FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933
Phone: (831) 883-3672 | Fax: (831) 883-3675 | www.fora.org

REGULAR MEETING
FORT ORD REUSE AUTHORITY BOARD OF DIRECTORS

Friday, December 12, 2014 at 2:00 p.m.
910 2nd Avenue, Marina, CA 93933 (Carpenters Union Hall)

AGENDA

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CLOSED SESSION

a. Conference with Legal Counsel - Existing Litigation, Gov Code 54956.9(a) – 2 Cases
   i. Keep Fort Ord Wild v. Fort Ord Reuse Authority (FORA), Case Number: M114961
   ii. The City of Marina v. Fort Ord Reuse Authority, Case Number: M11856

4. ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

5. ROLL CALL

6. ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE

7. CONSENT AGENDA

a. Approve November 12, 2014 Board Meeting Minutes (pg. 1) — ACTION

b. Approve November 14, 2014 Board Meeting Minutes (pg. 2-5) — ACTION

c. Approve 2015 FORA Board Meeting Schedule (pg. 6-9) — ACTION

8. BUSINESS ITEMS

a. 2nd Vote: Approve Agreement with Monterey Bay Economic Partnership (pg. 10-15) — ACTION

b. Post Reassessment Advisory Committee Report - Approve Trails Symposium Budget (pg. 16-18) — ACTION

c. Accept Fiscal Year 13-14 Annual Financial Report (pg. 19-75) — ACTION

d. Approve Resolution Requesting Preston Park Loan Extension (pg. 76-78) — ACTION

e. Approve One Year Renewal of Preston Park Management Agreement with Alliance Communities, Inc. (pg. 79-80) — ACTION

f. Authorize Preston Park Budget Amendment for Compliance Work (pg. 81-84) — ACTION

g. Approve Corrective Amendment to Executive Officer Contract (pg. 85-99) ACTION

9. PUBLIC COMMENT PERIOD

Members of the public wishing to address the Board on matters within its jurisdiction, but not on this agenda, may do so for up to 3 minutes. Comments on agenda items are heard under the item.

10. EXECUTIVE OFFICER'S REPORT

a. Outstanding Receivables (pg. 100) INFORMATION

b. Habitat Conservation Plan Update (pg. 101) INFORMATION

c. Administrative Committee (pg. 102-106) INFORMATION

d. Finance Committee (pg. 107-108) INFORMATION

e. Post Reassessment Advisory Committee (pg. 109-111) INFORMATION

f. Regional Urban Design Guidelines Task Force (pg. 112-115) INFORMATION

g. Travel Report (pg. 116-118) INFORMATION

h. Public Correspondence to the Board (pg. 119) INFORMATION

i. Administrative Consistency Determination for Entitlement: City of Marina's Church of Latter-day Saints Project (pg. 120-122) INFORMATION/ACTION

j. Administrative Consistency Determination for Entitlement: City of Marina's Marriott Hotel Project (pg. 123-125) INFORMATION/ACTION

11. ITEMS FROM MEMBERS

12. ADJOURNMENT

NEXT BOARD MEETING: JANUARY 9, 2015

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933
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FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING MINUTES

Wednesday, November 12, 2014 at 12:00 p.m.
910 2nd Avenue, Marina, CA 93933 (Carpenters Union Hall)

1. **CALL TO ORDER**
Chair Edelen called the meeting to order at 12:02 p.m.

2. **PLEDGE OF ALLEGIANCE**
Mayor Gunter led the Pledge of Allegiance.

3. **ROLL CALL**

Voting members present: (**alternates*) (*AR: entered after roll call*)
Chair/Mayor Edelen (Del Rey Oaks)
Mayor Rubio (City of Seaside)
Supervisor Parker (County of Monterey)
Mayor Pendergrass (City of Sand City)
Supervisor Calcagno (County of Monterey)
Nick Chiulos* (County of Monterey)
Councilmember Pacheco* (City of Seaside)
Mayor Pro-Tem Beach (City of Carmel-by-the-Sea)
Mayor Gunter (City of Salinas)

Absent: Councilmember Selfridge (City of Monterey), Mayor Pro-Tem O'Connell (City of Marina), Councilmember Morton (City of Marina), Councilmember Lucius (City of Pacific Grove).

Ex-officio (Non-Voting) Members Present: None.

4. **PUBLIC COMMENT**
None.

5. **CLOSED SESSION**
The Board adjourned to closed session at 12:04 p.m.

   a. **Conference with Legal Counsel - Existing Litigation, Gov Code 54956.9(a) – 1 Case**
      i. **The City of Marina v. Fort Ord Reuse Authority, Case Number: M11856**

6. **ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION**
The Board reconvened into open session at 12:28 p.m. and Authority Counsel Jon Giffen announced no reportable action had been taken.

