working group meetings were held on September 9 and 16, 2008 to discuss the steps to complete the Public Draft HCP and schedule. At the September 9 meeting, representatives of the FORA Administrative Committee were given an opportunity to engage FORA's consultant about issues related to schedule and content. At the September 16 meeting, FORA's jurisdictions discussed the remaining chapters with USFWS and confirmed that the project schedule remains on target for release of a review draft document by January 2009.
4. On June 18, 2008, the HCP working group reviewed the revised Monitoring Chapter and provided feedback to Jones & Stokes on the Implementation and Funding Chapters.
5. On May 5, 2008, DD&A held a conference call meeting of the principals to schedule final Environmental Impact Statement ("EIS")/Environmental Impact Report ("EIR") document processing.

Past Actions:

FORA completed a Draft HCP on January 23, 2007 covering topics necessary to submit the HCP to CDFG and an application for a basewide State 2081 ITP. The Draft HCP was circulated to USFWS, CDFG, FORA's land use jurisdictions, and other prospective habitat managers participating in the program. USFWS provided written comments on the Draft HCP in March 2007, July 2007, and February 2008. CDFG provided written comments in April 2007.

To define necessary steps to obtain CDFG approval of a basewide State 2081 Permit, FORA's legislative representatives met with key stakeholders in CDFG, California Department of Parks and Recreation ("State Parks"), and the Governor's Office on April 30, 2007. Subsequent meetings were held with Mike Chrisman, State of California Resources Secretary, and John McCamman, CDFG Chief Deputy Director (at the time). These discussions identified several steps for FORA and CDFG to take to secure a successful 2081 permit. The representatives and stakeholders identified a need for a larger scope for the HCP consultant work, requiring FORA to redistribute a Request for Qualifications ("RFQ") containing a larger budget than previously included in the March 2007 RFQ. In return, key stakeholders in Sacramento gave assurances they would perform required work on their end and support a "final" process. In response to the need for an expanded scope of work, at its May 11, 2007 meeting, the FORA Board directed staff to redesignate unused HCP funds in Fiscal Year ("FY") 06-07 for HCP consultant work and directed staff to enter into a contract, not to exceed \$150,000, with an HCP consultant to conduct the larger scope of work.

FORA staff received several responses to its RFQ and selected Jones & Stokes for the contract, which gives FORA the expertise to respond to USFWS and CDFG comments on the draft HCP. Jones & Stokes successfully completed comparable HCP's in Northern California and is the author of the 1997 Fort Ord Habitat Management Plan. The initial contract was for \$85,445 and covers revisions to Draft HCP chapters, resulting from agency comments and FORA staff concurrence. An amendment to this contract for additional tasks and budget to recombine State and Federal HCP's was approved on September 14, 2007. The approved FY 06-07 and FY 07-08 budgets included additional funding for this purpose.

Jones & Stokes have identified a window of opportunity to expedite permit issuance. As noted, Jones & Stokes have proposed recombining the truncated State and Federal HCP processes into one HCP document and one combined public review period, which would result in a shorter timeframe for federal and state permit issuance and a stronger HCP document. Significant progress on the State HCP made in the last year should allow Jones & Stokes to complete the necessary federal HCP chapters on an expedited basis. This allows FORA to use the HCP document for both federal NEPA and state CEQA permit applications.

On May 23, 2007, FORA hosted an HCP working group meeting among Jones & Stokes, FORA, CDFG, USFWS, University of California ("UC"), BLM, and State Parks to discuss agency comments on the Draft HCP Funding Chapter. The HCP working group identified issues and discussed probable solutions to improve the Draft HCP funding section. A follow-up conference call occurred on May 31, 2007. To expedite agency review of the Draft HCP, Jones & Stokes suggested that USFWS and CDFG prepare comment letters on Draft HCP chapters reviewed to date and that the agencies offer oral comments on the remaining chapters. This approach was well received and was discussed in further detail during a strategy session among FORA, USFWS, and CDFG held in early June. On July 12, 2007, the HCP working group met, reviewed past comments received from USFWS and

CDFG, reviewed Jones & Stokes' technical memo proposing revisions to the draft HCP, and reviewed Jones & Stokes' draft costing model. On August 29, 2007, the HCP working group held another meeting, in which the group: provided additional feedback on the draft costing model, requested feedback from working group members on Draft HCP sections, addressed questions on the Early Transfer/ Environmental Services Cooperative Agreement ("ET/ESCA"), and asked for feedback from USFWS and CDFG on inclusion of the proposed alignment of the Multi-Modal Corridor along Intergarrison Road in lieu of a previous alignment bisecting the UC Fort Ord Natural Reserve. On November 15, 2007, the working group reviewed a draft HCP Implementing Agreement, a required HCP document.

On October 1, 2007, Mayor Joe Russell, then Marina Mayor Ila Mettee-McCutchon, and Mayor Ralph Rubio met with State of California Resources Secretary Chrisman and CDFG Interim Director McCamman and, as a consequence, a letter was drafted demonstrating CDFG support for FORA's ET/ESCA activities. In December 2007, Jones & Stokes personnel met with USFWS in Ventura regarding staff transition and other issues. Jones & Stokes presented the revised draft HCP Funding Chapter, costing model assumptions/inputs, and HCP development schedule to the HCP working group on April 10, 2008 to generate feedback from working group members.

FORA Chair/Mayor Russell, 1st Vice Chair/Mayor Rubio, and Executive Officer Michael Houlemard met with State of California Resources Secretary Chrisman and CDFG Acting Director McCamman on March 28, 2008 to confirm commitments made on April 30, 2007 to a "final" process. Secretary Chrisman confirmed prior commitments to employ sufficient staff and resources within CDFG to meet review schedules and resolve outstanding issues. In addition, Secretary Chrisman noted that some items may require final negotiation at his or the CDFG Director level. FORA's legislative representatives also met with USFWS Assistant Director Bryan Arroyo in Washington, D.C., on April 21, 2008. Assistant Director Arroyo gave assurances that he would apply his resources to resolve funding issues between USFWS and BLM and to meet review schedules for the HCP and HCP NEPA documents.

FISCAL IMPACT:

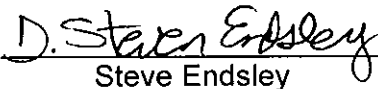
Reviewed by FORA Controller 

Funding for this item was included in the FY 07 and 08 budgets and was carried over to the FY 09 budget.

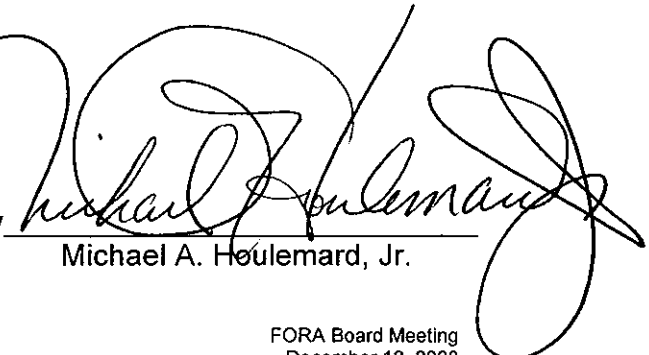
COORDINATION:

Executive Committee, Administrative Committee, Legislative Committee, Coordinated Resources Management and Planning Team, City of Marina, County of Monterey, U.S. Army, USFWS and CDFG personnel, Jones & Stokes, DD&A, UC, BLM, and various development teams.

Prepared by


Steve Endsley

Approved by


Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Marina Coast Water District capacity charges

Meeting Date: December 12, 2008

Agenda Number: 6b

ACTION

RECOMMENDATION(S):

Approve the Administrative Committee's recommendation regarding Marina Coast Water District's ("MCWD") Ord Community Capacity Charges. The motion approved by the Administrative Committee on December 3, 2008 follows.

That the Fort Ord Reuse Authority ("FORA") Board adopt the following:

- (1) The combined Ord Community water/wastewater capacity charge to be \$7,052, as determined by the Bartle Wells ("BW") rate study, which assumes that the Water for Monterey County ("WMC") project will be approved by the California Public Utilities Commission ("CPUC") before January 1, 2010, as a potential source for augmenting Fort Ord water supply needs.
- (2) If the WMC project is not approved by the CPUC by that deadline, a potentially higher capacity charge would be adopted once an updated capacity charge fee study by BW is completed.
- (3) The Fort Ord developers' offer to fund the latter study up to \$50,000 is accepted.

BACKGROUND:

From April 30, 2008 to July 16, 2008, the FORA Administrative and Water/Wastewater Oversight Committees held joint meetings to discuss MCWD water and wastewater systems rates, fees and charges for fiscal year 2008-2009. In addition, since Fall 2007, MCWD has conducted individual meetings with jurisdictions and developers concerning Fort Ord Service Area capacity issues. Among the discussion items, MCWD has proposed increases to the water and sewer capacity charges from the current combined amount of \$3,800 per EDU to the combined amount of \$17,660.00 per EDU. The FORA Board approved Resolution No. 08-06 adopting a compensation plan and setting rates, fees and charges for base-wide water, recycled water and sewer services on the former Fort Ord. However, the Board approved a resolution, which excluded increases in capacity charges proposed by MCWD on Fort Ord. The FORA Administrative Committee withheld a recommendation on the proposed increases to the capacity charges. Instead, the Administrative Committee asked to review the factors supporting the increase and research possible alternatives. The FORA and MCWD Boards, at their joint meeting in July, deferred capacity charge action and directed staff to further assess the proposed increase and report back to a future FORA Board meeting. The appropriate vetting has now taken place.

DISCUSSION:


At the July 30, 2008 FORA Administrative Committee meeting, committee members suggested that MCWD schedule a workshop on August 14 with BW to explain the basis for the proposed capacity charges.

During the August 14, 2008 workshop, MCWD and their consultants made an extensive presentation regarding their fee structure and Capital Improvement Program ("CIP"). After discussion, Administrative Committee members asked MCWD to provide two pieces of additional information: 1) a comparison of their 2005-2006 Capital Improvement Program, used to derive the previous capacity charges, with the current 2008-2009 CIP, used to derive the proposed capacity charges, and 2) a document modeling the effect that a water and sewer surcharge would have on the proposed capacity charges. MCWD provided that additional information to the FORA Administrative Committee on September 17, 2008.

Section 7.2.1 of the FORA/MCWD Agreement and Ordinance requires FORA to respond to MCWD within three months after receiving a proposed budget or a written request or a referral for further response. At its July 11, 2008 Board meeting, FORA's response to MCWD's proposed budget was to resolve the future capacity charge issue by its October 10, 2008 Board meeting. The FORA Board extended this timeframe to December 12, 2008 at its October meeting.

FORA staff, MCWD staff, jurisdictions, and developers made progress toward reducing the capacity charge fee. Also, further deliberation on the Water for Monterey County Coalition process has benefited this capacity charge discussion. On December 3rd, 2008, BW provided a presentation regarding Ord Community capacity charges rates ("**Attachment A**") and the Administrative Committee recommended the above resolution to the capacity charges issue.

FISCAL IMPACT:

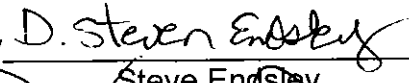
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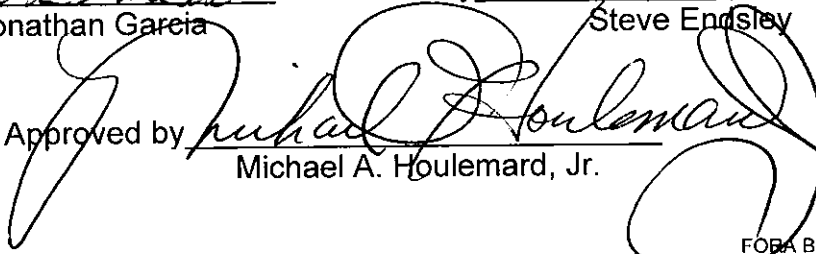
The proposed increase to MCWD's water and sewer capacity charges for the former Fort Ord could impact the cost and phasing of certain former Fort Ord developments. Since several developments are stalled due to the current economic conditions, an increase in the capacity charge could further defer development. However, failure to appropriately size the capacity charge would preclude MCWD from bringing an augmented water supply project in a timely manner causing delay to several pending development projects.

COORDINATION:

MCWD, BW, Executive Committee, and Administrative Committee

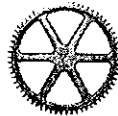
Prepared by 
Jonathan Garcia

Reviewed by 
Steve Engstley

Approved by 
Michael A. Houlemard, Jr.

MARINA COAST WATER DISTRICT

ORD Capacity Charges



FORA Administration Committee

December 3, 2008



BARTLE WELLS ASSOCIATES
Independent Public Finance Advisors



MCWD Rate Study Overview

Bartle Wells Associates (BWA) prepared a Water and Wastewater Rate Study and Financing Plan for the Ord Community

- Two separate reviews performed – water and wastewater
- Extensive development planned
- Proposed financing plan driven by capital requirements
 - ❖ Ord Water CIP = \$60.7 million (\$22.7 M over the next five years)
 - ❖ Ord WW CIP = \$24.5 million (\$22.9 M over the next five years)
 - ❖ RUWAP CIP = \$92.8 million (\$49.5 M over the next five years)
- District reserves, current fees and existing capacity charges are unable to finance these anticipated capital costs

MCWD Rate Study Overview (cont.)

- Revised financial plan projects funding only \$7.1 M of Ord Water's planned \$22.7 M CIP over the next five years (31%)
 - ❖ Necessary to keep Ord's rate increase reasonable
 - ❖ Ord Water and Wastewater CIPs modified due to slowdown in new construction
- Existing ORD customer's water bill increased 10% next two years
- Capacity charges increased based on:
 - ❖ Anticipated capital costs
 - ❖ Amount of capacity expansion
 - ❖ A "buy-in" component based on existing system value and capacity

3

Rate Study History

- Developed capacity charge plan in 2005
- Combined water & sewer capacity charge about \$9,600
- Developers/LUJ urged bond sale and combination \$3,800 capacity charge and \$25/mo. capital rate surcharge, based on developer growth projections
- District sold \$42.3 million revenue bond in 2006 - \$32 million for Ord facilities. Coverage pledge of 125%
- Growth has not occurred. District funding \$1.4 million from rates, repayable from capital surcharge.
- Estimate 12 to 15 years to repay Ord share of debt service from capital surcharge.

4

Rate Study History

- District presented new capacity charge plan to FORA, and developers as early as March 2008
- Combined water & sewer capacity charge about \$17,660 - Increase mainly due to increased water augmentation costs.
- Have met with developers and LUJ's numerous times.
- District unilaterally agreed to reduce buy-in system costs reducing capacity charge to \$12,500.
- Further reduction of about \$5,450 if/when REPOG water project is successfully implemented.
- District would agree to incorporate future credits on a case-by-case basis such as REPOG project, developer contributions, tax increment or assessment financing or other future funding plans.
- District proceeding to adopt recommended capacity charges.

5

Ord Community Capacity Charges

- Capacity charge revenue pays for expansion-related CIP projects
- State law precludes using any capacity charge revenue for O&M expenses
- Future users' share of CIP costs estimated at 41% for water and 77% for wastewater
- Existing facilities, assets, and current excess capacity are available to benefit future users
- Capacity charges contain a "buy-in" component based on the system's replacement cost and total capacity to determine the new user's fair share of the existing facility
- The replacement cost for the water system is estimated at \$7.5 M and \$3.6 M for the wastewater system

6

Ord Community Capacity Charges

- Capacity charges are based on current dollars
- Based on FORA capital contribution of \$40.484 million
- Charges indexed to an appropriate cost factor so the charge is equitable in the future - 20-cities *Engineering News Record* (ENR) Construction Cost Index (CCI)
- BWA's methodology follows established industry practices and its approach underwent peer review by Brown and Caldwell

7

Ord Community Capacity Charges

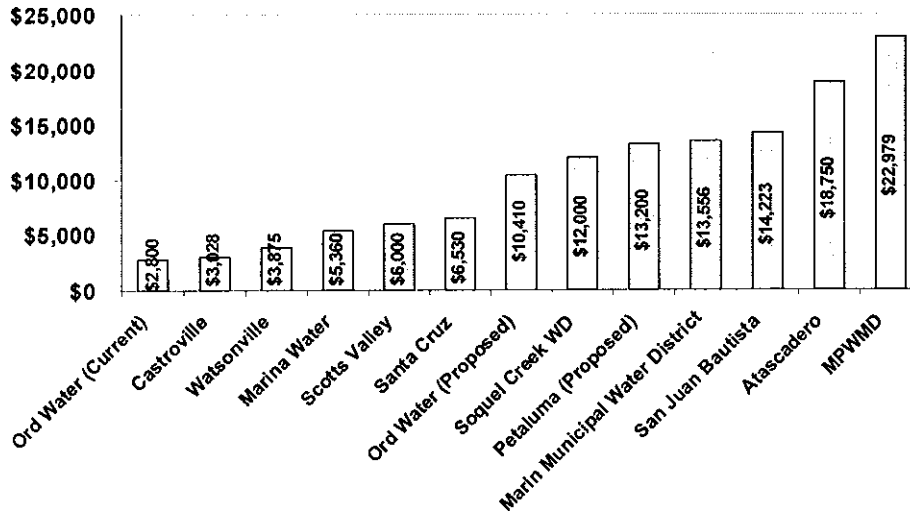
Marina Coast Water District

Capacity Charges

Project	New Water Costs	FORA Capital Contribution	Other Capital Costs	Capacity Charge	Combined Capacity Charge
Wastewater CIP	\$0	\$0	\$28,164,000	\$2,087	
Water CIP - RUWAP	92,797,000	40,484,000	69,461,000	\$10,409	\$12,496
Water CIP - REPOG	41,948,000	40,484,000	69,461,000	\$4,965	\$7,052

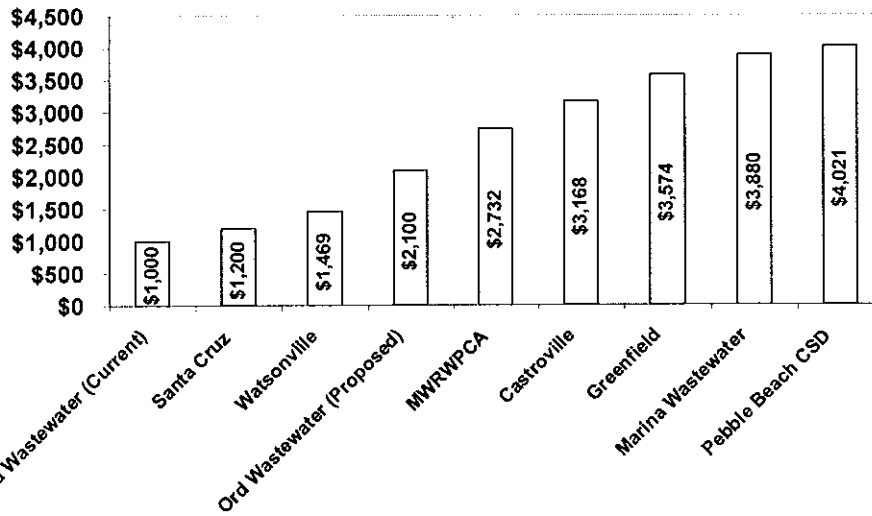
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Water Capacity Charge Comparison



9

Wastewater Capacity Charge Comparison

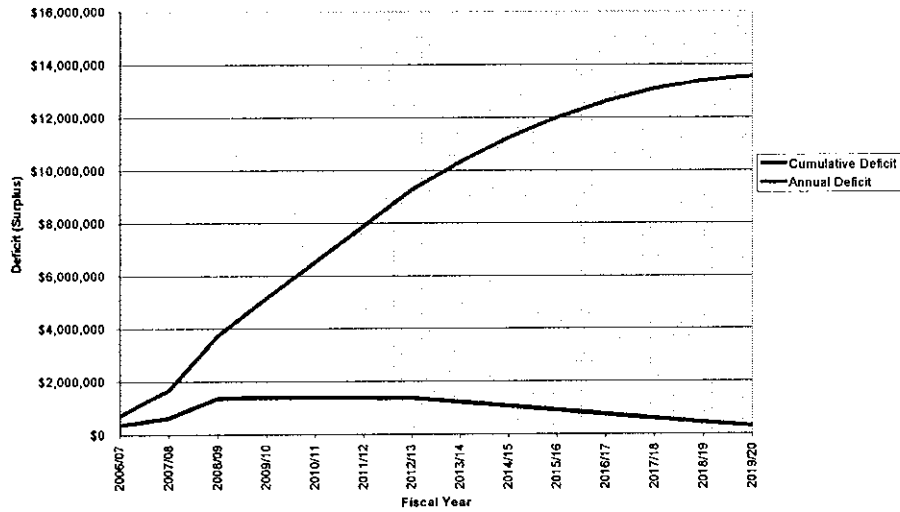


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Questions/Discussion



Capital Surcharge - \$25/mo.



Rate Study Assumptions

- New development to pay for expansion via capacity charges
- Rates pay for operating expenses and CIP projects serving existing customers
 - ❖ Average annual transfer amount from operating to capital over next five years is \$1.6 million
- Pledge to maintain minimum debt coverage ratio of 1.25
- Assumed zero growth over the five-year period
- Capital minimum fund balance = \$1 million
- Operating minimum fund balance = 60 days operating expenses

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject:	Multi-Modal Transit Corridor realignment - approve the Memorandum of Agreement	
Meeting Date:	December 12, 2008	ACTION
Agenda Number:	6c	

RECOMMENDATION(S):

Authorize the Executive Officer to execute the Multi-Modal Transit Corridor ("Transit Corridor") realignment Memorandum of Agreement ("MOA") ("**Attachment A**").

