

# HCP FINANCIAL MODEL SENSITIVITY ANALYSIS & COST ALLOCATION ALTERNATIVES

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Economic & Planning Systems, Inc.  
*The Economics of Land Use*

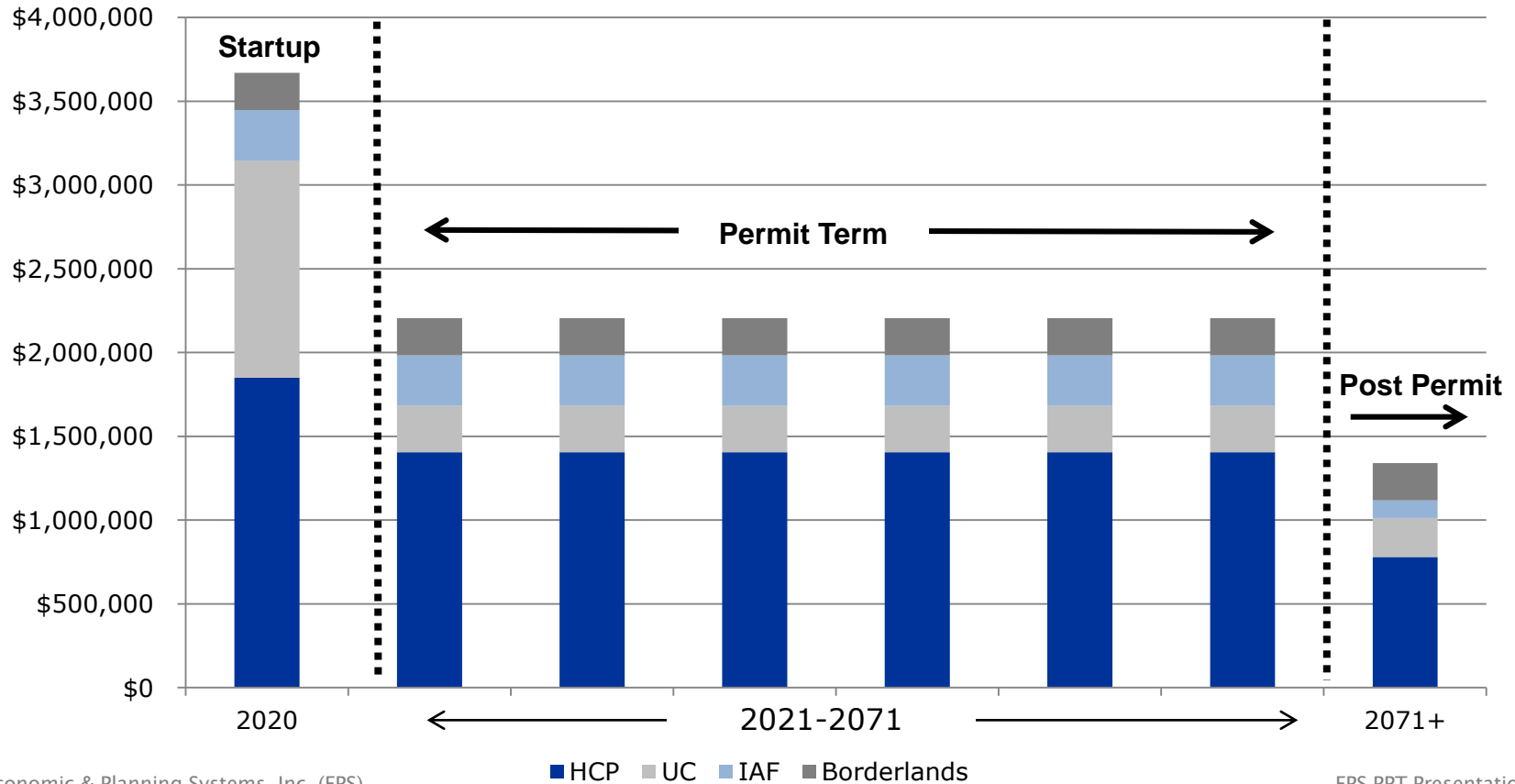
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# PRESENTATION SUMMARY