7. **ADJOURNMENT**
Chair Edelen adjourned the meeting at 12:29 p.m.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY

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FORT ORD REUSE AUTHORITY
BOARD OF DIRECTORS REGULAR MEETING MINUTES

Friday, November 14, 2014 at 1:30 p.m.
910 2nd Avenue, Marina, CA 93933 (Carpenters Union Hall)

1. **CALL TO ORDER**
Chair Edelen called the meeting to order at 1:31 p.m.

2. **PLEDGE OF ALLEGIANCE**
Mayor Pro-Tem O'Connell led the Pledge of Allegiance.

3. **CLOSED SESSION**
The Board adjourned to closed session at 1:33 p.m.

   a. **Public Employment , Gov Code 54959.7(b) - Executive Officer**

   b. **Conference with Legal Counsel - Existing Litigation, Gov Code 54956.9(a) – 2 Cases**
      i. **Keep Fort Ord Wild v. Fort Ord Reuse Authority (FORA), Case Number: M114961**
      ii. **The City of Marina v. Fort Ord Reuse Authority, Case Number: M11856**

4. **ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION**
The Board reconvened into open session at 1:55 p.m. and Authority Counsel Jon Giffen announced no reportable action had been taken.

5. **ROLL CALL**

Voting members present: *(*alternates) (AR: entered after roll call)*

Chair/Mayor Edelen (Del Rey Oaks)
Mayor Pro-Tem Beach (City of Carmel-by-the-Sea)**
Mayor Gunter (City of Salinas)
Mayor Kampe* (City of Pacific Grove)
Councilmember Morton (City of Marina)
Councilmember Brown* (City of Marina)
Mayor Pro-Tem Oglesby (City of Seaside)
Supervisor Parker (County of Monterey)
Mayor Pendergrass (City of Sand City)
Supervisor Potter (County of Monterey)
Mayor Rubio (City of Seaside)
Councilmember Selfridge (City of Monterey)

**replaced by Councilmember Dallas at 3:07 p.m.

Absent: Supervisor Calcagno (County of Monterey)

Ex-officio (Non-Voting) Members Present: Alec Arago* (20th Congressional District), Taina Vargas Edmond* (29th State Assembly District), Donna Blitzer (University of California, Santa Cruz), Andre Lewis* (California State University Monterey Bay), Walter Tribley (Monterey Peninsula College), PK Diffenbaugh (Monterey Peninsula Unified School District), Lisa Rheinheimer* (Monterey Salinas Transit), Bill Collins (Fort Ord BRAC Office), Director Moore (Marina Coast Water District).

6. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS, AND CORRESPONDENCE**
Executive Officer Houlemard thanked the Board for their understanding as FORA experienced multiple staff shortages due to illness and family emergencies.

7. CONSENT AGENDA

Supervisor Parker asked clarifying questions regarding item 7b, to which Mr. Houlemard and Senior Planner Jonathan Garcia responded. Mayor Pro-Tem Oglesby requested to remove item 7b from the Consent Agenda to permit further public explanation of the item.

a. Approve October 10, 2014 Board Meeting Minutes

~~b. FORA-City of Marina Reimbursement Agreement Amendment #1~~ *removed from consent agenda*

c. Approve 2015 Fort Ord Reuse Authority Legislative Agenda

MOTION: Mayor Rubio moved, seconded by Supervisor Potter, to approve the Consent Agenda.

7b. FORA-City of Marina Reimbursement Agreement Amendment #1
A member of the public requested additional information on item 7b, which Mr. Houlemard provided.

MOTION: Mayor Rubio moved, seconded by Mayor Pro-Tem Oglesby, to authorize the Executive Officer to execute amendment #1 to the Fort Ord Reuse Authority-City of Marina Reimbursement Agreement according to the terms provided.

MOTION PASSED UNANIMOUSLY

8. BUSINESS ITEMS

a. 2nd Vote: Preston Park Operating and Capital Budgets

MOTION: Mayor Gunter moved, seconded by Mayor Rubio, to table (postpone) the item, pending settlement of the Marina v. FORA Preston Park litigation.

MOTION PASSED UNANIMOUSLY

b. Executive Officer Contract Amendment
Authority Counsel Jon Giffen presented the item. Chair Edelen emphasized that the matter before the Board was amendment of the Executive Officer's contract and not the previously discussed compensation adjustment.

MOTION: Mayor Rubio moved, seconded by Supervisor Potter, to amend the Executive Officer's contract as recommended.

Mayor Kampe suggested removing the last sentence of section 3(a) as an alternative to the proposed amendments.

SUBSTITUTE MOTION: Mayor Rubio moved, seconded by Mayor Gunter, to refer to the Executive Committee for further study and a recommendation regarding the EDS contract correction for Board action.

THE SUBSTITUTE MOTION PASSED UNANIMOUSLY

c. Authorize Purchase of Pollution and Legal Liability Insurance Coverage
Mr. Houlemard provided an overview of the process used to select the insurance broker and jurisdiction coverage levels. FORA Special Counsel Barry Steinberg clarified the terms of the policy.