BACKGROUND:

The Multi-Modal Transit Corridor, originally shown on the Fort Ord Reuse Authority ("FORA") Base Reuse Plan ("BRP"), attached as **Exhibit 1** to the MOA, was intended to provide a route extending from Highway 1 east through the former Fort Ord to Salinas. The need for this corridor has evolved, since BRP adoption, as feedback from US Fish and Wildlife Service and California Department of Fish and Game, approval of the Dunes on Monterey Bay and East Garrison development projects, plans for the California State University Monterey Bay ("CSUMB") campus, and planned site improvements by various other stakeholders along the route have all suggested a re-routing. On April 30, 2008, the FORA Administrative Committee received a report from City of Marina staff summarizing the process toward re-designation of the Multi-Modal Transit Corridor within the former Fort Ord ("**Attachment B**").

DISCUSSION:

The County of Monterey drafted the enclosed MOA, which outlines the steps that must occur before the FORA Board would consider re-designation of the Multi-Modal Transit Corridor. Each of the signatory parties have reviewed this document and provided feedback and suggested changes. The draft has been revised to reflect this input. Correspondence from The Bluffs homeowners association is attached, which lists their concerns with future routing of the Transit Corridor from Reservation Road to Salinas ("**Attachment C**"). One critical step is that the parties agree to grant right of way reservations/easements for the New Transit Corridor Alignment described in property legal descriptions. The Transportation Agency for Monterey County ("TAMC") and Monterey-Salinas Transit ("MST") will be the responsible entities to implement the Multi-Modal Transit Corridor. It is noted in the MOA that CSUMB and the County of Monterey will not grant right of way reservations/easements at this time, but may elect to meet with MST at a later date to discuss the issue. The MOA is designed to be a statement of intent by all of the parties to adjust the proposed corridor.

On December 3, 2008, the FORA Administrative Committee recommended that the MOA be presented to the FORA Board for approval with one dissenting vote from MST. MST staff stated that, without CSUMB and County of Monterey's agreement to grant right of way, the Transit Corridor realignment is not viable.


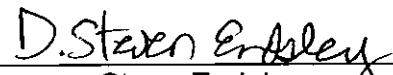
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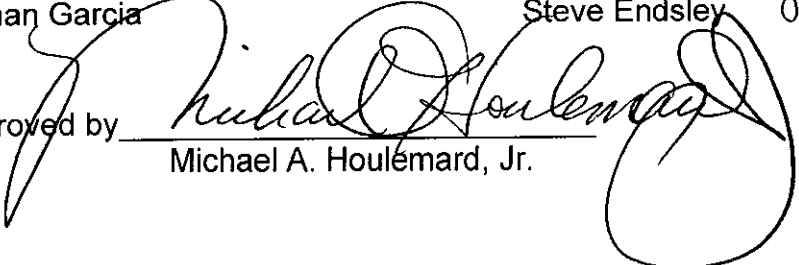
Reviewed by FORA Controller 

Staff time to review this matter has been absorbed in the current operating budget.

COORDINATION:

CSUMB, County of Monterey, City of Marina, Golden Gate University, University of California Monterey Bay Education, Science, and Technology Center, TAMC, MST, Authority Counsel, Executive Committee, and Administrative Committee

Prepared by  Reviewed by 
Jonathan Garcia Steve Endsley

Approved by 
Michael A. Houlemard, Jr.

DRAFT

ATTACHMENT A
Item 6c
FORA Board, December 12, 2008

**MEMORANDUM OF AGREEMENT
AMONG AND BETWEEN
THE FORT ORD REUSE AUTHORITY, CITY OF MARINA, CALIFORNIA STATE
UNIVERSITY MONTEREY BAY, UNIVERSITY OF CALIFORNIA SANTA CRUZ,
GOLDEN GATE UNIVERSITY, MONTEREY SALINAS TRANSIT,
TRANSPORTATION AGENCY FOR MONTEREY COUNTY, THE
REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY AND THE
COUNTY OF MONTEREY CONCERNING THE REALIGNMENT OF THE MULTI-
MODAL CORRIDOR TRANSIT ON THE FORMER FORT ORD**

THIS AGREEMENT is made and signed on this ____ day of _____, 2008, by and among the FORT ORD REUSE AUTHORITY (hereinafter referred to as "FORA"), the CITY OF MARINA (hereinafter referred to as "CITY"), CALIFORNIA STATE UNIVERSITY MONTEREY BAY (hereinafter referred to as "CSUMB"), UNIVERSITY OF CALIFORNIA SANTA CRUZ ("UCSC"), GOLDEN GATE UNIVERSITY (hereinafter referred to as "GGU"), MONTEREY SALINAS TRANSIT (hereinafter referred to as "MST"), the TRANSPORTATION AGENCY FOR MONTEREY COUNTY ("hereinafter referred to as TAMC"), THE REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY (hereinafter referred to as "AGENCY") and the COUNTY OF MONTEREY (hereinafter referred to as "COUNTY") (with FORA, City, CSUMB, UCSC, GGU, MST, TAMC, Agency and County each being from time to time hereinafter referred to as "Party", and together being from time to time collectively hereinafter referred to as "Parties").

RECITALS

- A. In June 1997, the FORA Board of Directors adopted a Final Environmental Impact Report (hereinafter referred to as "FEIR") and a Fort Ord Base Reuse Plan (hereinafter referred to as "BRP"). The BRP included the designation of a multi-modal transit corridor along the "Imjin Parkway/Blanco Road" corridor, as shown on Figures 4.2-2, 4.2-3 and 4.2-5 of the BRP Reuse Plan Element (hereinafter referred to as "Transit Corridor"). The Transit Corridor is intended to serve as a major transportation route from Highway 1 to Salinas, through former Fort Ord lands.
- B. The original alignment (hereinafter referred to as "Original Alignment") of the Transit Corridor extended from Highway 1 along 12th Street and Imjin Road to Reservation Road, and then along Blanco Road to Salinas, as shown generally in Exhibit 1.
- C. Problems have arisen with the implementation of the Original Alignment, including potential impacts to wildlife habitat lands, and impacts to agricultural operations.
- D. The Parties have identified and reviewed a proposed new alignment ("New Alignment") to the Transit Corridor, as shown in Exhibits 2a and 2b, and it appears that the New Alignment provides the same benefit to the regional transportation network as the Original Alignment and avoids potential impacts to habitat-related lands and to agricultural operations.
- E. Property has been conveyed by FORA to various jurisdictions with right of way reservations based upon the Original Alignment. A list of the parcels conveyed with such reservations is attached as Exhibit 3.

**NOW, THEREFORE, IT IS MUTUALLY AGREED BETWEEN THE PARTIES
HERETO AS FOLLOWS:**

1. FORA Board Consider Re-Designation of Transit Corridor

The Parties, excepting FORA, hereby agree to recommend rescission of the Original Transit Corridor Alignment and designation of the New Transit Corridor Alignment. It is acknowledged that this re-designation will require at least the following steps:

1.1 Agreement to Cooperate. The jurisdictions agree to cooperate with each other to process the proposed re-designation of the Transit Corridor from the Original Alignment to the New Alignment on the following conditions: (i) the New Alignment will require certain improvements to be performed on the southerly side of 3rd Street, which would only impact Property owned by CSUMB and will not encroach on GGU property; (ii) the New Alignment will require the widening of 8th Street on its north-easterly side, which would only impact Property owned by UCSC to the extent already indicated by the 1997 Fort Ord Reuse Plan and will not encroach on GGU property; and (iii) the Parties shall not be required to incur any costs or expenses in so cooperating with each other.

1.2 Engineering and Design. The COUNTY and CITY, at their respective costs, have prepared preliminary designs for that portion of the New Alignment that will extend through their respective boundaries, for the New Alignment to be approved.

1.3 Agreement to Grant Right of Way Reservations/Easements. Those Parties who will receive or have received land over which the New Alignment will extend agree to permit the imposition of necessary easements and/or reservation of rights in property over the New Alignment and agree to obtain and submit to FORA property legal descriptions defining the New Alignment property, whether such property has been conveyed to the Party, or will be conveyed in the future. The Parties agree to grant right of way reservations/easements for the New Transit Corridor Alignment described in property legal descriptions, either through execution of this agreement (provided an Exhibit 4 containing property legal descriptions is attached) or through a separate action of the Parties. CSUMB will not grant any right of way easements at this time, but may elect to grant a right of way or other form of easement to MST at a later date. The COUNTY will not grant any right of way easement at this time that would diminish its development potential by allowing a triangle interchange at the intersection of Intergarrison Road, Eastside Parkway and Schoonover Road, but may elect to grant a right of way or other form of easement to MST at a later date. The Parties agree that none of GGU's property (i.e., parcel APN 031-101.019) will be taken in connection with the proposed New Alignment, and therefore no easements or right of way reservations will be requested of, nor imposed upon, GGU.

1.4 Agreement to Release Right of Way Reservations/Easements. FORA agrees, upon adoption of the re-designation of the alignment of the Transit Corridor, to release any right of way reservations or easements with respect to the Original Alignment of the Transportation Corridor, as such Original Alignment is modified by the New Alignment.

- 1.5 Agreement to consider designation of the New Transit Corridor Alignment. Upon formal agreement by the Parties to grant right of way reservations/easements for the New Transit Corridor Alignment described in property legal descriptions, either through execution of this agreement or through a separate action of the Parties, FORA agrees to consider the recommended designation of the New Transit Corridor Alignment and rescission of the Original Transit Corridor Alignment at its next scheduled Board of Directors meeting. If the recommended designation of the New Transit Corridor Alignment is approved, FORA shall include the New Transit Corridor Alignment in any revision to the Base Reuse Plan.
2. Costs. If any Party elects to incur costs or expenses with respect to the subject matter of this Agreement, then such Party shall be solely responsible for paying for those costs or expenses.
3. Amendment by Written Recorded Instrument. This Agreement may be amended or modified in whole or in part, only by a written and recorded instrument executed by the parties.
4. Indemnity and Hold Harmless. Each Party hereto agrees to indemnify, defend and hold each other Party harmless from and against any loss, cost claim or damage directly related to such Party's actions or inactions under this Agreement.
5. Governing Law. This Agreement shall be governed by and interpreted by and in accordance with the laws of the State of California.
6. Entire Agreement. This Agreement along with any exhibits and attachments hereto, constitutes the entire agreement between the parties hereto concerning the subject matter hereof.
7. Interpretation. It is agreed and understood by the parties hereto that this Agreement has been arrived at through negotiation and that neither party is to be deemed the party which prepared this Agreement within the meaning of Civil Code Section 1654.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year set out opposite their respective signatures.

FORT ORD REUSE AUTHORITY

Date: _____

By: _____
Executive Officer
Michael A. Houlemard, Jr.

By: _____
Gerald D. Bowden, Esq.
FORA Counsel

CITY OF MARINA

Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

CALIFORNIA STATE UNIVERSITY MONTEREY BAY

Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

UNIVERSITY OF CALIFORNIA SANTA CRUZ

Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

GOLDEN GATE UNIVERSITY
a California nonprofit public benefit corporation

Date: _____

By: _____

Its: _____

APPROVED AS TO FORM:

By: _____

MONTEREY SALINAS TRANSIT

Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

TRANSPORATION AGENCY FOR MONTEREY COUNTY

Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

APPROVED AS TO FORM:

By: _____

REDEVELOPMENT AGENCY OF THE COUNTY OF MONTEREY

Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

COUNTY OF MONTEREY

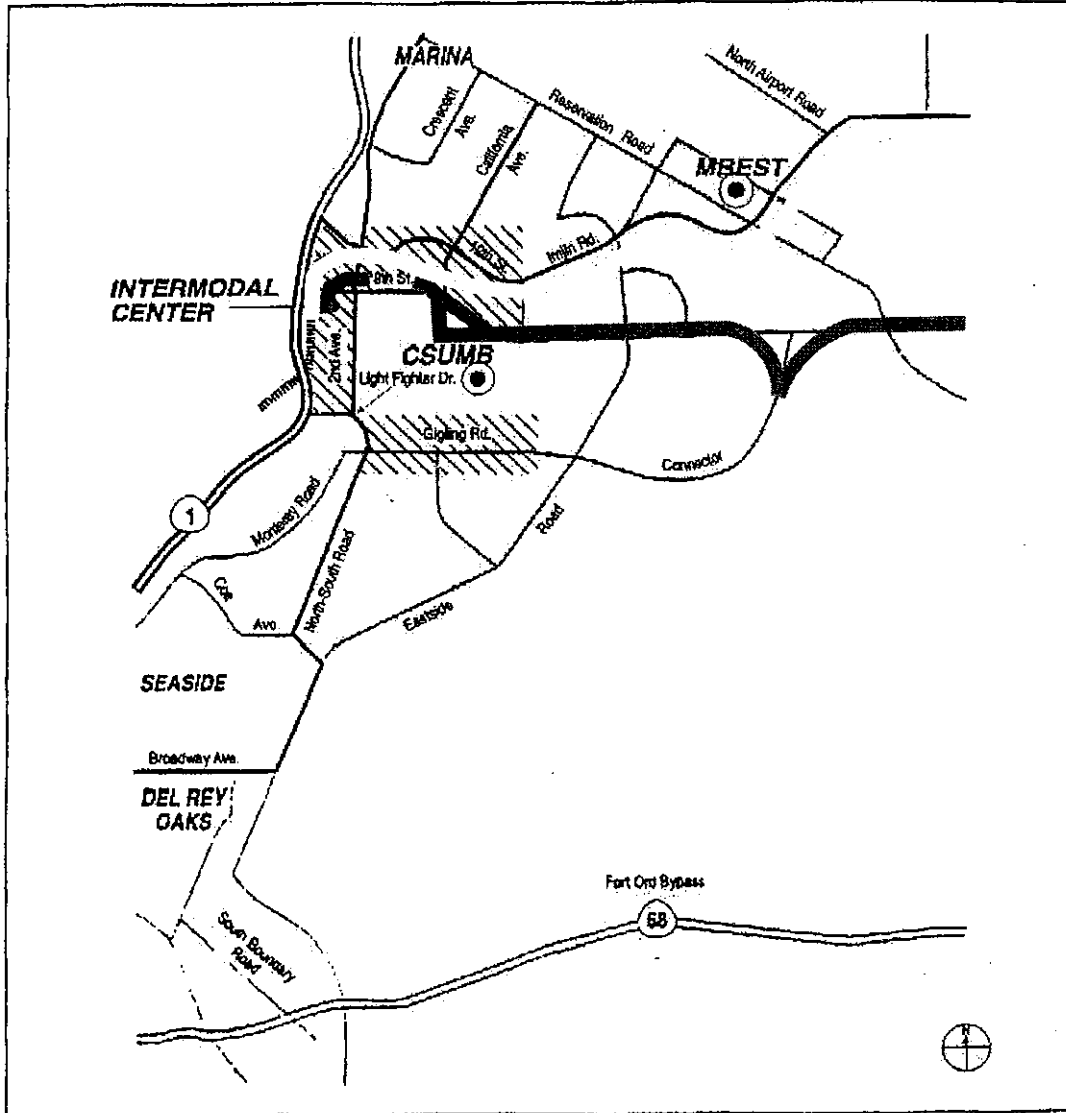
Date: _____

By: _____

APPROVED AS TO FORM:

By: _____

EXHIBIT 1



LEGEND	
	Freeway
	Key Transit Corridor
	Multimodal Corridor Right-of-Way
	Activity Center
	High Density / Mixed-Use Areas

— ADOPTED BY BASE RE-USE PLAN

— STAKEHOLDER PROPOSAL

EXHIBIT 2A

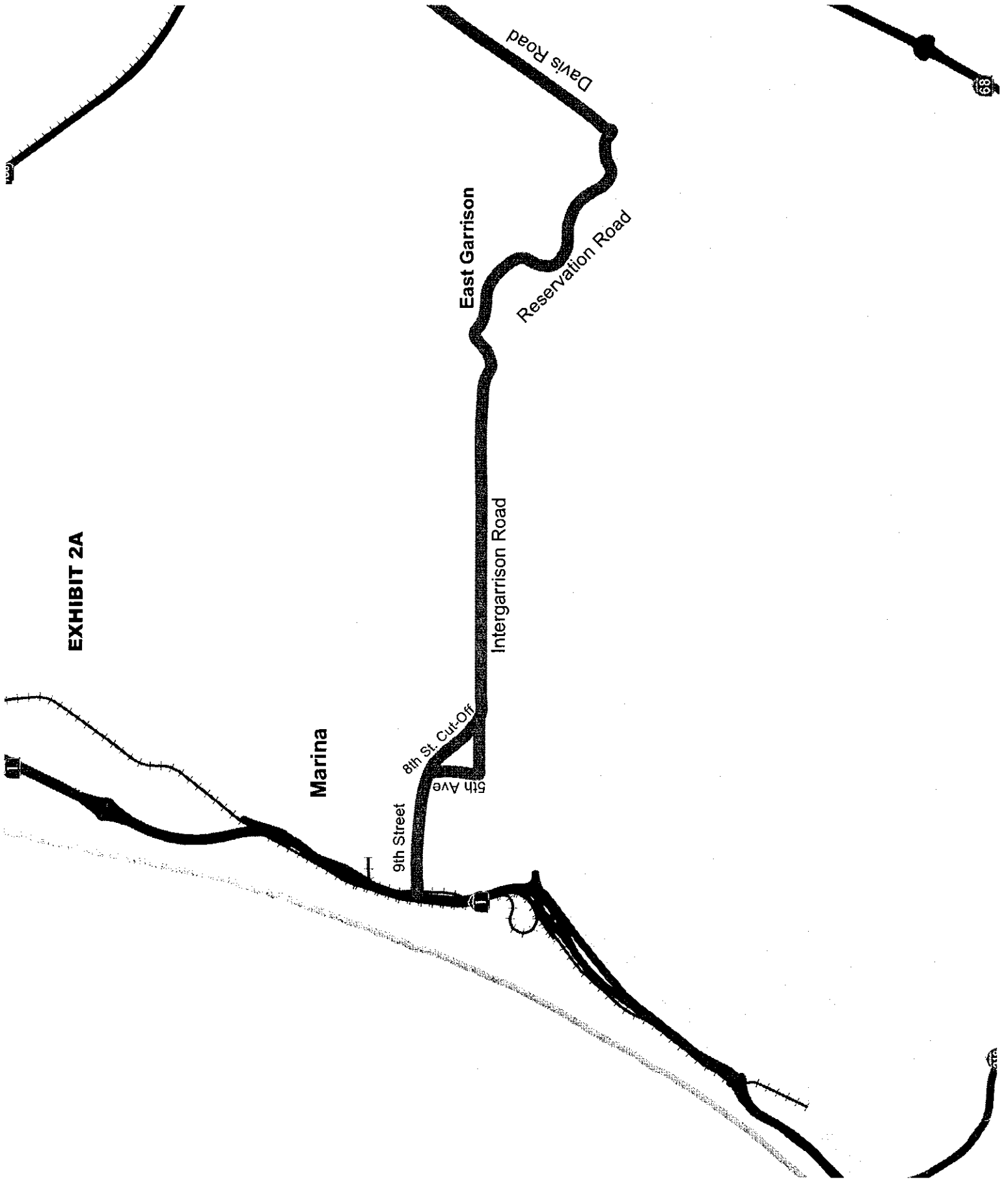


Exhibit 3

Army Corps of Engineers Parcel	Jurisdiction
L2.1	City of Marina
L20.16.1	City of Marina
L20.16.2	City of Marina
L20.16.3	City of Marina
E2b.3.2	City of Marina
E2b.2.3	City of Marina
E2b.1.4	City of Marina
E2d.2	City of Marina
L5.9.1.2	City of Marina
L5.9.2	City of Marina
E2c.4.4	City of Marina
E2c.4.3	City of Marina
S2.5.1.1	City of Marina
S2.5.1.2	Monterey County
E4.6.1	City of Marina
E4.6.2	Monterey County
E4.7.1	City of Marina
E4.7.2	Monterey County
S2.3.2.2	Monterey County
S2.3.1.2	Monterey County
S2.3.2.3	Monterey County
L20.10.1.1	Monterey County
L20.11.1	Monterey County
L20.11.2	City of Marina

April 10, 2008

Report to FORA
Redesignation of the Multi-Modal Transit Corridor within the Former
Fort Ord

1. Introduction

- a. Reason for the need to redesignate the transit corridor** – The Transit Corridor needs to be redesignated to be consistent with the planned site improvements of the various stakeholders that have evolved since the Base Reuse Plan was implemented, as well as route through the most intensive developments to increase ridership. For example, it made sense to relocate the multi-modal corridor to go through the center of the CSUMB campus so that students could have better access, and also route through the East Garrison development. Also, both the North/South transit corridor and an East/West transit corridor are planned to connect at a transit center located on TAMC property on First Avenue and 9th Street in The Dunes (formerly University Village) development project. Finally, the redesignated Transit Corridor reduces habitat impacts by replacing the former transit corridor (Blanco Road Extension) right of way, which would have bisected the University of California Fort Ord Natural Reserve, with a new alignment along Intergarrison Road, which has a smaller impact on habitat.
- b. Purpose of this report** – This report is to serve as a basis for FORA to redesignate the Multi-modal Transit Corridor within the limits of the Former Fort Ord as shown on the approved Base Reuse Plan. The Stakeholders group, consisting of FORA, the City of Marina, Monterey County, CSUMB, Golden Gate University, UC MBEST, UCSC, MPC, TAMC, MST and MCP request that the Transit Corridor be revised as shown on the attached Exhibit 1. The proposed alignment extends from the future Transit Center within the TAMC property at First Avenue in the Dunes development project in Marina, east along 9th Street, southeast along California Avenue, south along Fifth Avenue, east along Intergarrison Road to the East Garrison project, then on to Salinas.

