



Building Removal Bond: Action

FORA Board
December 13, 2019

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Senior Project Manager

October 2018 – Investigate legality and feasibility of bond issuance

January 2019 – NHA Advisors selected as best qualified

May 2019 – NHA provided legal and feasibility assessment

August 2019 – Board approved the Executive Officer (EO) to prepare a bond package

September 2019 – Admin Committee recommended an intent of use, allocation, & terms

October 2019 – Bond Counsel advised DOF clarification on pass-through

November 2019 – FORA requested DOF clarification through Senator Monning's Office

December 2019 – DOF's response from dissolution law perspective

What is the DOF response saying?

1. DOF is not clear whether the money is secure or not
2. Specifically,
 1. DOF provided an opinion on Dissolution Law
 2. Dissolution Law did not list FORA as having statutory passthrough payments, and;
 3. Community Redevelopment law does not allow funds to flow as an enforceable obligation.
3. The DOF opinion, does not consider the authorizing act or other legislature actions.
4. Without certainty – bond investors will not invest.

FORA Board authorized EO and Authority Counsel (AC) to: take action as necessary to enable a bond issuance:

Course of Action:

1. Hold public hearing & start Mello-Roos clock (completed 12/10/19)
2. Approve legal documents and bond Issuance (before you today)
3. Consider validating action (or reverse validation)
4. Issue Bonds upon successful verification/validation

Validating Action:

Requires interested parties to validate their positions

What needs verification/validation?

1. FORA's right to property tax revenue to pay bond debt after sunset
2. Affirmation that the County should treat \$ as a statutory pass-through

How Long will it take?

FORA staff is able to issue bonds within 60 days following approval

Authorizing Resolution – Legal Doc 1

What does the resolution include?

1. A statement of intended use of funds & public benefit
2. The form of the Indenture of Trust (errata to be adjusted prior to issuance)
3. Judicial validating proceedings related to the indenture
4. EO authorization to execute the Indenture of Trust
5. Approval to issue and sell bonds once validating action is complete
6. Sell no more than \$55,000,000 in bonds

Indenture of Trust – Legal Doc 2

- Provides detail on bond issue cash flow
- Locks in bond proceed allocation by Account Owner
- Outlines specific instructions on how to release bond proceeds to pay invoices from stakeholders
 - Account Owner must certify funds were spent on Building Removal from the approved Parcel List
- Provides trustee management instructions
- Sets parameters for legal investment of funds

Indenture of Trust – Legal Doc 2

- Bond issue to be sold on 100% taxable basis
- Account Owner may re-allocate their bond proceeds
- Account Owners have no veto power over other Account Owners
 - Example: TAMC cannot veto MCWD allocation of excess funds to Marina
- Account Owners are not responsible for other projects
 - Example: MCWD will not pay cost over-runs on MST removal

1. **DECEMBER** - Complete Fiscal Consultants Report (Legal Doc 3)
2. **JANUARY 2020** - County Resolution to assign pass-through to Successor Entity
3. **JANUARY** - Successor Entity Resolution to Administer the Bond and assign pass-through to Trustee
4. **JANUARY** – Credit Review Process with Standard & Poors
5. **FEBRUARY** - Agreement on Monterey County Region Fire District
6. **FEBRUARY** – Bonds Sold and Closed

Recent Communications:

TAMC, MST, City of Marina, and AC requested Minor Changes:

1. TAMC/MST agreement of allocation adjustment between the entities
2. Inclusion of Public Benefit Conveyance Parcel (PBC) - L5.5.1
3. Fix language/grammar in Indenture of Trust concerning 1) assignment of surplus funds, and 2) acronyms
4. Recalculation of estimated allocation amounts

Receive Report and
Approve Authorizing Resolution with minor changes,
as presented in this report