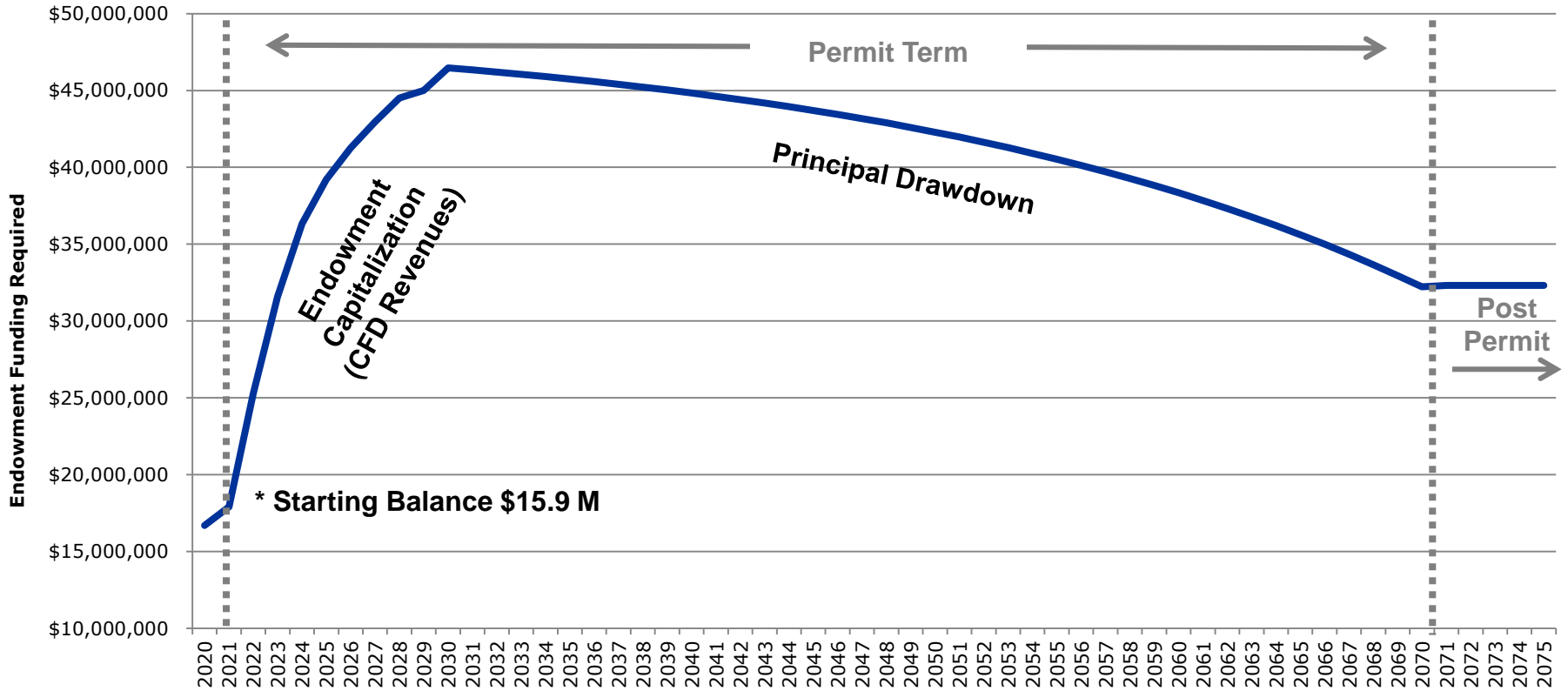
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- Purpose of Presentation:
  - Provide update and preliminary outcomes of HCP cost sensitivity analysis and HCP cost allocation alternatives.
- Presentation Summary
  - Overview of HCP financing strategy
  - HCP Sensitivity Analysis Scenarios (“What-if Analysis”) and Results
  - Preliminary Cost Allocation Alternatives