2. Background

- a.** The Transit Corridor, originally shown on the FORA Base Reuse Plan, attached as Exhibit 1 was intended to provide a route extending from Highway 1 east through the Former Fort Ord to Salinas. The need for this corridor has evolved since the adoption of the Base Reuse Plan with the approval of the The Dunes and East Garrison development projects, plans

for the CSUMB campus, and with the planned site improvements by various other stakeholders along the route.

- b. FORA has stated that the process for redesignation of the corridor would be as follows:
- Stakeholders meet to agree upon a plan line
 - City of Marina and County of Monterey prepare engineered plans for their jurisdictions (Attached as Exhibit 4)
 - MST, as the primary user of the corridor, must support the plan
 - Stakeholders agree to giving easements and/or trading land where appropriate
 - FORA Staff to work with the Coordinated Resource Management group (CRMP) as well as Fish & Wildlife to also gain agreement on the new alignment and land exchanges
 - FORA Staff presents to FORA committees and board for approval to change the Base Reuse Plan

This document reports on the first three steps in the process.

3. Process

- a. A series of meetings have been held beginning in 2006 with the stakeholders impacted by the proposed relocation of the Transit Corridor. The City of Marina and Monterey County volunteered to pay for some of the preliminary engineering and for attendance of specialists in BRT and roundabouts at the meetings required to explore alternatives and reach consensus. The meetings were held on the following dates with the noted attendees:

February 24, 2006 – City of Marina, CSUMB, FORA, MCP, Monterey County

April 14, 2006 – City of Marina, FORA, MCP, CSUMB, Monterey County

September 13, 2006 – City of Marina, Monterey County, CSUMB, FORA, MST, TAMC, MPC, Golden Gate, UCSC, MCP

October 27, 2006 – City of Marina, Monterey County, CSUMB, FORA, MST, TAMC, MPC, Golden Gate, UCSC, MCP

December 6, 2006 – City of Marina, FORA, Monterey County, CSUMB, MST, TAMC, MPC, Golden Gate, UCSC, MCP

January 8, 2007 – MST, CSUMB, FORA, Monterey County, City of Marina, Golden Gate University, UC MBEST, MPC, TAMC, MCP,

Graham Carey, BRT Specialist, Eugene, Oregon, Harris & Associates

March 7, 2007 – MST, FORA, TAMC, CSUMB, UCMBEST, Golden Gate, UCSC, MPC, MCP, Monterey County, City of Marina, Harris & Associates

April 3, 2007 – City of Marina, CSUMB, Harris & Associates

April 10, 2007 – MST, CSUMB, City of Marina, Harris & Associates

May 17, 2007- MST, CSUMB, FORA, TAMC, UCMBEST, City of Marina, Monterey County, MPC, MCP, Scott Ritchie, Roundabout Specialist, from Harris & Associates, and Ron Marquez, traffic specialist.

b. Concerns of stakeholders discussed at the meetings included:

- Potential new location of multi-modal corridor - All stakeholders agreed upon a plan line
- Refinement of Eastside Road, Schoonover, and Intergarrison alignments - The County, CSUMB and FORA met separately and agreed on alignments.
- Plan Line location through East Garrison - The County met with MST to agree on best locations
- Road Widths and geometrics in order to best accommodate the BRT line
- Interface of intersections, and interface with potential projects.
- Bus Rapid Transit (BRT) more likely than Light Rail in the beginning. Corridor should be designed to meet both needs for the future.
- BRT and its operation, requirements, characteristics, and interface with and service to potential projects and CSUMB. Location of BRT lane whether in the regular traffic or separate lanes. If separate lanes, then location on one side of street, both sides or in the middle. Also station locations were discussed and locations agreed upon.
- Location and need for roundabouts. Interface with potential projects. Impact of roundabout on new proposed entry characteristics for CSUMB.

- Circulation of pedestrians, bikes and transit vehicles through the roundabouts. All stakeholders agreed that safety of pedestrians and cyclists was top priority in roundabout design.
 - Interface of Bus Rapid Transit (BRT) lanes with 8th Street/California Avenue intersection and traffic signal. Per MST, BRT is the likely user of the Transit Corridor.
 - BRT circulation through UV (The Dunes) and CSUMB. CSUMB prefers that BRT run south along Fifth Avenue from 8th Street into CSUMB, then east along Intergarrison. Fifth Avenue within CSUMB will be restricted to local vehicles only and BRT.
 - Impact of roundabouts on BRT effectiveness. MST had concerns for potential delays to BRT while passing through roundabouts, thereby reducing the effectiveness and popularity of BRT, but agreed that the roundabout could be effective.
 - BRT and residential side street interface within The Dunes. MCP (Marina Community Partners), the developer of The Dunes noted that they are prepared for the impact of BRT on side street access should the final alignment within California Avenue be along the west side of the street.
- c. A number of alternatives were reviewed with the Stakeholders. In particular, alternatives for roundabout locations and BRT lanes were evaluated. Potential roundabout locations were reviewed at the following intersections:
- 9th Street and California Avenue
 - 8th Street and California Avenue
 - 8th Street and Intergarrison
 - 8th Street and Imjin Road
- d. The stakeholders received input from two specialists, Graham Carey from Lane Transit District in Eugene, Oregon, BRT specialist, and Scott Ritchie of Roundabouts and Traffic Engineering, roundabout specialist. While both specialists disagreed slightly on the effectiveness of running BRT through a roundabout, they both agreed that examples exist of running rail transit thru roundabouts in the US and that, while not preferred, BRT could safely interface with roundabout traffic if required. Slight delays in BRT would be expected, but not significantly enough to jeopardize the effectiveness of the roundabout in maintaining acceptable LOS amongst motor vehicle traffic.
- e. One of the points of significant discussion with the stakeholders was the need for roundabouts along the Transit Corridor. The UV Specific Plan

shows a roundabout on 9th Street between First and Second Avenues attached as Exhibit 3. Additionally, a roundabout is specified as a Mitigation Measure in the Final EIR for UV at 8th Street and Imjin Road. Finally, the CEQA settlement agreement for litigation between opponents of the UV project and the City of Marina specifies that at least 2 roundabouts must be constructed on the multi-modal corridor.

- f. **Conclusions of the stakeholders** - Based on the requirements described above and the many alternatives reviewed, the conclusion of the stakeholders was to support the location for a roundabout at 8th Street and Imjin Road, which avoids interface between the Transit Corridor and the roundabout. The western roundabout on 9th Street between First and Second Avenues will remain as shown on the UV Specific Plan.

4. **Conclusion**

Based on the many meetings and discussions, the stakeholders request that the Multi Modal Transit Corridor within the former Fort Ord be redesignated as shown on the attached Exhibit 2.

5. **Exhibits**

- a. Exhibit 1 - FORA Base Reuse Exhibit showing Transit Corridors both as previously adopted and as proposed.
- b. Exhibit 2 – Stakeholders' proposed new Multi Modal Transit Corridor
- c. Exhibit 3 - University Village Specific Plan Figure 2-2 Land Use Designations
- d. Exhibit 4 - Preliminary 8th Street Alignment Study prepared by the City of Marina within Marina City Limits and the Intergarrison Alignment Study prepared by the County for area within the County's jurisdiction.

The Bluffs

14052 Reservation Road, Salinas 93908-926

October 24, 2008



Michael Houlemard
Executive Officer
Fort Ord Reuse Authority
100 12th Street, Building 2880
Marina, CA 93933

RE: Proposed traffic changes to Reservation Road at Davis Road

Dear Mr. Houlemard:

Thank you for inviting The Bluffs Homeowners Association to comment on the proposed changes to traffic affecting the intersection at Reservation Road and Davis Road.

The Bluffs is a 43-home planned unit development built in the late 1970's. The sole entrance drive is located at the intersection of Reservation Road and Davis Road. This is an uncontrolled intersection with limited visibility due to the curvature of the road and the topography. Although the speed limit is 45 miles per hour, speeding is common and efforts to encourage better enforcement have been unsuccessful. Collision accidents occur frequently.

While residents represent a mix of age groups, several bought their homes in the late 70's and are now older adults. Entering and leaving The Bluffs into high speed traffic can be a daily nightmare for these residents.

Our first concern is that the proposed Multi-Modal Transit Corridor will route more traffic onto Reservation Road before the envisioned future enhancements occur. This would exacerbate an already dangerous condition.

At the time Reservation Road is improved to handle this additional flow, we see three primary issues:

First, we are concerned that the improvements to the corner of Reservation Road and Davis Road actually lead to a safer intersection. As noted above, increasing traffic loads, high-speed drivers, and the existing bends both to the right and left of the Bluffs entrance already make entering and leaving The Bluffs risky. The proposed Multi-Modal Transit Corridor promises even more traffic, while the dry-weather ford over the Salinas River on Davis Road and an unwidened

9

Reservation Road connection to Highway 68 will likely lead to even more congestion. These issues demand expert traffic engineering and planning.

Second, we are concerned that the existing bluffs along Reservation Road not be further undercut by the widening of Reservation Road. These slopes are already steep cliffs that will be subject to severely accelerated erosion if their bases are altered. Several of our homes are located along part of the cliff tops where we have already engineered controls on runoff. Increased cliff erosion simply cannot be tolerated.

And third, we are concerned that the widening of Reservation Road and the re-engineering of the Reservation Road/Davis Road intersection not alter the only entrance to The Bluffs. This entrance now features an ornamental fence, mature oak trees, ornamental plantings, an electric gate, an irrigation system, a retaining wall, attractive signage, and our welcoming board with telephone connections. It also affords some safety from the traffic on Reservation Road by serving as an on-ramp/off-ramp to the intersection. These design features and improvements represent a substantial investment by our Homeowners Association.

Finally, we are concerned that safe and convenient access to our single entry and exit drive will be assured during the construction process and that good communication and coordination with the The Bluffs HOA will be a part of the planning.

Thank you for your attention to these issues. Should you wish to contact me, my phone number is (831) 758-9099 and my e-mail address is helgren@razzolink.com.

We look forward to full consultation as your planning proceeds.

Sincerely,



David M. Helgren, President,
The Bluffs Homeowners Association

cc: Jonathon Garcia

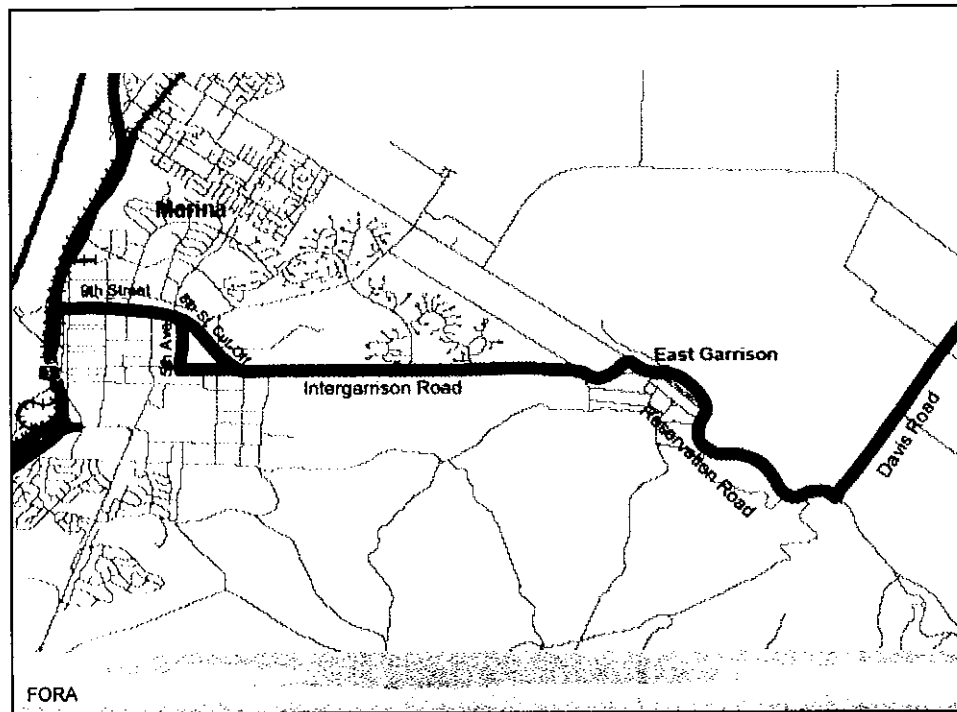
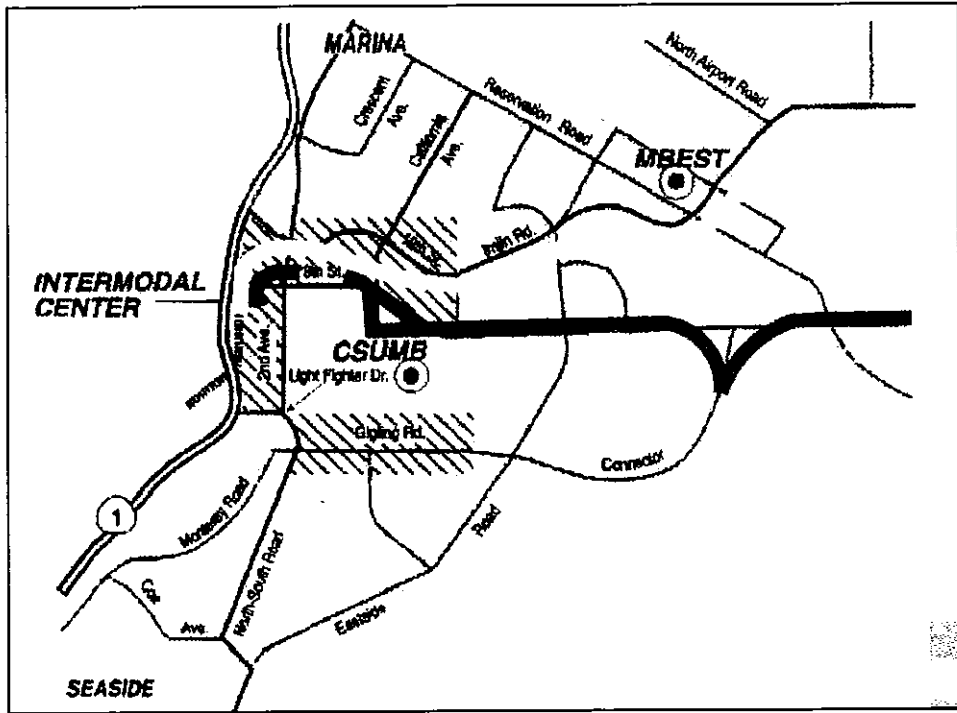
Fort Ord Reuse Authority

Multi-Modal Transit Corridor Realignment – Memorandum of Agreement

***FORA Board Meeting
December 12, 2008***

Background/Summary

- ❖ Stakeholders group supports proposed Multi-Modal Transit Corridor (MMTC) realignment from Imjin Parkway to Intergarrison Road
- ❖ Wildlife Agencies reject existing MMTC and support proposed realignment
- ❖ Memorandum of Agreement (MOA) drafted to allow MMTC realignment



Outstanding Issues

- ❖ The Bluffs HOA
- ❖ MST Approval
- ❖ Rights of Way (ROW) purchase

Response

- ❖ MMTC project will be subject to CEQA review before construction phase
- ❖ MOA is a framework for realignment, does not resolve all issues
- ❖ In past, jurisdictions have donated ROW for roadway projects. ROW for MMTC realignment provides net benefit to parties involved

Recommendation

- ❖ Authorize the Executive Officer to execute the MMTC realignment MOA

FORT ORD REUSE AUTHORITY BOARD REPORT

OLD BUSINESS

Subject: Imjin Office Park: Agreement with Marina Coast Water District regarding sale and joint building

Meeting Date: December 12, 2008

Agenda Number: 6d

ACTION

RECOMMENDATION(S):

1. Authorize the Executive Officer to execute an agreement with Marina Coast Water District ("MCWD") regarding the sale of FORA property and joint building consistent with the term sheet ("**Attachment A**").
2. Adopt the Resolution 08-11 granting PG&E an easement for underground electric and gas facilities to serve the new Imjin Office Park ("IOP") development ("**Attachment B**").

BACKGROUND:

On January 11, 2008, the Fort Ord Reuse Authority ("FORA") Board directed staff to identify a developer to buy-out FORA's interest in the IOP project through a Request for Proposals ("RFP") process. MCWD responded to FORA's RFP, expressing interest in constructing FORA's IOP building and leasing 8,809 square feet of office space to FORA at a reduced rate in exchange for the property.

DISCUSSION:

The Association of Monterey Bay Area Governments ("AMBAG") also owns property on the Imjin Office Park site and has found itself in need of securing a developer to purchase its interest in the project. MCWD is also proposing, in similar terms to that of its FORA offer, to acquire AMBAG's property in exchange for leasing the remaining 6,192 square feet of the FORA office building to AMBAG. FORA and AMBAG would become co-tenants of the site and MCWD would develop the former AMBAG site at some point in the future. MCWD will obtain appraisals for the AMBAG and FORA parcels to establish land value to be credited as rent. The FORA-MCWD agreement would allow FORA to exchange its fair market value in the property for free rent over the next 5 years. Adoption of Resolution 08-11 would allow FORA to grant an easement to PG&E for underground electric and gas facilities serving the IOP project.

FISCAL IMPACT:

Reviewed by FORA Controller 

The proposed agreement provides an exchange of fair market land value for rental value at the Imjin Office Park site, as determined by third-party consultants. Approval of staff's recommendations would provide a new office facility during FORA's remaining years and clear the way for Dunes on Monterey Bay development by the City of Marina.

COORDINATION:

MCWD, Authority Counsel, Executive Committee, and Administrative Committee

Prepared by  Jonathan Garcia Reviewed by  Steve Endsley

Approved by  Michael A. Houlihan, Jr.

DRAFT

DRAFT

TERM SHEET
CONCERNING FORT ORD REUSE AUTHORITY AND ASSOCIATION OF
MONTEREY BAY AREA GOVERNMENTS' IMJIN OFFICE PARK BUILDING LOTS
AND PLANS

11-25-2008

This Term Sheet summarizes the principal terms for transfer of Fort Ord Reuse Authority ("FORA") property and Association of Monterey Bay Area Governments ("AMBAG") property at the Northeast corner of Imjin Parkway and Second Avenue in Marina, California, to Marina Coast Water District ("MCWD").

Terms	
FORA's consideration given to Marina Coast Water District:	<ol style="list-style-type: none"> 1. Completed building and site plans for one 15,001-square foot building. 2. a 1.26-acre parcel on the Northeast corner of Imjin Parkway and Second Avenue in Marina, CA, identified as Assessor's Parcel Number 031-251-038000.
AMBAG's consideration given to Marina Coast Water District:	<ol style="list-style-type: none"> 1. Completed building and site plans for one 8,981-square foot building. 2. a 1.07-acre parcel on the Northeast corner of Imjin Parkway and Second Avenue in Marina, CA, identified as Assessor's Parcel Number 031-251-040000.
MCWD's consideration given to FORA:	<ol style="list-style-type: none"> 1. MCWD agreement to assume FORA's ongoing soft and hard cost contracts (Paul Davis Partnership [architect] site and building design contracts, Enovity, Inc. [LEED commissioning agent] contract, and FORA-Carpenters reimbursement agreement for phase I site improvements). 2. MCWD agreement to build the 15,001-square foot building on the 1.26-acre Imjin Office Park project site. 3. MCWD agreement with FORA to determine the value of FORA's 1.26-acre property through a mutually agreed upon third party appraisal or economic valuation, consistent with state law and existing agreements. 4. MCWD agreement to charge FORA rent for 8,809 square feet of space in the 15,001-square foot building through a mutually agreed upon third party determination of value. 5. MCWD agreement to lease 8,809 square feet in the 15,001-square foot building to FORA or FORA's successor in interest until: a) the determined land value of the 1.26-acre property is completely credited as rent payments or b) June 30, 2014, whichever time-frame is longer. If FORA's land value is fully

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	<p>credited as rent payments prior to June 30, 2014, MCWD will continue leasing the space to FORA and collect the same rental value in payments from FORA until June 30, 2014. If FORA's land value is not fully credited as rent payments prior to June 30, 2014, MCWD will continue to rent to FORA's successor until the land value is fully credited.</p>
<p>MCWD's consideration given to AMBAG:</p>	<ol style="list-style-type: none">1. MCWD agreement to assume AMBAG's ongoing soft and hard cost contracts (Paul Davis Partnership [architect] site and building design contracts, Enovity, Inc. [LEED commissioning agent] contract, and AMBAG-Ausonio's phase I site improvement agreement).2. MCWD agreement to build the 15,001-square foot building on the Imjin Office Park project site.3. MCWD agreement with AMBAG to determine the value of AMBAG's 1.07-acre property either through a mutually agreed upon third party appraisal or economic valuation, consistent with state law and existing agreements.4. MCWD agreement to charge AMBAG rent for 6,192 square feet of space in the 15,001-square foot building through a mutually agreed upon third party determination of value until a) the determined land value of the 1.07-acre property is completely credited or b) tens years, whichever condition being longer.
<p>Termination:</p>	<p>10-years or until all terms of the above referenced agreements are satisfied.</p>
<p>Extension:</p>	<p>The above-referenced FORA-MCWD agreements and AMBAG-MCWD agreements may be extended upon written agreement between FORA and MCWD or AMBAG and MCWD.</p>
<p>Caveat:</p>	<p>These agreements will be subject to counsel review.</p>

Resolution 08-11

Resolution of the Authority Board)
granting Pacific Gas and Electric)
Company an easement for underground)
gas and electric facilities serving the)
new Fort Ord Reuse Authority Complex)
Development)

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

WHEREAS, the Fort Ord Reuse Authority ("FORA") has been actively pursuing development of the Imjin Office Park ("IOP") project, a joint-use office project at the northeast corner of Imjin Parkway and Second Avenue in Marina, California, in cooperation with the Association of Monterey Bay Area Governments ("AMBAG"), the Builders Exchange of the Central Coast ("BXCC"), and the Carpenters Local 605 ("Carpenters"); and

WHEREAS, FORA, AMBAG, BXCC, and Carpenters have coordinated with Pacific Gas and Electric Company ("PG&E") to complete their design of gas and electric facilities to serve the IOP project.

NOW, THEREFORE, BE IT RESOLVED by the FORA Board of Directors that:

1. FORA grants to PG&E an easement for underground gas and electric facilities serving the new FORA complex development as described in the easement deed and its attachments ("Exhibit 1").

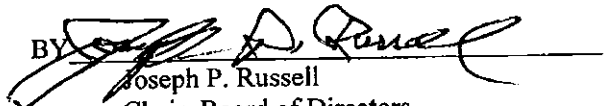
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Upon motion by Supervisor Mettee-McCutchon, seconded by Council Member Mancini, the foregoing resolution was passed on this 12th day of December 2008, by the following vote:

AYES: 10 Directors Russell, McCloud, McCall, Mancini, Mettee-McCutchon, Rubio,
Wilmot, Barnes, Pendergrass and Della Sala
NOES: -0-
ABSTENTIONS: -0-
ABSENT: 3 Directors Calcagno, Potter and Davis

I, Mayor Joseph P. Russell, Chair of the Board of Directors of the Fort Ord Reuse Authority of the County of Monterey, State of California, do hereby certify that the foregoing is a true copy of an original order of the said Board of Directors duly made and entered under Item 6d, Page 4, of the board meeting minutes of December 12, 2008, thereof, which are kept in the Minute Book resident in the offices of the Fort Ord Reuse Authority.

Jan. 9, 2009
2008

BY 
Joseph P. Russell
Chair, Board of Directors
Fort Ord Reuse Authority

RECORDING REQUESTED BY AND RETURN TO:

EXHIBIT 1

PACIFIC GAS AND ELECTRIC COMPANY
Salinas Land Services Office
356 E. Alisal St.
Salinas, CA 93901

Location: City of Marina

Recording Fee \$ _____

Document Transfer Tax \$ NONE

This is a conveyance where the consideration and Value is less than \$100.00 (R&T 11911).

Computed on Full Value of Property Conveyed, or

Computed on Full Value Less Liens & Encumbrances Remaining at Time of Sale

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

EASEMENT DEED

LD# 2214-01-

FORT ORD REUSE AUTHORITY, a public corporation of the State of California,

hereinafter called first party, hereby grants to PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called second party, the right from time to time to construct, reconstruct, install, inspect, maintain, replace, remove, and use facilities of the type hereinafter specified, together with a right of way therefor, within a strip of land as hereinafter set forth, and also ingress thereto and egress therefrom, over and across the lands of first party situate in the City of Marina, County of Monterey, State of California, described as follows:

(APN 031-251-038)

Parcel 2 of that certain map filed for record October 11, 2007 in Volume 22 of Parcel Maps at Page 77, Monterey County Records.

Said facilities shall consist of:

Such underground conduits, pipes, manholes, service boxes, wires, cables, and electrical conductors; aboveground marker posts, risers, and service pedestals; underground and aboveground switches, fuses, terminals, and transformers with associated concrete pads; and fixtures and appurtenances necessary to any and all thereof, as second party deems necessary for the distribution of electric energy and for communication purposes; and one or more underground pipes with suitable service pipes and connections, as Pacific Gas and Electric Company deems necessary for the conveyance by it of gas; all to be located within the strip of land of the uniform width of 15 feet, the center line of which is delineated by the heavy dashed line shown upon the print of second party's Exhibit "A" attached hereto and made a part hereof.

First party further grants to second party the right from time to time to trim or to cut down and clear away any and all trees and brush now or hereafter along or within said strip and shall have the further right from time to time to trim and to cut down and clear away trees on each side along said strip which now or hereafter in the opinion of second party may be a hazard to the facilities installed hereunder by reason of the danger of falling thereon, provided, however, that all trees which second

GRANTOR'S COPY

party is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of first party, but all tops, lops and brush shall be burned or removed by second party.

First party shall not erect or construct any building or other structure or drill or operate any well within said strip.

First party acknowledges that they have read the "Grant of Easement Disclosure Statement", Exhibit "B", attached hereto and made a part hereof.

The legal description herein, or the map attached hereto, defining the location of this utility distribution easement, was prepared by Pacific Gas and Electric Company pursuant to Section 8730 (c) of the Business and Professions Code.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

Dated: _____, _____

FORT ORD REUSE AUTHORITY, a public corporation of the State of California,

By _____

By _____

I hereby certify that a resolution was adopted on the _____ day of _____, 2008 by the _____ authorizing the foregoing grant of easement.

By _____

Title _____

Area 3, Central Coast Division
Salinas Land Services Office
Gas Distribution
M.D.M. T. 14 S., R. 01 E., Sec 36- NE ¼ of SW ¼
FERC License Number(s): N/A
PG&E Drawing Number(s): 14-1-50S
PLAT NO. 3-3897-A07(G) H-05-04(E)
LD of any affected documents: N/A
LD of any Cross-referenced documents: N/A
TYPE OF INTEREST: 05, 53
SBE Parcel Number: N/A
(For Quitclaims, % being quitclaimed): N/A
PM #: 30651170
JCN: N/A
County: Monterey
Utility Notice Numbers: N/A
851 Approval Application No. N/A Decision N/A
Prepared By: CEK0
Checked By: BFF3
Revision Number: N/A

State of California
County of _____)

On _____, before me, _____
Here insert name and title of the officer

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

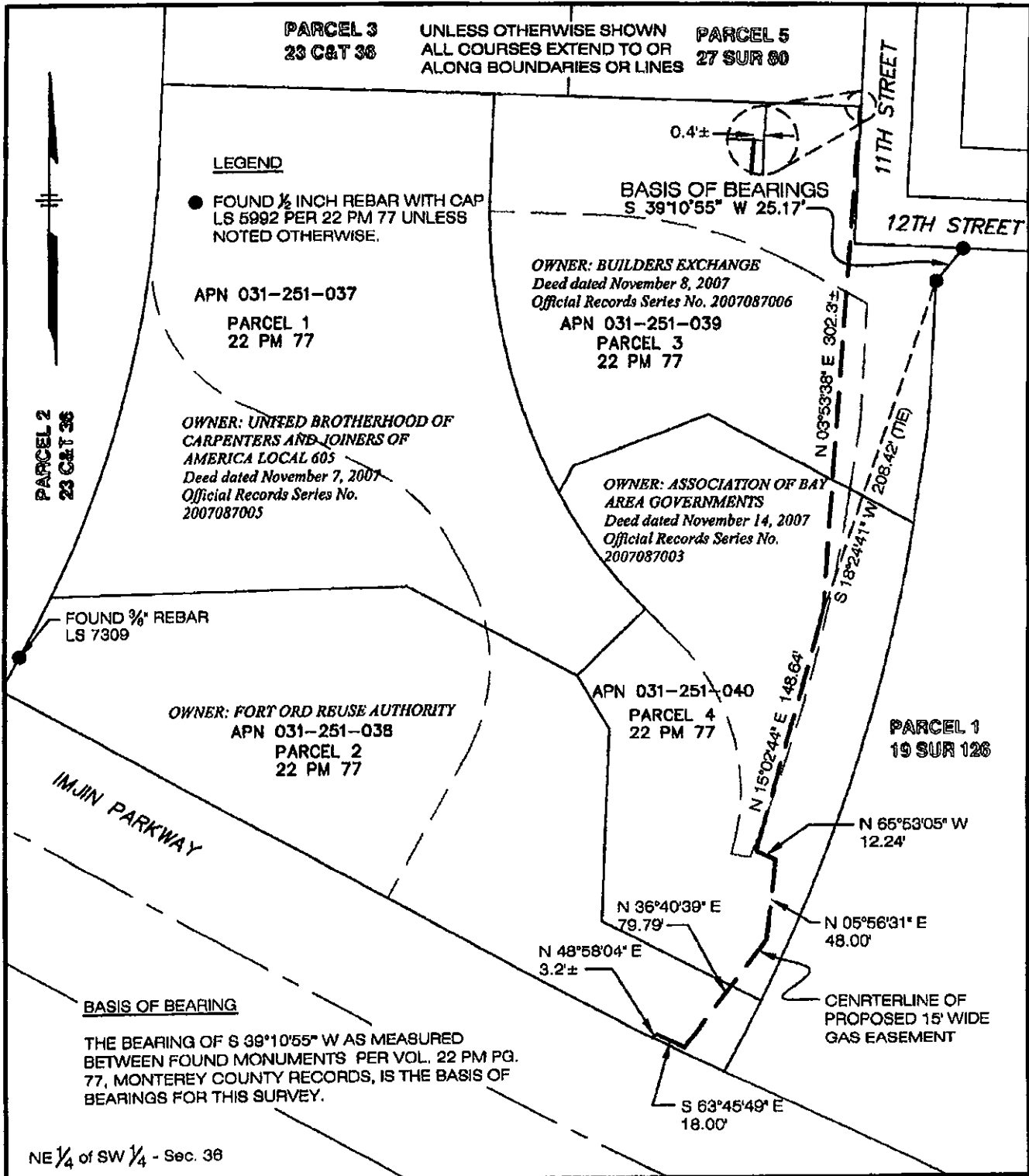
Signature of Notary Public

(Seal)

CAPACITY CLAIMED BY SIGNER

- Individual(s) signing for oneself/themselves
- Corporate Officer(s) of the above named corporation(s)
- Trustee(s) of the above named Trust(s)
- Partner(s) of the above named Partnership(s)
- Attorney(s)-in-Fact of the above named Principal(s)
- Other _____

EXHIBIT "A"



Applicant: FORT ORD REUSE AUTHORITY				SCALE 1" = 80'	DATE 10/15/2008
SECTION 36	TOWNSHIP 14 S.	RANGE 1 E.	MERIDIAN MDB&M	COUNTY OF: MONTEREY	CITY OF: MARINA
PLAT MAP REFERENCES H-05-04(E) 3897-A07(G)				F.B.: PG&E	DR. BY: CEKO CH. BY: BFF3
		CENT. COAST DIVISION		30651170 AUTHORIZ	14-1-50S DRAWING NO.



EXHIBIT "B"

GRANT OF EASEMENT DISCLOSURE STATEMENT

This Disclosure Statement will assist you in evaluating the request for granting an easement to Pacific Gas and Electric Company (PG&E) to accommodate a utility service extension to PG&E's applicant. **Please read this disclosure carefully before signing the Grant of Easement.**

- You are under no obligation or threat of condemnation by PG&E to grant this easement.
- The granting of this easement is an accommodation to PG&E's applicant requesting the extension of PG&E utility facilities to the applicant's property or project. Because this easement is an accommodation for a service extension to a single customer or group of customers, PG&E is not authorized to purchase any such easement.
- By granting this easement to PG&E, the easement area may be used to serve additional customers in the area. Installation of any proposed facilities outside of this easement area will require an additional easement.
- Removal and/or pruning of trees or other vegetation on your property may be necessary for the installation of PG&E facilities. You have the option of having PG&E's contractors perform this work on your property, if available, or granting permission to PG&E's applicant or the applicant's contractor to perform this work. Additionally, in order to comply with California fire laws and safety orders, PG&E or its contractors will periodically perform vegetation maintenance activities on your property as provided for in this grant of easement in order to maintain proper clearances from energized electric lines or other facilities.
- The description of the easement location where PG&E utility facilities are to be installed across your property must be satisfactory to you.
- The California Public Utilities Commission has authorized PG&E's applicant to perform the installation of certain utility facilities for utility service. In addition to granting this easement to PG&E, your consent may be requested by the applicant, or applicant's contractor, to work on your property. Upon completion of the applicant's installation, the utility facilities will be inspected by PG&E. When the facility installation is determined to be acceptable the facilities will be conveyed to PG&E by its applicant.

By signing the Grant of Easement, you are acknowledging that you have read this disclosure and understand that you are voluntarily granting the easement to PG&E. Please return the signed and notarized Grant of Easement with this Disclosure Statement attached to PG&E. The duplicate copy of the Grant of Easement and this Disclosure Statement is for your records.

DRAFT

DRAFT

ATTACHMENT B
Item 6d
FORA Board Meeting, December 12, 2008

Resolution 08-11

Resolution of the Authority Board)
Granting Pacific Gas and Electric)
Company an easement for underground)
gas and electric facilities serving the)
new Fort Ord Reuse Authority Complex)
Development.)

THIS RESOLUTION is adopted with reference to the following facts and circumstances:

WHEREAS, the Fort Ord Reuse Authority (“FORA”) has been actively pursuing development of the Imjin Office Park (“IOP”) project, a joint-use office project at the northeast corner of Imjin Parkway and Second Avenue in Marina, California, in cooperation with the Association of Monterey Bay Area Governments (“AMBAG”), the Builders Exchange of the Central Coast (“BXCC”), and the Carpenters Local 605 (“Carpenters”); and

WHEREAS, FORA, AMBAG, BXCC, and Carpenters have coordinated with Pacific Gas and Electric Company (“PG&E”) to complete their design of gas and electric facilities to serve the IOP project.

NOW, THEREFORE, BE IT RESOLVED by the FORA Board of Directors that:

1. FORA grants to PG&E an easement for underground gas and electric facilities serving the new FORA complex development as described in the easement deed and its attachments (“**Exhibit 1**”).

Upon motion by _____, seconded by _____, the foregoing resolution was passed on this 12th day of December 2008, by the following vote:

AYES:
NOES:
ABSTENTIONS:
ABSENT:

I, Mayor Russell, Chair of the Board of Directors of the Fort Ord Reuse Authority of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of the said Board of Directors duly made and entered under Item __, Page __, of the board meeting minutes of _____, 2008 thereof, which are kept in the Minute Book resident in the offices of the Fort Ord Reuse Authority.

_____ 2008 BY _____
Joseph Russell
Chair, Board of Directors
Fort Ord Reuse Authority

Distribution Easement (Rev. 06/08)

RECORDING REQUESTED BY AND RETURN TO:

PACIFIC GAS AND ELECTRIC COMPANY
Salinas Land Services Office
356 E. Alisal St.
Salinas, CA 93901

Location: City of Marina

Recording Fee \$ _____

Document Transfer Tax \$ NONE

This is a conveyance where the consideration and Value is less than \$100.00 (R&T 11911).

Computed on Full Value of Property Conveyed, or

Computed on Full Value Less Liens

& Encumbrances Remaining at Time of Sale

Signature of declarant or agent determining tax

(SPACE ABOVE FOR RECORDER'S USE ONLY)

LD# 2214-01-

EASEMENT DEED

FORT ORD REUSE AUTHORITY, a public corporation of the State of California,

hereinafter called first party, hereby grants to PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called second party, the right from time to time to construct, reconstruct, install, inspect, maintain, replace, remove, and use facilities of the type hereinafter specified, together with a right of way therefor, within a strip of land as hereinafter set forth, and also ingress thereto and egress therefrom, over and across the lands of first party situate in the City of Marina, County of Monterey, State of California, described as follows:

(APN 031-251-038)

Parcel 2 of that certain map filed for record October 11, 2007 in Volume 22 of Parcel Maps at Page 77, Monterey County Records.

Said facilities shall consist of:

Such underground conduits, pipes, manholes, service boxes, wires, cables, and electrical conductors; aboveground marker posts, risers, and service pedestals; underground and aboveground switches, fuses, terminals, and transformers with associated concrete pads; and fixtures and appurtenances necessary to any and all thereof, as second party deems necessary for the distribution of electric energy and for communication purposes; and one or more underground pipes with suitable service pipes and connections, as Pacific Gas and Electric Company deems necessary for the conveyance by it of gas; all to be located within the strip of land of the uniform width of 15 feet, the center line of which is delineated by the heavy dashed line shown upon the print of second party's Exhibit "A" attached hereto and made a part hereof.

First party further grants to second party the right from time to time to trim or to cut down and clear away any and all trees and brush now or hereafter along or within said strip and shall have the further right from time to time to trim and to cut down and clear away trees on each side along said strip which now or hereafter in the opinion of second party may be a hazard to the facilities installed hereunder by reason of the danger of falling thereon, provided, however, that all trees which second

GRANTOR'S COPY

party is hereby authorized to cut and remove, if valuable for timber or wood, shall continue to be the property of first party, but all tops, lops and brush shall be burned or removed by second party.

First party shall not erect or construct any building or other structure or drill or operate any well within said strip.

First party acknowledges that they have read the "Grant of Easement Disclosure Statement", Exhibit "B", attached hereto and made a part hereof.

The legal description herein, or the map attached hereto, defining the location of this utility distribution easement, was prepared by Pacific Gas and Electric Company pursuant to Section 8730 (c) of the Business and Professions Code.

The provisions hereof shall inure to the benefit of and bind the successors and assigns of the respective parties hereto.

Dated: _____, _____.

FORT ORD REUSE AUTHORITY, a public corporation of the State of California,

By _____

By _____

I hereby certify that a resolution was adopted on the _____ day of _____, 2008 by the _____ authorizing the foregoing grant of easement.

By _____

Title _____

Area 3, Central Coast Division
Salinas Land Services Office
Gas Distribution
M.D.M. T. 14 S., R. 01 E., Sec 36- NE ¼ of SW ¼
FERC License Number(s): N/A
PG&E Drawing Number(s): 14-1-50S
PLAT NO. 3-3897-A07(G) H-05-04(E)
LD of any affected documents: N/A
LD of any Cross-referenced documents: N/A
TYPE OF INTEREST: 05, 53
SBE Parcel Number: N/A
(For Quitclaims, % being quitclaimed): N/A
PM #: 30651170
JCN: N/A
County: Monterey
Utility Notice Numbers: N/A
851 Approval Application No. N/A Decision N/A
Prepared By: CEK0
Checked By: BFF3
Revision Number: N/A

State of California
County of _____)

On _____, before me, _____,

Here insert name and title of the officer

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

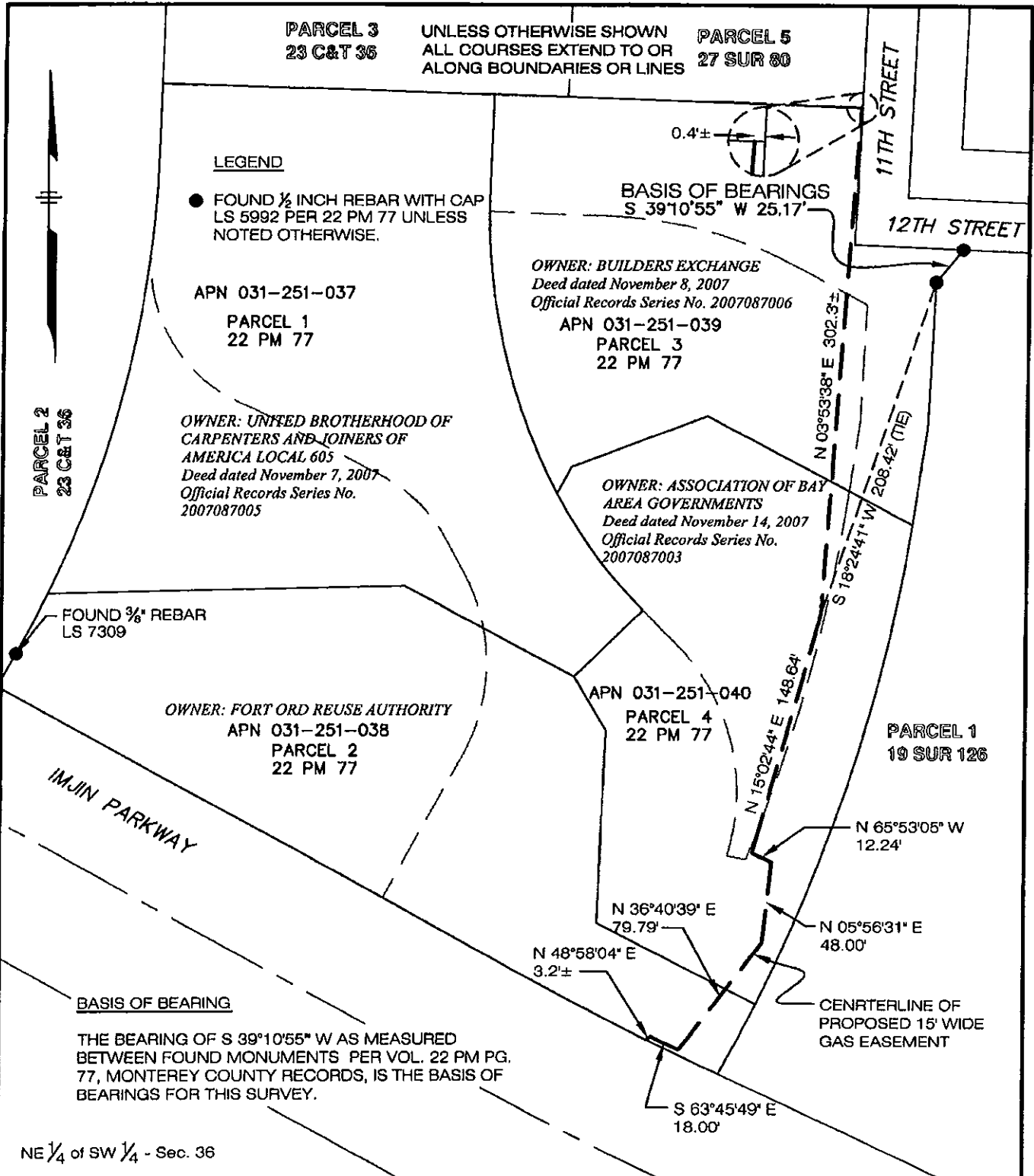
Signature of Notary Public

(Seal)

CAPACITY CLAIMED BY SIGNER

- Individual(s) signing for oneself/themselves
- Corporate Officer(s) of the above named corporation(s)
- Trustee(s) of the above named Trust(s)
- Partner(s) of the above named Partnership(s)
- Attorney(s)-in-Fact of the above named Principal(s)
- Other _____

EXHIBIT "A"



Applicant: FORT ORD REUSE AUTHORITY				SCALE: 1" = 80'	DATE: 10/15/2008
SECTION: 36	TOWNSHIP: 14 S.	RANGE: 1 E.	MERIDIAN: MDB&M	COUNTY OF: MONTEREY	CITY OF: MARINA
PLAT MAP H-05-04(E) 3897-A07(G)			PG&E	DR. BY: CEKO	CH. BY: BFF3
REFERENCES			CENT. COAST DIVISION	30651170 AUTHORIZ	14-1-50S DRAWING NO.