# HCP COST STRUCTURE (DRAFT)



# HCP FINANCING STRATEGY



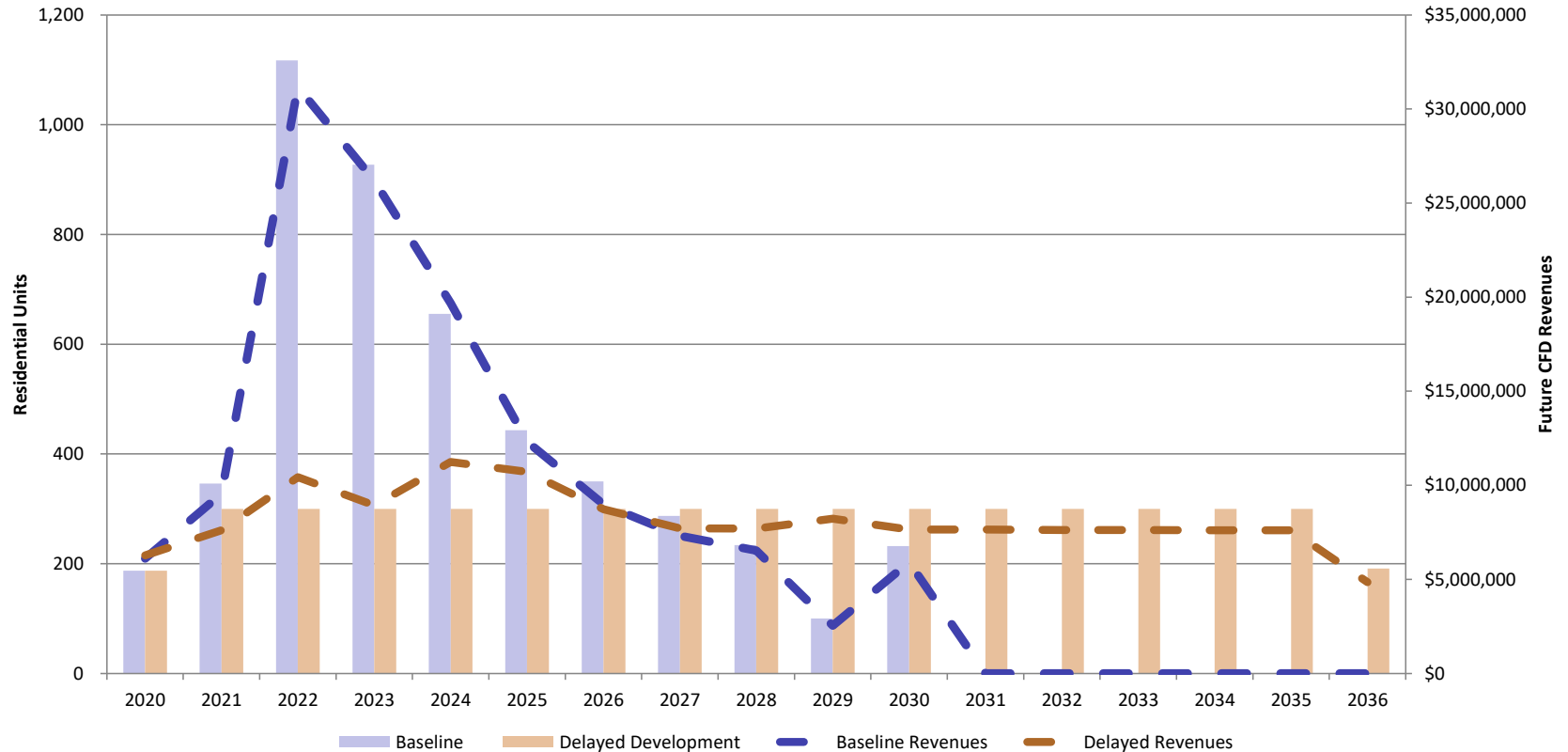
# SUMMARY OF HCP SENSITIVITY ANALYSIS

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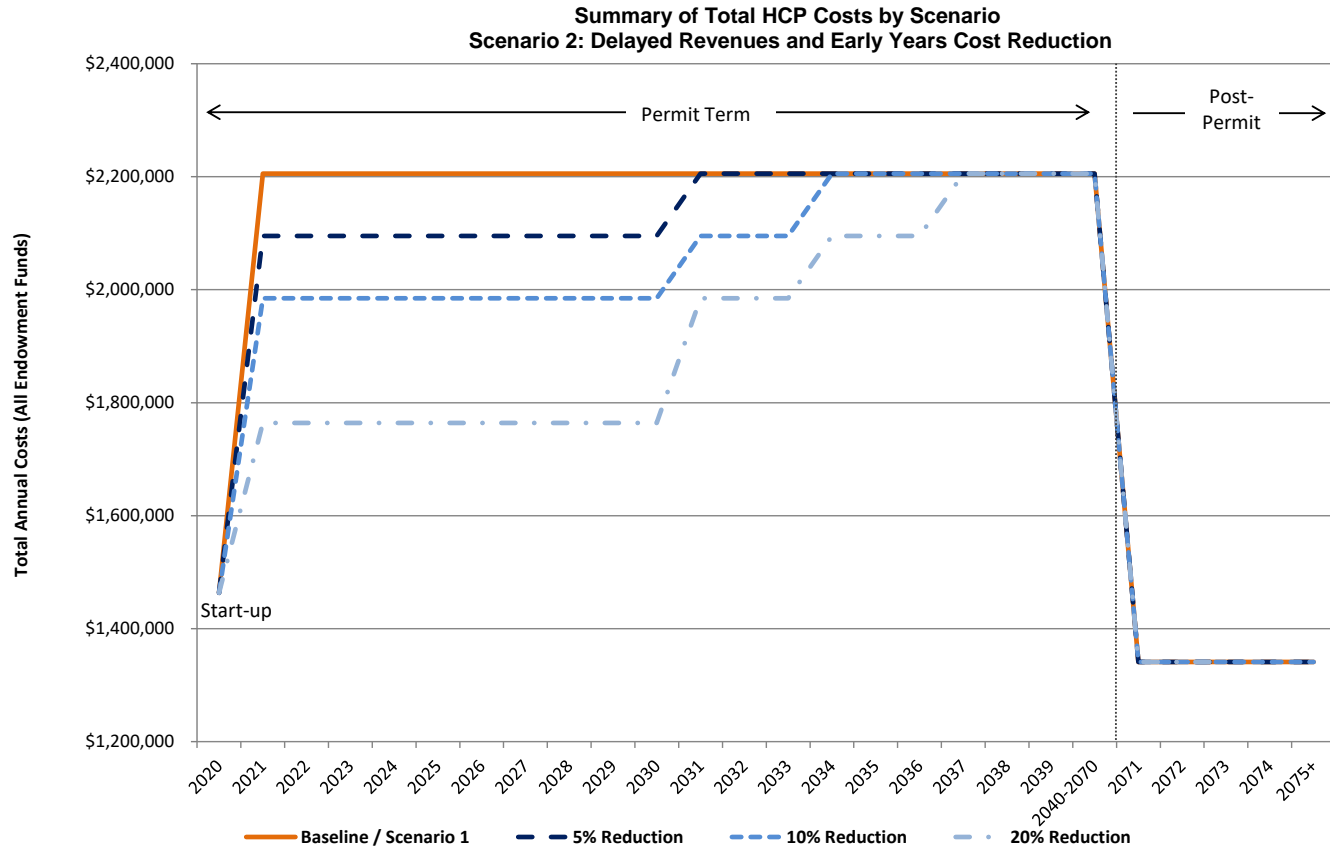
- **Scenario 1: Delayed Revenues**
  - Slower absorption and delayed revenues
  - HCP costs remain the same.
- **Scenario 2: Delayed Revenues + Early Years Cost Reduction**
  - Costs are reduced in the early years by 5%, 10%, and 20%.
  - Costs return to baseline assumptions once all development absorbed.
- **Scenario 3: Delayed Revenues + Overall Cost Reduction**
  - Total permit term and post-permit term costs are reduced by 15% and 25%.