Pacific Gas and Electric Company



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FORT ORD REUSE AUTHORITY BOARD REPORT

NEW BUSINESS

Subject: Fiscal Year 07-08 Annual Financial Report

Meeting Date: December 12, 2008

Agenda Number: 7a

ACTION

RECOMMENDATION:

Accept the Fiscal Year 07-08 Annual Financial Report (Audit Report) of the Fort Ord Reuse Authority (FORA) by Marcello & Company, Certified Public Accountants (Auditor).

BACKGROUND:

In FY 03-04 FORA implemented the Governmental Accounting Standards Board (GASB) Statement 34 (GASB-34) that establishes new requirements for the annual financial reports of state and local governments. Pursuant to GASB-34 provisions, FORA management is required to provide a management discussion and analysis (MD&A) in conjunction with the new financial statement reporting. The purpose of the MD&A is to introduce the financial statements and to provide an analytical overview of FORA's financial activities. The MD&A begins on page 3 of the Audit Report.

DISCUSSION:

The Auditor began their audit work in September; the field work was completed in mid-October. FORA Finance Committee (FC) reviewed the draft report on October 20, 2008. The Auditor attended the meeting to present the Audit Report conclusions and answer questions. He informed the FC that FORA's internal controls produced financial statements that fairly represent FORA's financial position at June 30, 2008 and he did not report any findings or improvements in the internal control structure. The FC suggested several edits and minor changes to the draft report. The FC unanimously voted to recommend that the FORA Board accept the FY 07-08 Audit Report pending the recommended changes.

The Auditor expressed the unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the Fort Ord Reuse Authority as of June 30, 2008. Further, he asserted that the results of FORA operations for the year concluded in conformity with GAAP. There were no findings or questioned costs.

Copies of the Audit Report are included in the FORA member board packets. Interested members of public can get copies at FORA office or on-line at www.fora.org.

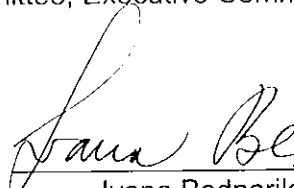
FISCAL IMPACT:

Cost for the audit services is included in the approved FY 08-09 operating budget.

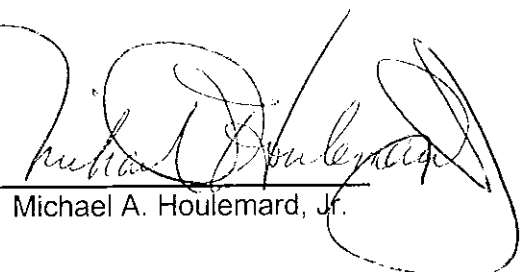
COORDINATION:

Finance Committee, Executive Committee, Marcello & Company.

Prepared by:


Ivana Bednarik

Approved by:


Michael A. Houlemard, Jr.

M&C

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

FORT ORD REUSE AUTHORITY
Marina, California

Annual Financial Report
June 30, 2008

Board of Directors

Voting Members

Representing

Title

Mayor Russell	City of Del Rey Oaks	Chair
Mayor Rubio	City of Seaside	1 st Vice Chair
Supervisor Potter	County of Monterey	2 nd Vice Chair
Mayor McCloud	City of Carmel-by-the-Sea	Director
Supervisor Mettee-McCutchon	County of Monterey	Director/Past Chair
Mayor Wilmot	City of Marina	Director
Mayor Della Sala	City of Monterey	Director
Supervisor Calcagno	County of Monterey	Director
Council Member Davis	City of Pacific Grove	Director
Council Member Barnes	City of Salinas	Director
Mayor Pendergrass	City of Sand City	Director
Council Member Mancini	City of Seaside	Director
Council Member McCall	City of Marina	Director

Appointed Official

Michael A. Houlemard, Jr.
Executive Officer

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 60127 / SACRAMENTO, CALIFORNIA 95860-0127 / (916) 979-9079
AUDITOR@MARCELLO-CPA.COM / WWW.MARCELLO-CPA.COM

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Ord Reuse Authority
Marina, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Ord Reuse Authority, as of and for the year ended June 30, 2008, which collectively comprise the Fort Ord Reuse Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fort Ord Reuse Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Ord Reuse Authority, as of June 30, 2008, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Fort Ord Reuse Authority
Marina, California

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2008, on our consideration of the Fort Ord Reuse Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Ord Reuse Authority's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and non-Profit Organizations, and is also not a required part of the basic financial statements of the Fort Ord Reuse Authority. The supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Manuello & Company

Certified Public Accountants
Sacramento, California
September 26, 2008



Fort Ord Reuse Authority

100 12th Street, Building 2880, Marina, CA 93933

Phone: (831) 883-3672 - Fax: (831) 883-3675

FORT ORD REUSE AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2008

Beginning July 1, 2004, for the fiscal year 2003-2004, the Fort Ord Reuse Authority (FORA) was required to implement Government Accounting Standards Board (GASB) Statement Number 34 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments". GASB developed these standards to require annual financial reports to be more comprehensive and to assist outside users, such as financial institutions and bondholders to assess the entire finances of the government entity. Unless otherwise specified, GASB statements apply to financial reports of all state and local governments.

This is management's discussion and analysis (MD&A) of the financial performance of the Fort Ord Reuse Authority for the fiscal year ended June 30, 2008.

FINANCIAL HIGHLIGHTS

Due to recessionary economic conditions (delaying development projects on the former Fort Ord), FORA did not collect anticipated and projected redevelopment revenues from land sales or developer fees during FY 07-08. To continue essential projects and services, FORA eliminated staff, reduced authorized positions, froze consultant spending where possible, incurred debt and exhausted its reserves. Despite these actions, by the end of FY 07-08 the unreserved fund balance in the General Fund decreased from \$2.9 million to \$66,000. The highlights for the fiscal year include:

- ❖ FORA and the U.S. Army executed an Environmental Services Cooperative Agreement (ESCA), granting FORA approximately \$100 million to remediate munitions and explosives of concern (MEC) on certain remaining not transferred properties. By the end of FY 07-08 FORA received \$69.1 million from the federal government toward this effort.
- ❖ FORA completed \$8.7 million in capital improvements.
- ❖ FORA collected \$.5 million in land sale proceeds.
- ❖ FORA collected \$11,500 in development fees.
- ❖ FORA lost \$250,000 from interest earnings on its investment pool.
- ❖ FORA added \$3.7 million in debt to fund Capital Improvement Program (CIP) projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the FORA's basic financial statements. FORA's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

1) The *government-wide financial statements* provide both long-term and short-term information about FORA's overall financial status and inform how FORA's general government services were financed in the short term as well as what remains for future spending. 2) The *fund financial statements* focus on individual parts of FORA's government and report FORA's operations in more detail than the government-wide statements. 3) The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Statements

The government-wide financial statements provide information about FORA activities as a whole and present a comprehensive overview of FORA's finances.

The *statement of net assets* presents information on all of the FORA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in FORA's net assets are one indicator of whether its financial health is improving or deteriorating.

The *statement of activities* presents information showing how the FORA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all the current year's revenues and expenses are reported in the statement of activities regardless of when cash is received or paid. The focus of the government-wide statement of activities is on the net cost of governmental activities provided by a governmental entity.

FORA was engaged in the following types of activities:

Governmental Activities: During the 2007-2008 fiscal year FORA's activities included: general administration and planning; property surveying and transfers; infrastructure development; habitat conservation planning; water augmentation planning; insurance policy and liability protection issues; real property planning and development, MEC remediation planning, analysis, and implementation; deconstruction; and construction activities. Membership dues, tax increment payments, federal grants, land sale/lease proceeds, and loan proceeds financed most of these activities.

The government-wide financial statements depicting financing of FORA's major programs can be found on pages 8-9 of this report.

Fund Financial Statements

Fund financial statements provide a *short-term* look at FORA's fiscal accountability and compliance with restrictions on the use of certain financial resources. The fund financial statements provide detailed information about the most significant funds - not the Authority as a whole.

Governmental Funds: All of the FORA's services and activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. FORA maintains 5 individual governmental funds and for financial reporting purposes these funds have been combined into two groupings: the General Fund and Special Revenue Funds. The General Fund accounts for all of FORA's financial resources except for those resources that must be accounted for in Special Revenue Funds, which are restricted as to expenditures.

The fund financial statements can be found on pages 10-13 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide long-term and short-term information about FORA's overall financial condition. In accordance with GASB Statement No. 34, FORA is not required to restate financial information from prior periods for the purpose of providing comparative information for this analysis.

Net assets of FORA's governmental activities decreased from \$4 million to negative \$3.1 million. The negative balance in net assets means that all liabilities (including long-term debt not due at the end of the fiscal year) exceed all assets FORA had at the fiscal year end (including long-term receivables and non-liquid assets).

Revenues

FORA's total revenues decreased from \$59 million to \$34 million. This variance is mainly attributable to the 1) reduced federal funding awarded to FORA in 2007 for MEC remediation services and 2) decreased collection of development fees and land sale proceeds compared to the previous fiscal year. The federal funding provided 85% of the total revenue; land sale/lease proceeds designated to financing building removal program provided 6% of the total revenue; property tax increment provided 4%; and other revenue sources such as membership dues, franchise fees and various reimbursements provided the remaining 5% of the total revenue.

Expenditures

The cost for all governmental activities this fiscal year was \$41.5 million. The munitions/environmental cleanup program, which started in early 2007 was the major program in the 2007-2008 fiscal year.

The government-wide financial statement showing the net cost of each of FORA's major project can be found on page 9 of this report.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Reporting standards require that a major governmental fund be presented in a separate column in the fund financial statements. In accordance with GASB Stmt. No. 34, paragraph 76, FORA has elected to report all its special revenue funds as major funds because these funds are important to financial statement users. The General Fund is always considered a major fund and therefore presented in a separate column. The fund financial statements focus on individual parts of FORA's government.

The governmental funds provide information on near-term inflows, outflows and balances of expendable resources. As FORA completed the fiscal year, its governmental funds reported a combined fund balance of \$11.8 million; a decrease of \$4.6 million over the previous fiscal year.

\$11.7 million of the \$11.8 million ending balance is either restricted in use or designated for specific use such as federal grant funds designated for munitions cleanup, or developer impact fees and land sale proceeds dedicated for capital improvement program; about \$66,000 is undesignated and available for expenditure and designation.

FY	General Fund	Land Sale/Leases	Developer Fees	Pollution Liability	ET/ESCA	TOTALS
2006-2007	4,102,907	1,643,787	5,133,825	4,695,985	860,164	16,436,668
2007-2008	1,291,055	214,944	4,371,831	4,084,946	1,850,427	11,813,203
Change + (-)	(2,811,852)	(1,428,843)	(761,994)	(611,039)	990,263	(4,623,465)

BUDGETARY HIGHLIGHTS

A budget is a plan of financial operations that provides a basis for the planning, controlling, and evaluating of governmental activities. Governmental funds generally use a fixed budget, which reflects a specific estimate for revenues and expenditures. Once expenditures and revenues are incorporated into the budget, the total estimated expenditure appropriation amount becomes a limit for current expenditures, and the estimated revenue amount becomes the basis for comparison to actual revenues. Even though FORA is not legally subject to any budgetary controls, the budget is included as a part of the general accounting record, and it is used as a guide to controlling expenses.

The FORA Board approved the FY 07-08 budget on June 8, 2007; and the mid-year budget update on February 8, 2008. The mid-year budget update reported a decrease in expenditures from \$85 million to \$42 million due to the economic downturn/recession conditions delaying development projects and diminishing investments. The final/audited amounts confirm this decline trend.

Budget Variances (from mid-year budget projections)

Revenues: \$1 million decrease

FORA realized slightly increased revenues in several funding categories such as franchise fees, planning and legal reimbursements and rental income. The most significant variances resulting in overall decreased revenues were:

- \$881,000 reduction in ET/ESCA grant funds received to account for early payments by the U.S. Army (each Army payments is reduced if paid to FORA before the due date);
- \$160,000 anticipated developer fees from Shelter Outreach Plus were deferred; and
- \$350,000 decrease in projected investment income.

Expenditures: \$2.7 million decrease

FORA realized slight savings in several administrative categories (salaries, office equipment, travel, and insurance) mainly due to cost savings measures and deferred purchasing.

The budget savings (expenditure decrease) of \$2.7 million in contractual expenditures were attributable to the timing and progression of ongoing programs and projects, such as habitat management, IOP building, and ET/ESCA program.

The budget savings (expenditure decrease) of \$300,000 in capital improvements reflect the actual cost; all capital projects completed as budgeted.

The comparative statements of budgeted and actual revenues and expenditures for the General Fund and Special Revenue Funds can be found on page 31 of this report.

LONG-TERM DEBT

At June 30, 2008, FORA had \$14.9 million in long-term debt consisting of:

- \$3.2 million debt on the 2002 Series A and Series B Revenue Bonds;
- \$3.4 million debt on the PLL Insurance loan;
- \$7.5 million debt on the line of credit (LOC);
- \$590,000 capital lease equipment purchase obligation; and
- \$138,000 note payable to Marina Coast Water District (MCWD) for the Veterans Cemetery Master Development Plan.

The bonds will be repaid from lease revenue proceeds, with final maturity August 2014. The premium for the PLL insurance policy is financed through a 7-year loan from a bank; participating jurisdictions/agencies reimburse FORA for their portions of the premium and financing costs. The LOC draw downs are repaid by land sale/lease proceeds, and by the East Garrison developer who pays interest on LOC advances of up to \$4.1 million in lieu of deferred land sale proceeds from East Garrison land. Delays in land transfers/sales influenced FORA's ability to pay down the outstanding principal in LOC; FORA advanced additional \$3.7 million in the FY to process building removal and road design invoices. The capital lease obligation was incurred in 2003 to purchase firefighting equipment and will be repaid by development fees by 2014. A note payable to MCWD acquired in March 2008 to support the Veteran's Cemetery project will be due in FY 2009-2010; the source of repayment will be designated in FY 09-10 budget.

More detailed information about FORA's total long-term liabilities is presented on pages 23-26, Notes 7-10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

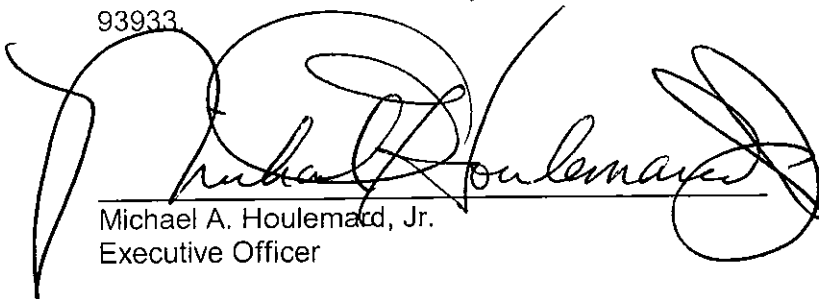
FORA anticipates accumulating a revenue surplus in the next three to five years. The surplus will come predominantly from property transaction proceeds. Even though FORA does not foresee rapid change in economic conditions, current projections forecast all capital programs and projects to have sufficient funds for administrative and implementation activities. There are a few areas where resources/expenses remain imprecise but will be better defined during the 2008-2009 fiscal year. Those are:

1. Uncertainty in the underlying market for all forms of real property development;
2. Still unknown cost figures for habitat conservation; and
3. Capital needs for augmenting current water supply.

FORA is now implementing the terms of the ESCA, which provides FORA funding for the remaining munitions cleanup to FORA. In concert with this agreement, the U.S. Army is processing the transfer of the remaining 3,300 acres of EDC property to FORA. Once this transfer and the related habitat planning are complete, FORA's capital needs and habitat costs will become more definite. FORA is expected to coordinate with MCWD modifications of the capital program schedule for completing water resource augmentation infrastructure needs in the coming year.

CONTACTING FORA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of FORA's finances, and to demonstrate FORA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fort Ord Reuse Authority, Executive Officer, 100 12th Street, Building #2880, Marina, California, 93933.



Michael A. Houlemard, Jr.
Executive Officer

FINANCIAL STATEMENTS

FORT ORD REUSE AUTHORITY

Government-wide Financial Statements

Statement of Net Assets

June 30, 2008

	Governmental Activities
ASSETS	
Cash and investments	\$ 6,961,765
Cash with fiscal agent	970,761
Accounts receivable:	
Due within one year	420,476
Due in more than one year	116,718
Interest receivable	23,589
Prepaid expenses	17,040
Prepaid insurance, net	3,900,000
Bond issue cost, net	65,952
Capital assets, net	23,061
	<hr/>
Total Assets	12,499,363
	<hr/>
LIABILITIES	
Accounts payable	606,049
Interest payable	37,051
Deferred revenue	20,000
Long-term debt and obligations:	
Due within one year	1,342,561
Due in more than one year	13,578,059
	<hr/>
Total Liabilities	15,583,720
	<hr/>
NET ASSETS	
Investment in capital assets	23,061
Restricted	970,761
Unrestricted	(4,078,179)
	<hr/>
Total Net Assets	\$ (3,084,357)
	<hr/> <hr/>

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Government-wide Financial Statements

Statement of Activities

June 30, 2008

Functions/Programs	Program Expenses	Program Revenues Grants and Fees	Net (Expense) Revenue Governmental Activities
General operations	\$ 1,987,338	\$ 372,484	\$ (1,614,854)
Capital improvements	4,711,559	11,556	(4,700,003)
Building removal	5,232,045	497,054	(4,734,992)
Environmental cleanup	28,121,919	29,119,006	997,087
Reuse planning/EDC transfers & environmental	654,413	2,291,804	1,637,390
	38,719,937	31,919,419	(6,800,518)
Interest on long-term debt and short-term debt	813,426	-	(813,426)
Total governmental activities	41,520,701	32,291,903	(9,228,798)
General revenues			
Property tax revenues			1,429,391
Membership dues			257,740
Franchise fees			231,031
Investment earnings			150,630
			(7,160,005)
Change in net assets			(7,160,005)
Net assets, beginning of year			4,075,648
Net assets, end of year			\$ (3,084,357)

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Balance Sheet

Governmental Funds

June 30, 2008

	General Fund	Lease and Sale Proceeds
ASSETS		
Cash and investments	\$ 472,634	\$ 422,153
Cash with fiscal agent	487,971	-
Accounts receivable - due within one year	406,968	1,354
Account receivable - due after one year	50,457	-
Interest receivable	-	23,589
Due from other funds	-	-
Prepaid expenses	17,040	-
Prepaid insurance, net	-	-
Bond issue cost, net	65,952	-
Total Assets	<u>\$ 1,501,023</u>	<u>\$ 447,096</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 209,968	\$ 207,782
Interest payable	-	24,370
Due to other funds	-	-
Deferred revenue	-	-
Total Liabilities	<u>209,968</u>	<u>232,152</u>
Fund Balances (see note 13, pages 27-28)		
Reserved	133,449	-
Unreserved:		
Designated	1,091,950	214,944
Undesignated	65,655	-
Total Fund Balances	<u>1,291,055</u>	<u>214,944</u>
Total Liabilities and Fund Balances	<u>\$ 1,501,023</u>	<u>\$ 447,096</u>

See accompanying notes to financial statements

Developer Fees	Pollution Legal Liability	Army Grant ET/ESCA	Total Governmental Funds
\$ 3,946,753	\$ 217,627	\$ 1,902,597	\$ 6,961,765
482,790	-	-	970,761
12,154	-	-	420,476
66,261	-	-	116,718
-	-	-	23,589
-	-	-	-
-	-	-	17,040
-	3,900,000	-	3,900,000
-	-	-	65,952
<u>\$ 4,507,958</u>	<u>\$ 4,117,627</u>	<u>\$ 1,902,597</u>	<u>\$ 12,476,302</u>
\$ 136,128	\$ -	\$ 52,171	\$ 606,049
-	12,681	-	37,051
-	-	-	-
-	20,000	-	20,000
<u>136,128</u>	<u>32,681</u>	<u>52,171</u>	<u>663,099</u>
549,051	3,900,000	-	4,582,501
3,822,779	184,946	1,850,427	7,165,047
-	-	-	65,655
<u>4,371,831</u>	<u>4,084,946</u>	<u>1,850,427</u>	<u>11,813,203</u>
<u>\$ 4,507,958</u>	<u>\$ 4,117,627</u>	<u>\$ 1,902,597</u>	<u>\$ 12,476,302</u>

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets

June 30, 2008

Fund Balances - Total Governmental Funds (page 10) \$ 11,813,203

Amounts reported in the Governmental Activities column
in the Statement of Net Assets are different because:

Capital Assets

Capital assets used in governmental activities were
not current financial resources. Therefore, they
were not reported in the Governmental Funds
Balance Sheet. Capital assets were adjusted as follows:

Depreciable capital assets, net of accumulated depreciation 23,061

Long-term Debt Obligations

Long-term liabilities were not due and payable in
the current period. Therefore, they were not
reported in the Governmental Funds Balance Sheet.

Capital lease obligations	\$ (591,805)	
Bonds payable, net	(3,210,000)	
PLL Loan payable	(3,428,571)	
LOC Payable	(7,500,000)	
Note Payable	(138,000)	
Compensated absences	(52,243)	(14,920,620)

Net Assets - Government-wide Financial Statements (page 8) \$ (3,084,357)

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY

Fund Financial Statements

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Year Ended June 30, 2008

	General Fund	Lease and Sale Proceeds
REVENUES		
Membership dues	\$ 257,740	\$ -
Franchise fees	231,031	-
Property tax increment	1,429,391	-
Federal grants	-	-
Developer fees	-	-
Planning reimbursements	202,911	-
Legal reimbursements	76,872	-
Annual Payments	-	-
Rental income	63,457	1,330,885
Real estate sales	-	497,054
Investment earnings	37,223	285,947
Other revenue	1,505	-
Total Revenues	<u>2,300,131</u>	<u>2,113,886</u>
EXPENDITURES		
Salaries and benefits	1,043,848	-
Supplies and services	88,255	51
Contractual services	853,925	33,757
Capital improvements	-	3,806,637
Amortization	-	-
Total Expenditures	<u>1,986,028</u>	<u>3,840,445</u>
Revenues Over (Under) Expenditures	<u>314,103</u>	<u>(1,726,559)</u>
Other Financing Sources (Uses)		
Debt service - Interest and fiscal charges	(13,190)	(592,033)
Debt service - Principal	-	(2,206,165)
Loan proceeds	5,662,565	-
Building removal credit	-	(1,425,408)
Operating transfers in	764,426	5,285,748
Operating transfers (out)	(9,539,758)	(764,426)
Total Other Sources (Uses)	<u>(3,125,956)</u>	<u>297,716</u>
NET CHANGE IN FUND BALANCES	(2,811,853)	(1,428,843)
Beginning Fund Balances	4,102,908	1,643,787
Ending Fund Balances	<u>\$ 1,291,055</u>	<u>\$ 214,944</u>

See accompanying notes to financial statements

Developer Fees	Pollution Legal Liability	Army Grant ET/ESCA	Governmental Funds
\$ -	\$ -	\$ -	\$ 257,740
-	-	-	231,031
-	-	-	1,429,391
-	-	29,119,006	29,119,006
11,556	-	-	11,556
-	-	-	202,911
-	-	-	76,872
-	983,657	-	983,657
-	-	-	1,394,342
-	-	-	497,054
(200,000)	34,283	(6,824)	150,630
-	5,000	-	6,505
<u>(188,444)</u>	<u>1,022,940</u>	<u>29,112,182</u>	<u>34,360,695</u>
320,736	-	354,655	1,719,239
48,887	10	12,352	149,555
783,934	1,300	27,754,912	29,427,828
3,558,002	-	-	7,364,639
-	600,000	-	600,000
<u>4,711,559</u>	<u>601,310</u>	<u>28,121,919</u>	<u>39,261,261</u>
<u>(4,900,003)</u>	<u>421,630</u>	<u>990,263</u>	<u>(4,900,565)</u>
(32,676)	(175,526)	-	(813,426)
(83,324)	(857,143)	-	(3,146,631)
-	-	-	5,662,565
-	-	-	(1,425,408)
4,254,010	-	-	10,304,184
-	-	-	(10,304,184)
<u>4,138,010</u>	<u>(1,032,669)</u>	<u>-</u>	<u>277,100</u>
(761,994)	(611,039)	990,263	(4,623,465)
5,133,824	4,695,985	860,164	16,436,668
<u>\$ 4,371,831</u>	<u>\$ 4,084,946</u>	<u>\$ 1,850,427</u>	<u>\$ 11,813,203</u>

FORT ORD REUSE AUTHORITY

Fund Financial Statements Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds (page 12) \$ (4,623,465)

Amounts reported in the Governmental Activities column
in the Statement of Activities are different because:

Long-term Debt Payments

Repayment of long-term debt principal is an
expenditure in the government funds financial
statement, but the repayment reduces long-term
liabilities in the Statement of Net Assets.

Repayment of capital lease obligations	\$ 83,324	
Repayment of bonds	370,000	
Repayment of loans	<u>2,693,307</u>	3,146,631

Proceeds from Loan Borrowing

Proceeds from long-term borrowing are reported
as revenue in the governmental funds financial
statement, but recorded as a liability in the
Statement of Net Assets.
Compensated absences reduce net assets but are not
included in governmental funds liabilities.

Loan proceeds to pay for CIP projects	(5,681,701)	
Increase in compensated absences liability	<u>(1,470)</u>	(5,683,171)

Change in Net Assets - Government-wide Financial Statements (page 9) \$ (7,160,005)

See accompanying notes to financial statements

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

The notes to the statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Fort Ord Reuse Authority, as follows:

Note 1 - Summary of Significant Accounting Policies

Note 2 - Cash and Investments

Note 3 - Property and Equipment

Note 4 - Defined Benefit Pension Plan

Note 5 - Deferred Compensation Plan

Note 6 - Liability for Compensated Absences

Note 7 - Long-Term Liabilities

Note 8 - Capitalized Lease Obligations

Note 9 - Bonds Payable

Note 10 - Loans Payable

Note 11 - Health Care Plan

Note 12 - Commitments and Contingencies

Note 13 - Fund Balance Designations

Note 14 - Property Sales and Lease Income

Note 15 - Contingent Note Receivable

Note 16 - US Army Environmental Remediation Grant

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Fort Ord Reuse Authority (Authority) was created December 1993 under Title 7.85 of the California Government Code, Chapters 1-7. After approval by the California State Assembly Ways and Means Committee in April of 1994, the governor signed SB 899 into law on May 10, 1994. The Authority was incorporated in the State of California as an instrumentality and is considered a quasi-governmental agency. The Authority was established to prepare, adopt, finance and implement a plan for the future use and development of the territory formerly operated by the U.S. Army as the Fort Ord Military Reservation in Monterey County.

A 13-member board, which consists of various Monterey County's Board of Supervisors, City Mayors and/or Council Members from the surrounding area, governs the Authority. The Authority Board also has 12 ex-officio members. There are no component units, as defined in the Governmental Accounting Standards Board Statement (GASB) No. 14, that are included in the Authority's reporting entity.

The Authority receives funding from local, state and federal governmental sources and must comply with the accompanying requirements of these funding source entities. However, the Board is not included in any other governmental reporting entity as defined by the Governmental Accounting Standards Board pronouncement since the Board has the authority to levy taxes, the power to designate management and the ability to significantly influence operations and primary accountability for fiscal matters.

Senate Bill No. 899 specifies that the "bill would become inoperative when the board determines that 80% of the territory of Fort Ord (that is designated for development or reuse in the plan prepared pursuant to the bill) has been developed or reused in a manner consistent with the plan, or June 30, 2014, whichever occurs first, and would be repealed on January 1, 2015."

B. Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

C. Basis of Presentation

The Financial Statement presentation, required by GASB statements no. 34, 37, and No. 38 provides a comprehensive, entity-wide perspective of the Authority's assets, liabilities, and replaces the fund-group perspective previously required. The Authority now follows

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

the "primary government's governmental activities" reporting requirements of GASB No. 34 that provides a comprehensive one-line look at the Authority's financial activities.

D. Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate statements are provided as supplementary information, which presents the various funds are grouped into two governmental fund types, and a second category of account groups. They are as follows:

1. Governmental Funds

- a. *General Fund* is the general operating fund of the Authority and accounts for all revenues and expenditures of the Authority not encompassed within other funds. All general revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.
- b. *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

E. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include all governmental grants that are unrestricted as to use and interest. The Authority also receives grants that are considered earned to the extent of expenditures made under the provisions of the grant and are therefore recognized based upon expenditures incurred. Expenditures are recorded when the related fund liability is incurred.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

F. Budgetary Data

The Authority is not required by state law to adopt annual budgets for the general and special revenue funds. An annual budget is however prepared, adopted by the Authority's Board, and included as a part of the general accounting record and used as a guide to controlling expenses. Each budget is prepared and controlled by the budget controller at the revenue and expenditure function/object level.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A proposed draft budget is submitted to the Board for the fiscal year commencing the following July 1.
- Once the budget is approved, it can be amended only by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings.

G. Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. Cash and Investments

Cash and cash equivalents held by the Authority are reported as cash and cash investments. Funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents because they are highly liquid. Investments are stated at fair value.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

I. Receivables and Payables

Grants, entitlements or shared revenues are recorded as receivables and revenues in the General and Special Revenue Funds when they are received or susceptible to accrual.

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

J. Capital Assets

Furniture and equipment are stated on the actual cost basis. Capitalization level for capital assets is \$500 per unit (including installation cost). Contributed capital assets are recorded at their estimated fair market value at the time received. There were no contributed capital assets during the year. Capital assets are depreciated over their estimated useful lives.

In accordance with the option provided by Government Accounting Principles Generally Accepted in the United States of America, Infrastructure assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting are not recorded on the Statement of Net Assets. Management has determined that the purpose of stewardship for capital expenses is satisfied without recording these assets. In addition, depreciation is not recorded on these capital expenses. In all cases, the infrastructure assets are owned by the Authority, as trustee, for a relatively short period of time.

During the reporting period the Authority received and/or owned real property assets transferred from the United States Government under an agreement dated June 23, 2000. These transfers included approximately 1,831 acres of land, buildings, and infrastructure within the cities of Marina and Seaside and the County of Monterey. As of June 30, 2008, the Authority owned 108 acres of the former Fort Ord land which included the following parcels:

- Preston Park Housing area
- The Authority Complex
- 11th Street Parcels

The Authority, as trustee, is a short-term property holding entity, transferring property to underlying jurisdictions for disposal/development, retaining 50% interest in any future sale or leasing proceeds from any of these properties transferred for private development or for public non-institutional purposes. The total current value of these assets is estimated to be approximately \$100 million, of which the Authority is entitled to a 50% share. The Authority is responsible for reporting financial elements of such transactions to the United States government through August 2007.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

K. Net Assets

The Authority's net assets are classified as follows:

- Invested in capital assets - This represents the Authority's total investment in capital assets.
- Restricted net assets - Restricted net assets include resources that the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or regulatory agencies that direct usage, or other impositions by contract or adopted covenants.
- Unrestricted net assets - Unrestricted net assets represent resources derived from franchise fees and membership dues. These resources are used for transactions relating the general operations of the Authority, and may be used at the discretion of the governing board to meet current expenses for any purpose.

L. Long -Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt. In the fund financial statements, long-term debt is not reported.

M. Major Funds

In accordance with GASB Stmt. No. 34, paragraph 76, the Authority has elected to report all its special revenue funds as major funds because they believe these funds are particularly important to financial statement users.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 6,961,765
Cash and investments with fiscal agents (Revenue Bonds)	<u>970,761</u>
Total cash and investments	<u>\$ 7,932,526</u>

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

Cash and investments as of June 30, 2008 consist of the following:

Deposits with financial institutions in:	
• Money market accounts	\$ 2,265,224
• Certificates of deposit	225,405
• Checking accounts	1,078,319
• Investment in (13) mutual funds	<u>4,363,578</u>
Total cash and investments	<u>\$ 7,932,526</u>

The California Government Code requires California banks and savings and loan associations to secure a government agency's deposits, in excess of federal depository insurance, by pledging government securities as collateral. The market value of pledge securities must equal 110 percent of a government agency's deposits.

Investments Authorized by the Authority's Board of Directors

Investments are managed in compliance with the Investment policy adopted by the Authority's Board of Directors in December 2006. Such investment policies authorized the Authority to invest in:

- Obligations of the U.S. Treasury
- Obligations guaranteed by the U.S. Government
- Obligations of U.S. Federal Agencies
- Obligations of Government Sponsored Enterprises
- Commercial Paper with rating restrictions
- Bank Obligations registered with the Securities and Exchange Commission and that are consistent with FDIC insurance
- Mortgage-Backed Securities
- Asset-Backed Securities with rating restrictions
- Corporate bonds, notes, and floating rate notes not to exceed 5 years with investment percentage restrictions
- Money Market funds
- Mutual funds
- State and County Investment Fund pools

Investments Authorized by Debt Agreements

Investment of debt proceeds held by a bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee and also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	180 days

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

Commercial Paper	270 days
Money Market Mutual Funds	N/A
Investment Contracts	30 years

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

		<u>Maturity Date</u>
Certificates of deposit	\$ 225,405	6.25 months average maturity
Checking accounts	1,078,319	N/A
Mutual funds	4,363,578	N/A
Money Market	<u>2,265,224</u>	N/A
Total	<u>\$ 7,932,526</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Statistical ratings are generally not available for certificates of deposit, and mutual fund ratings vary by company.

Concentration of Credit Risk

The investment policy of the Authority contains limitations on the amount that can be invested in any type of investment or industry group beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Authority investments except as shown below:

\$4,363,578 (61%) of the cash and investments are invested in 13 different mutual funds.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Note 3 - Property and Equipment

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Equipment and furniture	\$ 310,184	\$ 4,291		\$ 314,475
Accumulated depreciation	280,685		\$ 10,729	291,414
Net capital assets	<u>\$ 29,499</u>			<u>\$ 23,061</u>

Depreciation expense was \$10,729 for the year ending June 30, 2008.

Note 4 - Defined Benefit Pension Plan

Plan Description

The Authority contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Authority ordinance. Copies of PERS annual financial report may be obtained from their Executive Office, 400 "P" Street, Sacramento, California 95814.

Funding Status and Progress

Active plan participants are required to contribute 7% of their annual covered salary. The Authority's Board of Directors approved an amendment to the contract with PERS, and agreed to pay the full 7% of the contributions required of Authority employees on their behalf and for their account. The Authority is required to contribute at an actuarially determined rate; the 2007-2008 employer rate was 12.943% of annual covered payroll. The contribution requirements of plan members and the Authority are established and may be amended by PERS.

Annual Pension Cost

The Authority's annual pension cost of \$240,499 for PERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) an 7.75% investment rate of return (net of administrative

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

expenses), (b) projected annual salary increases that vary by age, service and type of employment, (c) an inflation rate of 3%, and (d) a payroll growth rate of 3.25%.

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 234,265	100%	-0-
6/30/07	\$ 244,920	100%	-0-
6/30/08	\$ 240,499	100%	-0-

Note 5 - Deferred Compensation Plan

The Authority offers its full-time employees a deferred compensation plan in accordance with Internal Revenue Code §457. The plan permits the employee to defer until future years up to 25% of annual gross earnings not to exceed \$15,500. Assets are not available to participants for disbursement until termination, retirement, death, or an emergency.

The Authority does not fund the compensation deferred under the Plan except for \$833 per month contributed on behalf of the Executive Officer per the employment agreement. The contributions are held in investments that are underwritten by ICMA Retirement Corporation. Periodic contributions are made through payroll deductions of the employees and all plan fees associated with the accounts are the responsibility of the individual employee.

The participants' accounts are not subject to claims of the Authority's creditors. The Authority has no liability for losses under the plan but does have the duty of due care that would be required of any ordinary prudent investor.

Note 6 - Liability for Compensated Absences

Authority employees are allowed to accrue up to 10 days of sick leave and up to 20 days of vacation per year, depending on length of employment. Employees are permitted to carry over an unlimited amount of sick leave hours each calendar year; the carryover for vacation leave is limited to 120 hours. In the event of separation of employment, an employee is reimbursed for any unused vacation leave, and a portion of their unused sick leave (limited to 174 hours). Reimbursement is based on the employee's regular salary rate at the date of termination or resignation. Vacation leave becomes vested immediately and sick leave becomes vested after 5 years of continuous service. The Authority's liability for accrued vacation pay and the underlying retirement benefits at June 30, 2008 was \$52,243. Effective July 1, 2006, the Authority management employees are provided 5 days of management leave per year. There is no cash pay-off for unused management time.

Note 7 - Long-Term Liabilities

Long-term liabilities for the year ended June 30, 2008, are summarized as follows:

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>
<u>Leases and bonds</u>				
Capital lease obligations	\$ 675,129	\$ -	\$ 83,324	\$ 591,805
Bonds payable, net of premium and issuance costs	3,580,000	-	370,000	3,210,000
<u>Loan payable</u>				
Insurance loan	4,285,714	-	857,143	3,428,571
Line of Credit	3,798,902	5,537,262	1,836,164	7,500,000
Marina Coast Water District	-	138,000	-	138,000
<u>Other obligations</u>				
Compensated absences	<u>50,773</u>	<u>1,470</u>	<u>-</u>	<u>52,243</u>
Totals	<u>\$ 12,390,518</u>	<u>\$ 5,676,732</u>	<u>\$ 3,146,631</u>	<u>\$14,920,619</u>

For the year ending June 30, 2008, the Authority paid \$813,426 in interest expense.

Note 8 - Capitalized Lease Obligations

The Authority entered into a lease purchase agreement to purchase fire fighting equipment that was distributed to local jurisdictions.

Scheduled Payments

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2009	\$ 116,000
2010	116,000
2011	116,000
2012	116,000
2013	116,000
2014	<u>116,000</u>
Total gross lease payments	696,000
Less amount representing interest	<u>104,195</u>
Net minimum lease payments	591,805
Less current portion due within the next fiscal year	<u>87,357</u>
Long-term portion	<u>\$ 504,448</u>

Note 9 - Bonds Payable

Outstanding Bonds Payable consists of the following:

Revenue Bonds

2004 Series A Revenue Bonds in the amount of \$2,885,000 and 2004 Series B Subordinate Revenue Bonds in the amount of \$2,055,000, total issue \$4,940,000. Principal payments start at \$325,000, increase to \$540,000, and are payable annually on August 1st with final maturity

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

August 2014. Interest rates vary between 3.0% and 5.7% and provide for semi-annual payments on February 1st and August 1st. The Series A Bonds were issued to finance a habitat conservation program and priority infrastructure improvements endorsed by the Board of Directors of the Authority. The Series B Bonds were issued to finance priority infrastructure improvements endorsed by the Board of Directors of the Authority. The bonds will be repaid from the Authority's share of the Preston Park lease revenues.

Scheduled Payments

Future annual principal and interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 385,000	\$ 163,275	\$ 548,275
2010	410,000	142,640	552,640
2011	435,000	120,389	555,389
2012	455,000	96,725	551,725
2013	485,000	71,375	556,375
2014-2015	1,040,000	59,555	1,099,555
Totals	<u>\$ 3,210,000</u>	<u>\$ 653,959</u>	<u>\$ 3,863,959</u>

Note 10 - Loans Payable

Basewide Pollution Legal Liability Insurance Policy Loan

In 2005, the Authority entered into a long-term financing agreement to purchase a ten-year Basewide Pollution Legal Liability insurance policy. Financing was provided by a local bank through two separate credit line loans, and is secured by real estate (RE) and certificates of deposit (COD). Interest accrues at 4.5% on the RE secured loan, at 3.5% on the COD secured loan, and is paid monthly. Any remaining unpaid loan balances are due January 15, 2012. At June 30, 2008, the amount of outstanding principal was \$3,428,571. Funding by the Authority to repay the loans is being provided by the surrounding municipalities that will benefit from the real estate that will eventually be given to them along with legal liability protection by the insurance policy that encompasses the entire former Fort Ord Army Base. It is the intention of the Authority to repay these loans ratably over seven years.