*Note: All scenarios are hypothetical*

# SUMMARY OF HCP SENSITIVITY ANALYSIS: REVENUES

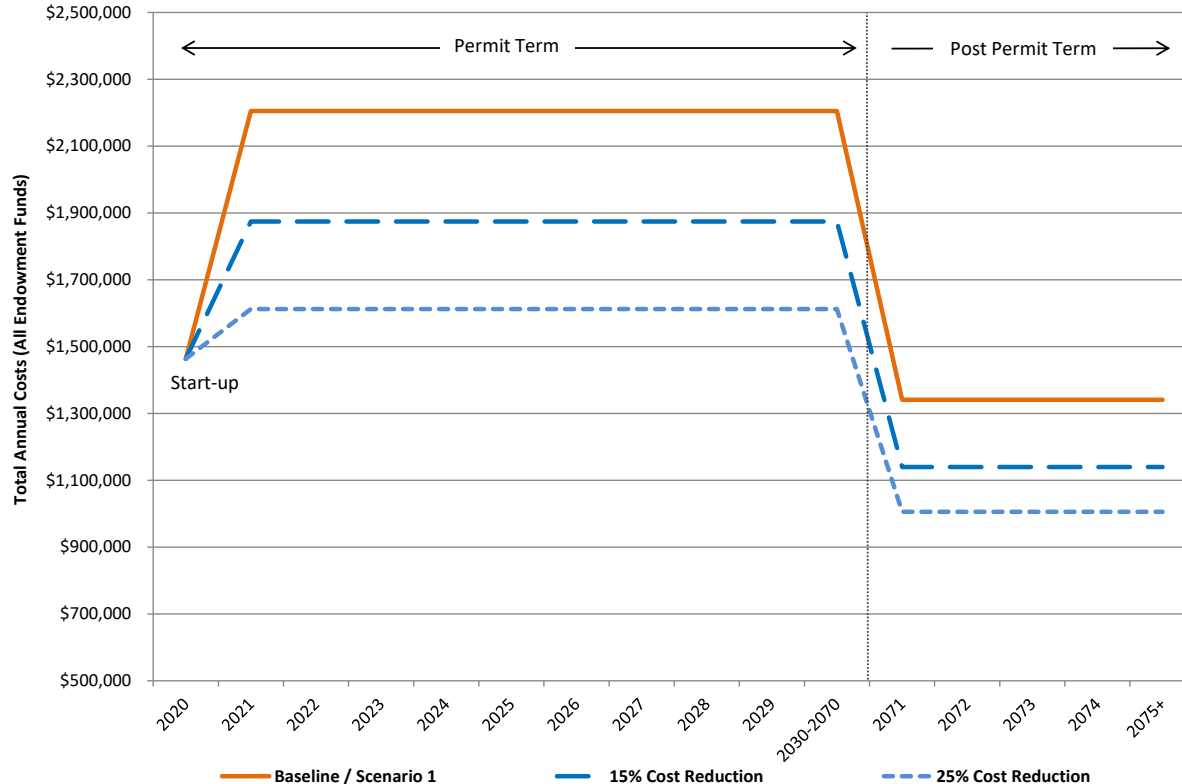


# COST SENSITIVITY ANALYSIS – SCENARIO 2



# COST SENSITIVITY ANALYSIS – SCENARIO 3

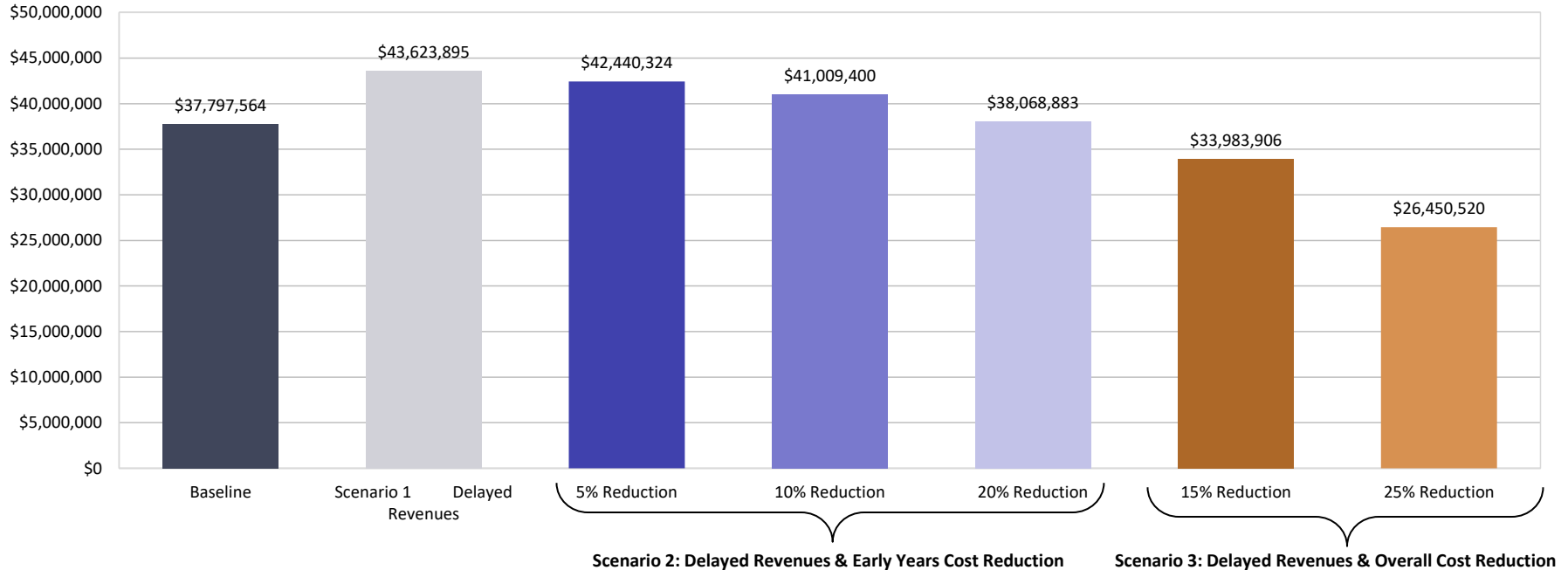
Summary of Total HCP Costs by Scenario  
Scenario 3: Delayed Revenues and Cost Reduction





# COST SENSIVITY ANALYSIS RESULTS

## HCP Endowment Funding Requirement



*Preliminary Analysis – Subject to Refinement*

# FUTURE COST ALLOCATION ALTERNATIVES

Item	Alternative 1: CFD Revenue		Alternative 2: Developable Acreage	
	Percent of Future CFD Revenue [1]	Share of Endowment Funding [2]	Future Developable Acreage [3]	Share of Endowment Funding [2]
<b>Jurisdiction</b>				
Del Rey Oaks	10.6%	\$4,236,976	13.3%	\$5,326,895
Marina	46.6%	\$18,658,082	26.1%	\$10,452,864
City of Monterey	0.1%	\$58,337	4.3%	\$1,713,329
Monterey County	11.4%	\$4,541,227	9.5%	\$3,800,475
Seaside	25.4%	\$10,140,316	27.8%	\$11,136,638
UC [4]	5.9%	\$2,365,062	18.9%	\$7,569,799
<b>Total (Rounded)</b>	<b>100.0%</b>	<b>\$40,000,000</b>	<b>100.0%</b>	<b>\$40,000,000</b>

Source: FORA; EPS.

[1] Represents future development at current CFD rates.

[2] Only includes base HCP endowment funding. Does not include HCP payout contingency.

[3] Includes Entitled HCP Dependent and Planned Development HCP Dependent acreage as provided by FORA staff.

[4] UC office space is exempt from the CFD calculation under Alternative 1 per FORA staff and Alternative 2 includes UC projects identified by FORA staff as HCP dependent. The current UC agreement to contribute to the HCP expires with the FORA sunset.

*Preliminary Analysis – Subject to Refinement*