Scheduled Payments

Future annual principal and interest requirements are estimated as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 853,831	\$ 154,378	\$ 1,008,209
2010	892,252	115,957	1,008,209
2011	932,404	75,805	1,008,209
2012	750,084	23,846	773,930
Totals	<u>\$ 3,428,571</u>	<u>\$ 369,986</u>	<u>\$ 3,798,557</u>

The total costs of the insurance policy in the amount of \$6,000,000 is being amortized over the term of the coverage, which is 10 years.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

Line of Credit

In March 2006, the Authority entered into a short-term financing agreement for a revolving line of credit with a local bank in the amount of \$10 million. In November 2007, the credit line was increased to \$14 million and the maturity extended through November 2009; interest accrues at 5.930% per annum and is paid monthly. The outstanding principal balance at June 30, 2008 was \$7,500,000. The purpose of this credit line is to provide financing for approved Capital Improvement Program obligations.

Marina Coast Water District (MCWD)

In March 2008, the Authority entered into a short-term financing agreement for \$138,000 with MCWD. The loan plus interest, accruing at 1% per annum, is due in the fiscal year 2009-2010. The funds are appropriated for the Veterans Cemetery Master Development Plan on the former Fort Ord Army base.

Note 11 - Health Care Plan

During the year ended June 30, 2008, employees of the Authority were covered by a third party medical insurance plan, the California Public Employees Retirement System (CalPERS) Medical Benefits Program, and by the Principal Financial Group for dental, vision, and life insurance. The Authority contributes to the employee medical premium and to eligible dependents medical premiums up to \$1,304 per month per family. In addition, employees receive monthly cash allowances of \$145 per employee to be applied towards premiums of the optional dental, vision, and life insurance benefits under an Internal Revenue Code Section 125 Flexible Benefit Plan.

Note 12 - Commitments and Contingencies

A. Litigation

The Authority is involved in litigation arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse affect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

Appropriate insurance policies protect the Authority from most potential litigation effects. In addition, the Authority requires indemnification and contract provisions with its vendors that also guard against, and redirect, litigation costs and potential impact to the Authority's assets.

B. Grant Programs

The Authority participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivables may be impaired.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

C. Other Commitments: EDC Consultants - Fee for Services

As previously approved by the Board, certain legal consulting services related to property transfers will be repaid from the Authority's revenue sources such as land sales, leasing residuals, or developer fees.

Note 13 - Fund Balance Designations

As required by GASB, fund balance is reported in two components—reserved and unreserved.

When fund balance is **reserved**, it either means that the resources are in a form that cannot be appropriated (such as non-current receivables) and spent or that the resources are legally limited to being used for a particular purpose.

Reserved funds at June 30, 2008 consist of the following:

General Fund:	\$133,449 reserved for non-current assets that cannot be used to meet current obligations.
Developers Fees Fund:	\$549,051 reserved for non-current assets.
Pollution Legal Liability Fund:	\$3,900,000 reserved for unamortized insurance policy.

The portion of fund balance that is not reserved is called **unreserved** fund balance. Unreserved fund balance is available for expenditure and can be further **designated** by the Authority's management. A designation is not legally binding but does convey the Authority's intents for using its available resources. These designated funds include cash with fiscal agents, developer impact fees dedicated for capital improvement projects, land sale and lease revenues used for building demolition, and federal grant monies used for munitions cleanup.

Unreserved designated funds at June 30, 2008 consist of the following:

General Fund:	\$1,091,950 designated for previously approved projects and contracts.
Lease and Sale Proceeds Fund:	\$214,944 to fund the Habitat Management Program (HMP) and building removal obligations.
Developers Fees Fund:	\$3,822,779 designated in accordance with the Base Reuse Plan to fund the HMP.
Pollution Legal Liability Fund:	\$184,946 designated for debt service.
Army Grant ET/ESCA Fund:	\$1,850,427 designated in accordance with the Cooperative Agreement Award for ESCA project administration and regulatory response costs.

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

Unreserved undesignated funds at June 30, 2008 consists of the following:

General Fund: \$65,655 available for expenditure and designation.

Note 14 - Property Sales and Lease Income

California Law requires that all net lease or property sale proceeds generated on the former U.S. Army base are to be shared equally between the Authority and the governmental entity with jurisdiction over subject property. This state law is affirmed under contract implementation agreements between the Authority and its underlying jurisdictions. Activity for the year ended is as follows:

Lease income

Cash distribution to the Authority from:	
Preston Park Housing	\$1,308,147

Land Sale proceeds

Cash distribution to the Authority from:	
Imjin Office Park	\$480,806
Young Nak Church	\$16,248

Note 15 - Contingent Note Receivable

The City of Marina owns a \$265,000 promissory note receivable resulting from the sale of real estate on the former Fort Ord Army base. The terms of the note provide that the note will be forgiven if the buyer meets certain affordable housing criteria during the term of this note, which matures in 2012. The City is required by State law to distribute one-half of the proceeds received (\$132,500) from the sale of former Fort Ord Army base real estate to the Authority. The City is not authorized to forgive the 50% portion of the note that is legally required to pay the Authority. The City must make provision to compensate the Authority if it chooses to forgive any portion of the repayment of the note.

Note 16 - US Army Environmental Remediation Grant

Removal of munitions and explosives of concern (MEC) at the former Fort Ord military base has been in progress by the U.S. Army since 1992. Several areas formerly used for military training at the former base have been cleared over the years, but approximately 3,400 acres must still undergo specific MEC removal activities before they can be reused for key elements of the Fort Ord Base Reuse Plan. Since March 2005, the Authority has been working through the terms of a grant funding contract with the Army to allow the Authority, on behalf of the Army, to conduct the specific MEC required environmental cleanup activities on these properties.

The grant contract mechanism is an Environmental Services Cooperative Agreement (ESCA).

FORT ORD REUSE AUTHORITY
Notes to Financial Statements
June 30, 2008

A component of these discussions is the authorization for an Early Transfer (ET) of these Economic Development Conveyance (EDC) parcels (prior to completion of all remedial actions), providing there is Environmental Protection Agency (EPA) and California state gubernatorial concurrence. In August 2006, the Authority and the Army reached an agreement in principle on policy issues for the ET/ESCA. The Army identified funding for the project/remediation work, liability and risk management, and regulatory oversight and pursued congressional authority in late 2006.

In March 2007, the Army informed the Authority that the first \$40 million in funding was made available to complete the munitions removal on EDC parcels. This formal notice closed two years of negotiating and processing as to how the Authority would implement this work on behalf of the Army and allows earlier removal of the dangerous hazards still suspected to exist on these parcels. As of June 30, 2008 the Authority had cumulatively received approximately \$70 million of the estimated \$100 million total grant agreement. The remaining grant payments are established under the ESCA which provides for approximately \$30 million in fiscal year 2008-09. The Authority initiated the expected seven years of work under the ESCA in February 2008.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress - Defined Benefit Pension Plan
- Budget and Actual - All Funds

FORT ORD REUSE AUTHORITY

Schedule of Funding Progress Defined Benefit Pension Plan Year Ended June 30, 2008

Pooled Report Format

Since the Authority has less than 100 active members, it is required by CalPERS to participate in a risk pool. The following valuation reports the activity of the risk pool as a whole, and not the specific activity of individual members such as the Authority.

<u>Miscellaneous Plan</u>	<u>Actuarial Valuation Date - Year Ended</u>		
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>
Accrued Liabilities	\$ 2,746,095,668	\$ 2,891,460,651	\$ 2,754,396,608
Actuarial Value of Assets	\$ 2,460,944,656	\$ 2,588,713,000	\$ 2,492,226,176
Unfunded Liabilities (UL)	\$ 285,151,012	\$ 302,747,651	\$ 262,170,432
Funded Ratio	89.60%	89.50%	90.50%
Annual Covered Payroll	\$ 743,691,970	\$ 755,046,679	\$ 699,897,835
UL as a Percentage of Payroll	38.30%	40.10%	37.50%

Note - Details of the defined benefit pension plan can be found in Note 4 of the financial statements. Information for the years ended June 30, 2007 and 2008 have not been released by the Plan Actuary.

FORT ORD REUSE AUTHORITY

Statement of Revenues and Expenditures

Budget and Actual - All Funds

Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance (1)
	Original	Final		Favorable (Unfavorable)
REVENUES				
Membership dues	\$ 257,740	\$ 257,740	\$ 257,740	\$ -
Franchise fees	193,700	193,700	231,031	37,331
Property tax increment	1,015,000	1,440,000	1,429,391	(10,609)
Federal grants	30,000,000	30,000,000	29,119,006	(880,994)
Developer fees	36,131,000	170,000	11,556	(158,444)
Planning reimbursements	-	-	202,911	202,911
Legal reimbursements	-	-	76,872	76,872
Annual Payments	983,657	983,657	983,657	-
Rental income	1,327,032	1,327,032	1,394,342	67,310
Real estate sales	11,332,000	497,054	497,054	-
Investment earnings	921,180	502,000	150,630	(351,370)
Other revenue	-	-	6,505	6,505
Total Revenues	<u>82,161,309</u>	<u>35,371,183</u>	<u>34,360,695</u>	<u>(1,010,487)</u>
EXPENDITURES				
Salaries and benefits	2,085,477	1,754,556	1,719,239	35,317
Supplies and services	298,500	263,500	149,555	113,945
Contractual services	33,005,000	32,287,938	29,427,828	2,860,110
Capital improvements	50,108,203	7,701,221	7,364,639	336,582
Amortization	-	-	600,000	(600,000)
Total Expenditures	<u>85,497,180</u>	<u>42,007,215</u>	<u>39,261,261</u>	<u>2,745,954</u>
Revenues Over (Under) Expenditures	<u>(3,335,871)</u>	<u>(6,636,032)</u>	<u>(4,900,565)</u>	<u>1,735,467</u>
Other Financing Sources (Uses)				
Debt service	(5,318,126)	(4,051,653)	(3,960,057)	91,596
Loan proceeds	6,514,753	7,160,699	5,662,565	(1,498,134)
Building removal credit	4,500,000	(1,425,408)	(1,425,408)	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total Other Sources (Uses)	<u>5,696,627</u>	<u>1,683,638</u>	<u>277,100</u>	<u>(1,406,538)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,360,756</u>	<u>\$ (4,952,395)</u>	<u>\$ (4,623,465)</u>	<u>\$ 328,929</u>

(1) Refer to MD&A, Budgetary Highlights for budget variance explanations

U. S. ARMY REPORT

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 60127 / SACRAMENTO, CALIFORNIA 95860-0127 / (916) 979-9079
AUDITOR@MARCELLO-CPA.COM / WWW.MARCELLO-CPA.COM

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Fort Ord Reuse Authority
Marina, California

Our report on our audit of the accompanying financial statements of the Fort Ord Reuse Authority appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on page 33 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
September 26, 2008

FORT ORD REUSE AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Sources and Uses of Sale/Lease Proceeds

Cummulative Statement Year Ended June 30, 2001 Through August 31, 2007

	June 30, 2001 to June 30, 2007	August 31, 2007	TOTALS June 30, 2001 to August 31, 2007
REVENUES			
Preston Park housing - Excess revenue	\$ 1,250,000	\$ -	\$ 1,250,000
Rental income - Preston Park/Abrams B housing	9,428,281	200,000	9,628,281
Rental income - Short-term leases	117,339	4,090	121,429
Real Estate Sale	12,705,075	2,708	12,707,783
Investment earnings	134,152	-	134,152
Other income	2,500	-	2,500
Total revenues	23,637,347	206,798	23,844,144
EXPENDITURES			
Road construction, operations and maintenance	1,167,928	-	1,167,928
Storm and sanitary sewer construction	50,000	-	50,000
Building Rehabilitation	58,882	-	58,882
Disposal of hazardous materials	325,000	-	325,000
Demolition/Building removal	22,775,282	2,888,286	25,663,568
Landscaping and other site improvements	47,535	-	47,535
Redevelopment and reuse of the former Fort Ord:			
Capital project financing	7,088,772	-	7,088,772
Planning / marketing / environmental / financing	5,918,327	185,564	6,103,891
Total expenditures	37,431,725	3,073,850	40,505,575
EXCESS OF REVENUES OVER EXPENDITURES	(13,794,379)	(2,867,052)	(16,661,431)
Other Funding Sources			
Building removal credit	6,015,708	-	6,015,708
Operating transfers in (loan proceeds)	9,422,458	2,700,000	12,122,458
Total other sources	15,438,166	2,700,000	18,138,166
NET CHANGE IN FUND BALANCE	1,643,788	(167,052)	1,476,735
BEGINNING FUND BALANCE	-	1,643,788	-
ENDING FUND BALANCE	\$ 1,643,788	\$ 1,476,734	\$ 1,476,735

See accompanying notes to financial statements

SINGLE AUDIT REPORT

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 60127 / SACRAMENTO, CALIFORNIA 95860-0127 / (916) 979-9079
AUDITOR@MARCELLO-CPA.COM / WWW.MARCELLO-CPA.COM

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Fort Ord Reuse Authority
Marina, California

We have audited the basic financial statements of the Fort Ord Reuse Authority as of and for the year ended June 30, 2008, and have issued our report thereon dated September 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fort Ord Reuse Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Fort Ord Reuse Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Directors
Fort Ord Reuse Authority

This report is intended for the information of management, federal awarding agencies, and the Office of the Controller of the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Manella & Company

Certified Public Accountants
Sacramento, California
September 26, 2008

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 60127 / SACRAMENTO, CALIFORNIA 95860-0127 / (916) 979-9079
AUDITOR@MARCELLO-CPA.COM / WWW.MARCELLO-CPA.COM

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Fort Ord Reuse Authority
Marina, California

Compliance

We have audited the compliance of the Fort Ord Reuse Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Fort Ord Reuse Authority's major program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Fort Ord Reuse Authority's management. Our responsibility is to express an opinion on the Fort Ord Reuse Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Fort Ord Reuse Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Fort Ord Reuse Authority's compliance with those requirements.

In our opinion, the Fort Ord Reuse Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs, for the year ended June 30, 2008.

Board of Directors
Fort Ord Reuse Authority

Internal Control over Compliance

The management of the Fort Ord Reuse Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Fort Ord Reuse Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, federal awarding agencies, and the Office of the Controller of the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Manuello & Company

Certified Public Accountants
Sacramento, California
September 26, 2008

FORT ORD REUSE AUTHORITY

Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

<u>Description and Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF DEFENSE DEPARTMENT OF THE ARMY		
U.S. Army Corp of Engineers, HTRW Center of Expertise, Environmental Services Cooperative Agreement	12.xxx	\$ 28,121,919
Total Expenditures of Federal Awards		<u>\$ 28,121,919</u>

The accompanying Note to Schedule of Expenditures of Federal Awards is an integral part of this schedule

FORT ORD REUSE AUTHORITY
Note to Schedule of Expenditures of Federal Awards
June 30, 2008

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fort Ord Reuse Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

FORT ORD REUSE AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified Yes No
- Reportable conditions identified not considered to be material weaknesses Yes None reported

Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified Yes No
- Reportable conditions identified not considered to be material weaknesses Yes None reported

Type of auditor's report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133 Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
12.xxx	U.S. Department of Defense - Department of the Army, U.S. Army Corp of Engineers – HTRW Center of Expertise, Environmental Services Cooperative Agreement

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualifies as low-risk auditee: Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year - None
 Prior Year - None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year - None
 Prior Year - None

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Administrative Committee report	
Meeting Date: December 12, 2008 Agenda Number: 8a	INFORMATION

RECOMMENDATION:

Receive a report from the Administrative Committee.

BACKGROUND/DISCUSSION:

The Administrative Committee met on November 19, and December 3, 2008. The approved minutes of the former meeting are attached for your review. The December 3rd minutes have not yet been prepared.

FISCAL IMPACT:

None

COORDINATION:

Administrative Committee

Prepared by Linda L. Stiehl
Linda L. Stiehl

Approved by Michael A. Houlemard, Jr.
Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY

100 12th Street, Building 2880

Marina, CA 93933

(831) 883-3672 (TEL) · (831) 883-3675 (FAX) · www.fora.org

**MINUTES OF THE
ADMINISTRATIVE COMMITTEE MEETING
Wednesday, November 19, 2008**

APPROVED

1. Call to Order

Co-Chair Doug Yount called the meeting to order at 8:20 a.m. The following representatives from the land recipient jurisdictions, representing a quorum, were present:

- *Jim Cook – County of Monterey
- *Dick Goblirsch - City of Del Rey Oaks
- *Diana Ingersoll – City of Seaside
- *Les Turnbeaugh – City of Monterey
- *Doug Yount – City of Marina

Also present, as indicated by the roll sheet signatures, were:

- *Mike Zeller - TAMC
- Jim Arnold– FORA
- *Rob Robinson – BRAC
- (*)Heidi Burch – City of Carmel
- Jim Arnold – FORA
- *Kathleen Ventimiglia - CSUMB
- Tom Buell - MRWPCA
- Jonathan Garcia – FORA
- Michael Houlemard - FORA
- Diana Ingersoll – City of Seaside
- *Graham Bice – UC MBEST
- *Jim Heitzman – Marina Coast Water District
- Bob Schaffer – Marina Community Partners
- Scott Hilk – Marina Community Partners
- *Vicki Nakamura – Monterey Peninsula College
- Debbie Platt – City of Marina
- Steve Endsley - FORA

* indicates a committee member and (*) indicates a FORA voting member but not a land recipient jurisdiction

Voting board member jurisdictions not represented at this meeting were Salinas, Pacific Grove, and Sand City.

2. Pledge of Allegiance

Co-Chair Yount asked Jonathan Garcia, who agreed, to lead the Pledge of Allegiance.

3. Acknowledgements, announcements and correspondence

Executive Officer Michael Houlemard said that the Fort Ord Reuse Authority was hosting a meeting of the City of Riverbank’s city council and their redevelopment agency, who are beginning the process of converting the Riverbank Army Ammunitions Plant for civilian use. This facility was on the 2005 BRAC list. He invited all to sit in on FORA staff’s presentation to the group tomorrow (November 20). Bob Schaffer and Diana Ingersoll indicated they would attend.

4. Public comment period - none

5. Approval of November 5, 2008 meeting minutes

Co-Chair Yount declared approved the minutes approved when there was no opposition.

6. Follow-up to the November 14, 2008 FORA Board meeting

Executive Officer Houlemard reported that significant follow-up related to the Habitat Conservation Plan would be reported when Item 7a on the Administrative Committee agenda is heard.

7. Old Business

Item 7a – Habitat Conservation Plan (“HCP”)

(1) Status report and timeline (Development Schedule): Director of Planning and Finance Steve Endsley reported that the working group participated in a conference call on November 14th and staff provided a lengthy report to the Board later that afternoon. Mr. Endsley said that although there has generally been good cooperation with the regulators, indications that delays were going to occur surfaced during the conference call. U.S. Fish & Wildlife Service (“USFWS”) will be sending a letter noting remaining issues where “not enough detail” had been provided by FORA and its consultants. In addition, the CA Department of Fish & Game (“CA F&G”) point person had been on vacation and said she had not received the unresolved chapters for review. The Board authorized that strong actions be taken, including taking face-to-face meetings with the higher-ups, who had given FORA their word that timely review would occur. Executive Officer Houlemard stated that honoring the time schedule would remain FORA’s top priority, adding that the December 17th meeting will be useless the regulators live up to their part of the bargain. It was decided that meetings with both agencies would be scheduled on December 8th and/or 9th. One concern is that the endowment matter has not been resolved yet. Mr. Houlemard said he requested that the Board give him the authority to make decisions at the meetings with the regulators. He said that Julie Vance will review Deb Hilyard’s chapters and Diane Noda will have a back-up subordinate at the meetings. He reminded all that Bill Loudermilk, CA F&G regional manager, had stated in a letter earlier this year that all matters and issues would be addressed according to the timeline. Discussion by the members followed. Doug Yount asked what pre-meeting preparations need to be made. Mr. Houlemard responded that staff would meet with FORA’s environmental consultant to review the issues in the anticipated USFWS letter, probably no more than four or five, and then discuss positions. He asked that only a small number of people attend the December 8/9 meeting(s), which will help keep the discussions on track. Mr. Yount asked that staff put all the issues on paper for the Administrative Committee members before the meeting(s). Mr. Houlemard said there are probably only three main issues: (1) buffers in the borderlands, (2) management of operations and costs, and (3) the point that property owners must pay their own habitat costs and not convey them to others. Graham Bice asked what happens to existing permits, if/when the HCP is approved. Mr. Houlemard responded that this is an important technical issue but not a critical one now. Mr. Yount asked about thoughts for a Plan B, and Mr. Houlemard replied that the HCP could be disregarded and individual permits pursued. Jim Cook expressed support for Mr. Houlemard’s strategy and then asked about which entity would be responsible for the endowment (undecided yet). He asked that the County be considered and all be informed when the matter is discussed again.

Item 7a(2) - Multi-Modal Transit Corridor realignment – approve Memorandum of Agreement (“MOA”): Executive Officer Houlemard reported that Assistant Planner Jonathan Garcia had been working with Assistant Executive Officer Jim Feeney regarding adjustments to this MOA. He said final approval by the CSU Trustees of the language now removed on page two and the additional language in §1.3 was needed. He added that resolution of the issues might mean that not all lanes of the realigned corridor would be dedicated. Jim Cook asked if the existing map shows the right-of-way in the drop-down triangle. Mr. Endsley stated that if this right-of-way were left in the plan and CSUMB insisted on a fair market price for their right-of-way, the County could be expected to do the same, because the triangle has much development potential. Debbie Platt asked if the plan line or the legal description would be in the MOA and commented that the language in §1.3 is not clear. Mr. Cook agreed to work with Mr. Garcia to clarify the revised alignment and plan line, plus inserting some additional language, so the MOA could stay on track for December approval by the FORA Board. There was no objection to substituting the “City of Marina Redevelopment Agency” for “City of Marina” in the document.

Item 7b – Marina Coast Water District (“MCWD”) capacity charges – presentation by Bartle Wells: MCWD General Manager Jim Heitzman reported that meetings are continuing and progress is being made. He said the Bartle Wells presentation has been postponed to the December 3rd meeting.

Item 7c – California State University, Monterey Bay 2007 Master Plan: Recirculated Draft Environmental Impact Report (RDEIR) dated July 2008 – status report: Executive Officer Houlemard reported that CSU has been meeting with the jurisdictions, working through the issues. He said staff had drafted a preliminary letter to Jim Main, CSUMB Vice President for Administration and Finance, which had also been distributed to the committee members. He requested that any comments be received by FORA no later than this Friday. The next meeting among CSU, the jurisdictions and FORA was scheduled for December 10th.

8. New Business

Item 8a – Approval of 2009 Administrative Committee meeting dates: Executive Officer Houlemard said the FORA Board had approved the January 9th board meeting date, which sets the prior Administrative Committee meeting date on December 31st, New Years’ Eve morning. Following discussion, the members agreed to keep the December 31st meeting date; however, if there is doubt that a quorum can be achieved, they requested that the draft January 9th board agenda be sent to them for comments. **Motion to approve the 2009 Administrative Committee meeting dates as presented was made by Les Turnbeaugh, seconded by Jim Cook, and carried.**

9. **Adjournment:** Co-Chair Yount adjourned the meeting at 9:11 a.m.

Minutes prepared by Linda Stiehl, Executive Assistant

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Executive Officer's travel report

Meeting Date: December 12, 2008

Agenda Number: 8b

INFORMATION

RECOMMENDATION:

Receive a report from the Executive Officer concerning business travel on behalf of the Fort Ord Reuse Authority.

BACKGROUND/DISCUSSION:

The following travel and expense allocations were approved by the Executive Committee on December 3, 2008:

~Association of Defense Communities ("ADC") Winter Forum and the National EUL Industry Forum in San Antonio, Texas (February 7-12, 2009): Executive Officer Houlemard is president of ADC, and the Winter Forum is one of the organization's two major, annual events. Among his many ADC duties at the Forum will be chairing the quarterly board meeting, speaking to groups, and meeting with a number of civilian and military attendees. ADC will pay for all but one night of lodging and FORA will pay for air fare, forum registration and any incidental expenses not reimbursed by ADC but covered under the FORA travel policy. Mr. Houlemard has been asked to attend the National EUL Industry Forum, a one-day event on February 12, which is hosted by the Naval Facilities Engineering Command. This event will take place in the same location as the Winter Forum.

FISCAL IMPACT:

Reviewed by FORA Controller h

Costs described above, and not covered by outside agency reimbursements, are covered in FORA's approved budget.

COORDINATION:

Executive Committee and FORA Chair

Prepared by Linda L. Stiehl

Linda L. Stiehl

Approved by Michael A. Houlemard, Jr.

Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject: Fort Ord Reuse Authority investments – status report

Meeting Date: December 12, 2008

Agenda Number: 8c

INFORMATION

RECOMMENDATION:

Receive the Fort Ord Reuse Authority (FORA) quarterly investment report (ending 9/30/2008).

BACKGROUND/DISCUSSION:

On December 8, 2006 the FORA Board approved adjustments to the investment policy; the policy continues to be periodically reviewed to assure that it accommodates FORA's cash flow and investment needs. The Finance Committee (FC) discussed the policy/investment account at its April 28, 2008 and October 20, 2008 meetings. The investment account management team (John Pira and Liza Horvath, First National Bank) indicated that over time FORA should anticipate the cyclical nature of investments. In April, the FC recommended increasing bond investment by approximately 5% in the portfolio and in October, due to continuing decline in stock market, moving funds to more safe fixed income securities as market opportunities arise.

During this reporting period no funds were withdrawn and the ending balance in the investment account was \$3,881,305.

Financial Institution	Investment Type	Yield (Annual)	Portfolio Percent	9/30/08 Balance	06/30/08 Balance	Maturity
First National Bank	PRIMEVEST INVESTMENT ACCOUNT					
	Mutual Funds	-15.00%	99.82%	3,874,179	4,363,578	Liquid
	Stock Funds		58.72%	2,279,093	2,537,754	
	Bond Funds		41.10%	1,595,086	1,825,824	
	Money Market Funds	2.00%	0.18%	7,126	7,094	Liquid
	TOTALS		100.00%	3,881,305	4,370,672	

FISCAL IMPACT:

The significant drop in the stock market especially in September 2008 affected FORA's earnings in this reporting quarter. Mutual funds showed a loss of \$489,399 for FY, with the biggest earning loss since opening the investment account in 2003.

The FC Chair Sue McCloud informed the FORA Board at the November 14, 2008 meeting that the committee will review the investment policy which was written during different economic times at the next FC meeting and will bring recommendation for modification to the Board for approval.

COORDINATION:

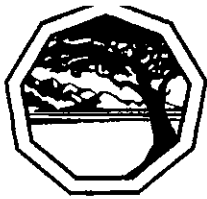
John Pira, First National Bank

Prepared by:

Ivana Bednarik

Approved by:

Michael A. Houlemard, Jr.



FORT ORD REUSE AUTHORITY

100 12TH STREET, BUILDING 2880, MARINA, CALIFORNIA 93933

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

WEBSITE: www.fora.org

December 3, 2008

Bryan Arroyo
Assistant Director, Endangered Species Program
U.S. Fish and Wildlife Service
1849 C Street, NW
Washington, DC 20240

Announcements and Correspondence
To Item 9a
FORA Board Meeting, December 12, 2008

Re: U.S. Fish and Wildlife Service review of the 2nd Administrative Draft Habit Conservation Plan for Fort Ord

Dear Mr. Arroyo:

Thank you for meeting with the Fort Ord Reuse Authority's ("FORA") legislative representatives on April 21, 2008, in Washington, DC. During this meeting, you gave assurances that you would apply your resources to resolve funding issues between U.S. Fish and Wildlife Service ("USFWS") and the Bureau of Land Management, to meet review schedules for the Habitat Conservation Plan ("HCP") and HCP National Environmental Policy Act ("NEPA") documents, and to work with us in resolving outstanding issues that arise as we complete the Fort Ord HCP and related 2081 Incidental Take Permit application. In 2007, we hired a well-qualified firm (ICF Jones and Stokes) to respond to USFWS comments on our HCP document.

Jones and Stokes prepared the most recent project schedule for development of the Fort Ord HCP on September 8, 2008 (attached). According to the schedule, USFWS and California Department of Fish and Game ("CDFG") would provide feedback on the 2nd Administrative Draft HCP by September 24, 2008. After hearing back from USFWS and CDFG staff, Jones and Stokes moved this deadline to the end of October. During a conference call on November 14, 2008, FORA staff heard from USFWS staff that they were now reconsidering their permit issuance requirements for this HCP. They suggested that, due to budgetary concerns, they were considering a self-regulating permit, which would require significant revision and additional work for the HCP preparer.

The FORA Board discussed this development at its November 14, 2008 meeting and directed FORA staff to contact USFWS and CDFG regional directors and schedule meetings to resolve all outstanding HCP issues over the next month. To that end our Executive Officer personally contacted Ventura office Executives who have expressed their commitment to come to closure on remaining issues this calendar year. However, we recognize there may be some outstanding policy issues that require your attention. If any outstanding issues remain by January 2009, we will request our federal and state headquarters leadership to set a meeting with California Resources Agency and Department of Interior to negotiate remaining issues. I am optimistic that our meetings with USFWS and CDFG representatives on December 8th and 9th will be successful in resolving outstanding issues. However, if a negotiating meeting is necessary in January 2009, I will contact you to schedule a meeting.

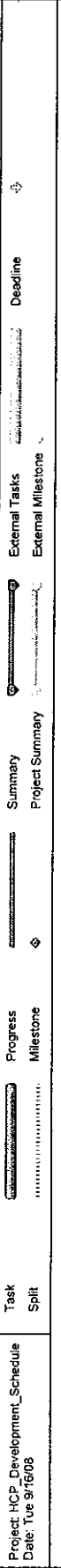
Sincerely,

Joseph P. Russell, Chair

C: FORA Board of Directors
Mike Chrisman, California Secretary for Resources

Former Fort Ord HCP Development Schedule

ID	Task Name	Duration	Start	Finish	Predecessors
1	Receipt of All USFWS and CDFG Draft HCP Comments	1 day	Fri 2/15/08	Fri 2/15/08	
2	Cost Model Development	162 days	Thu 11/10/07	Fri 6/13/08	
3	Prepare Draft Cost Model	82 days	Thu 11/10/07	Fri 2/22/08	
4	HCP Working Group Review of Cost Model Summary	4 days	Mon 2/25/08	Thu 2/28/08	3
5	HCP Working Group Meeting - Cost Model Summary	1 day	Thu 2/28/08	Thu 2/28/08	4
6	Land Manager Review of Cost Model (SLM, State Parks, UC)	24 days	Fri 2/29/08	Wed 4/2/08 3FS+4 days	5
7	Prepare Revised Draft Cost Model	51 days	Fri 2/29/08	Fri 5/9/08 5	6
8	HCP Working Group Review - Cost Model Details	9 days	Mon 5/12/08	Thu 5/22/08 7	7
9	HCP Working Group Meeting - Cost Model Details	1 day	Thu 5/22/08	Thu 5/22/08	8
10	Prepare Final Cost Model	16 days	Fri 5/23/08	Fri 6/13/08 9	9
11	Funding Chapter Development	110 days	Mon 1/14/08	Fri 6/13/08	
12	Prepare Revised Draft Funding Chapter	30 days	Mon 1/14/08	Fri 2/22/08	
13	USFWS, CDFG, & HCP Working Group Review of Funding Chapter	34 days	Mon 2/25/08	Thu 4/10/08 12	12
14	HCP Working Group Mtg - Funding Chapter	1 day	Thu 2/28/08	Thu 2/28/08	13
15	Prepare Final Draft Funding Chapter	46 days	Fri 4/11/08	Fri 6/13/08 13	14
16	Monitoring Chapter Development	75 days	Mon 3/3/08	Fri 6/13/08	
17	Prepare Revised Draft Monitoring Chapter	45 days	Mon 3/3/08	Fri 5/2/08	
18	USFWS, CDFG, & HCP Working Group Review of Monitoring Chapter	14 days	Mon 5/5/08	Thu 5/22/08 17	17
19	HCP Working Group Mtg - Monitoring Chapter	1 day	Thu 5/22/08	Thu 5/22/08	18
20	Prepare Final Draft Monitoring Chapter	16 days	Fri 5/23/08	Fri 6/13/08 18	19
21	Implementation Chapter Development	50 days	Mon 4/7/08	Fri 6/13/08	
22	Prepare Revised Draft Implementation Chapter	10 days	Mon 4/7/08	Fri 4/18/08	
23	USFWS, CDFG, & HCP Working Group Review of Implementation Chapter	20 days	Mon 4/21/08	Fri 5/16/08 22	22
24	HCP Working Group Mtg - Implementation Chapter	1 day	Thu 4/10/08	Thu 4/10/08	23
25	Prepare Final Draft Implementation Chapter	20 days	Mon 5/19/08	Fri 6/13/08 23	24
26	Implementing Agreement Development	100 days	Thu 6/19/08	Wed 11/5/08	
27	Prepare Draft IA	20 days	Thu 8/28/08	Wed 9/24/08 32	
28	USFWS, CDFG, & HCP Working Group Review of IA	15 days	Thu 9/25/08	Wed 10/15/08 27	27
29	HCP Working Group Mtg - IA	1 day	Thu 6/19/08	Thu 6/19/08	28
30	Prepare Final Draft IA	303 days	Mon 2/18/08	Wed 4/15/09	
31	Public Draft HCP	138 days	Mon 2/18/08	Wed 8/27/08 15FF, 20FF, 25FF	
32	Prepare 2nd Admin Draft HCP (All Chapters Combined)	15 days	Thu 8/28/08	Wed 9/17/08 32	31
33	HCP Working Group Review	20 days	Thu 8/28/08	Wed 9/24/08 33SS	32
34	USFWS and CDFG Review	15 days	Thu 9/25/08	Wed 10/15/08 34	33
35	Prepare Screencheck Draft HCP	20 days	Thu 10/16/08	Wed 11/12/08 35	34
36	USFWS and CDFG Solicitor Consistency Review	45 days	Thu 11/13/08	Wed 1/14/09 36	35
37	Prepare Public Review Draft HCP and NOA	65 days	Thu 1/15/09	Wed 4/15/09 37	36
38	Public Review (90 calendar days) concurrent w/ EIR/EIS	30 days	Thu 4/16/09	Wed 12/16/09	37
39	Final HCP & Decision Documents	10 days	Thu 4/16/09	Wed 5/27/09 38	38
40	Prepare Admin Final HCP and IA	15 days	Thu 5/28/09	Wed 6/10/09 40	39
41	HCP Working Group Review	15 days	Thu 5/28/09	Wed 6/17/09 41SS	40
42	USFWS and CDFG Review	10 days	Thu 6/18/09	Wed 7/1/09 42	41
43	Prepare Final HCP and IA	40 days	Thu 7/2/09	Wed 8/26/09 43	42
44	USFWS Section 10 Findings - Draft and Final	60 days	Thu 7/30/09	Wed 10/21/09 44FS-20 days	43
45	USFWS Record of Decision - Draft and Final	60 days	Thu 9/24/09	Wed 12/16/09 45FS-20 days	44
46	Final Decision Package/Document Signing	1 day	Thu 12/17/09	Thu 12/17/09 46	45
47	Issuance of Take Permits				46



Project: HCP_Development_Schedule
Date: Tue 9/16/08

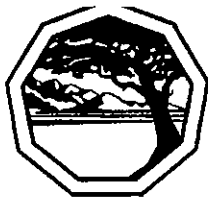
Task Split

Progress Milestone

Summary Project Summary

External Tasks External Milestone

Deadline



FORT ORD REUSE AUTHORITY

100 12TH STREET, BUILDING 2880, MARINA, CALIFORNIA 93933

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

WEBSITE: www.fora.org

December 3, 2008

Mike Chrisman
California Secretary for Resources
California Resources Agency
1416 Ninth Street, Suite 1311
Sacramento, CA 95814

Announcements and Correspondence
To Item 9b
FORA Board Meeting, December 12, 2008

Re: California Department of Fish and Game review of the 2nd Administrative Draft Habitat Conservation Plan for Fort Ord

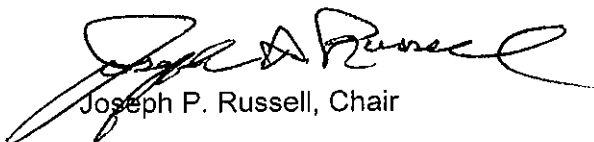
Dear Mr. Chrisman:

Thank you for meeting with the Fort Ord Reuse Authority ("FORA") 1st Vice Chair Mayor Ralph Rubio, Executive Officer, and me on March 28, 2008, in Sacramento. During this meeting, you confirmed prior commitments to employ sufficient staff and resources within CDFG to meet review schedules and work with us to resolve outstanding issues that arise as we complete the Fort Ord Habitat Conservation Plan and related 2081 Incidental Take Permit application. In addition, you noted that some items may require final negotiation at your or the CDFG Director's level. In 2007, we hired a well-qualified firm (ICF Jones and Stokes) to respond to CDFG comments on our HCP document.

Jones and Stokes prepared the most recent project schedule for development of the Fort Ord HCP on September 8, 2008 (attached). According to the schedule, CDFG and US Fish and Wildlife Service ("USFWS") would provide feedback on the 2nd Administrative Draft HCP by September 24, 2008. After hearing back from CDFG and USFWS staff, Jones and Stokes moved this deadline to the end of October. During a conference call on November 14, 2008, FORA staff heard from a CDFG staff person that 3-4 major issues remained unresolved. Also, this staff person stated that, due to an oversight on her part, she had not reviewed two of the draft HCP chapters and, starting the next day, she would be going on vacation for a month, and, therefore, she was unable to review these chapters until she returned in December.

The FORA Board discussed this development at its November 14, 2008 meeting and directed FORA staff to contact USFWS and CDFG regional directors and schedule meetings to resolve all outstanding HCP issues over the next month. To that end our Executive Officer personally contacted Fresno office Executives who have expressed their commitment to come to closure on remaining issues this calendar year. However, we recognize there may be some outstanding policy issues that require your attention. If any outstanding issues remain by January 2009, we will request our federal and state headquarters leadership to set a meeting with California Resources Agency and Department of Interior to negotiate remaining issues. I am optimistic that our meetings with USFWS and CDFG representatives on December 8th and 9th will be successful in resolving outstanding issues. However, if a negotiating meeting is necessary in January 2009, I will contact you to schedule a meeting.

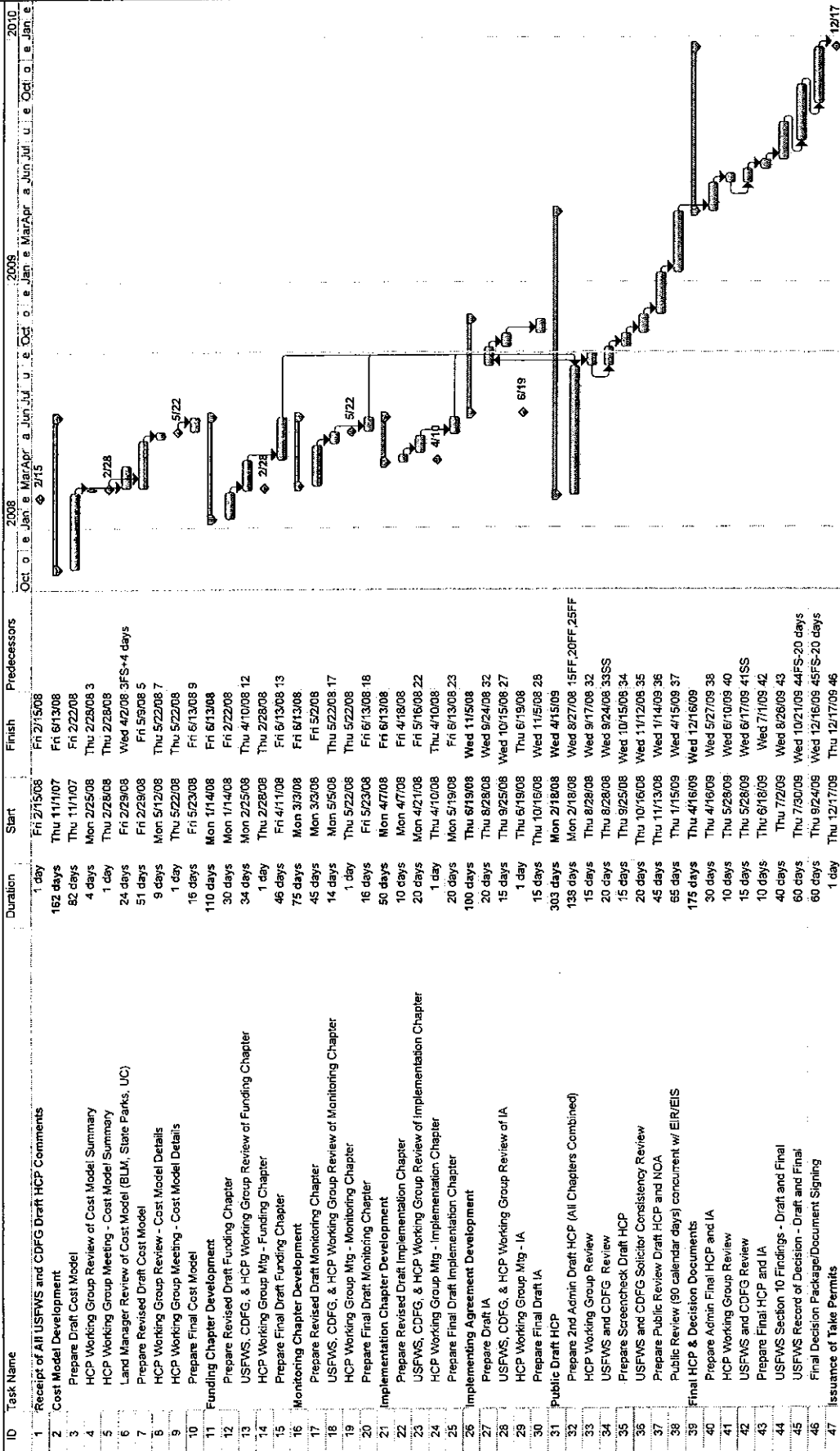
Sincerely,



Joseph P. Russell, Chair

C: FORA Executive Committee
Bryan Arroyo, USFWS Assistant Director, Endangered Species Program

Former Fort Ord HCP Development Schedule



Project: HCP_Development_Schedule
Date: Tue 9/16/08

Task Split

Progress Milestone

Summary Project Summary

External Tasks External Milestone

Deadline

Page 1