MOTION: Mayor Gunter moved, seconded by Mayor Rubio, to:

i. Authorize the Executive Officer to purchase Pollution and Legal Liability (PLL) Insurance Coverage, not to exceed $1,710,000, comprised of premium, broker fee, and surplus lines tax.

ii. Authorize the Executive Officer to enter into repayment agreements with Named Insureds to allow up to two years for Named Insureds to repay FORA their prorated share of the PLL Insurance Premium, according to the terms provided.

MOTION PASSED UNANIMOUSLY

d. Approve an Agreement with Monterey Bay Economic Partnership

Mr. Houlemard reviewed the Economic Development Specialist recruitment process, noting that none of the qualified candidates had been willing to accept the the terms approved by the Board. He reviewed various options for moving forward and communicated staff's recommendation that FORA retain the Monterey Bay Economic Partnership (MBEP) to carry out economic development services. Mr. Houlemard introduced MBEP representatives Brian Turlington and Mary Ann Leffel. Ms. Leffel provided a brief history of the MBEP and discussed the need for investment in a regional approach to economic development. The Board received comments from members of the public. David Spaur, Economic Development Director for the County of Monterey, requested Board support for this joint-MBEP effort. Doug Yount also spoke on behalf of CSUMB urging support.

MOTION: Supervisor Potter moved, seconded by Mayor Rubio, to authorize the Executive Officer to execute an agreement, not to exceed $100,000, to join the Monterey Bay Economic Partnership.

Mayor Pro-Tem Beach left at 3:07 and Councilmember Dallas took over at 3:07 p.m.

MOTION RECEIVED MAJORITY APPROVAL (2nd Vote Required): *Ayes*: Dallas, Edelen, Gunter, Kampe, Oglesby, Pendergrass, Potter, Rubio. *Noes*: Morton, Parker, Selfridge. *Abstain*: O'Connell.

e. City of Del Rey Oaks Land Sales Transaction

i. Land sales Transaction Summary

Mr. Garcia provided an overview of the land sales transaction.

ii. Del Rey Oaks/FORA Insurance Repayment Agreement Amendment

Mr. Garcia reviewed the terms of the repayment agreement and staff responded to questions from members of the Board.

MOTION: Supervisor Potter moved, seconded by Mayor Rubio, to authorize the Executive Officer to execute Amendment #1 to the City of Del Rey Oaks/Fort Ord Reuse Authority Insurance Repayment Agreement.

MOTION PASSED UNANIMOUSLY

f. Update on Prevailing Wage Compliance

Principal Analyst Robert Norris reviewed Fort Ord prevailing wage requirements and provided a history of Board actions on the subject. He stated staff would likely return with a future item addressing recent enforcement concerns.

Mayor Rubio requested a future item to explore alternatives for prevailing wage compliance services, noting that the Building Trades Association and FORA should be considered potential enforcement entities. Councilmember Morton discussed contract amendments enacted by the City of Marina to support transparency and prevailing wage compliance for future development projects.

g. Regional Urban Design Guidelines (RUDG) Status Report

Associate Planner Josh Metz reviewed the site visit schedule and thanked participants. He provided background regarding the RUDG consultant selection process and next steps. Dover Kohl & Partners Representative Jason King discussed project goals, introduced the consultant team members, and reviewed the charrette schedule. He announced that over 120 people had participated in the previous 2-day public sessions, and he briefly reviewed initial impressions/input received. Mayor Rubio and Pro-Tem Oglesby urged the consultants to incorporate evening and weekend meetings in order to permit community members and opportunity to provide input outside of working hours. Mr. Metz agreed.

9. PUBLIC COMMENT PERIOD
The Board received comments from members of the public.

10. EXECUTIVE OFFICERS REPORT
No report was given for items a, b, c, d, e, f, and h.

a. Outstanding Receivables

b. Habitat Conservation Plan Update

c. Administrative Committee

d. Finance Committee

e. Post Reassessment Advisory Committee (PRAC)

f. Regional Urban Design Guidelines Task Force

g. Travel Report
Mr. Houlemard stated he planned to present a full report on the recent Association of Defense Communities Base Redevelopment Forum at the next meeting.

h. Public Correspondence to the Board

i. Administrative Consistency Determination - Entitlement: City of Marina's Marriott Hotel
Mr. Houlemard explained the administrative consistency determination process, noting that since no appeal was filed, the Executive Officer's determination stands.

j. Environmental Services Cooperative Agreement Update
Mr. Houlemard provided a brief report.

k. Base Reuse Plan Reassessment Report Categories 1 and 2 Update
Mr. Houlemard discussed the PRAC-led Trails Symposium scheduled for January 22, 2016.

11. ITEMS FROM MEMBERS
Mayor Pro-Tem Oglesby stated he agreed the Board should receive a presentation on recently attended conferences.

Mayor Rubio requested staff look into methods of expanding local hiring preference.

Director Moore objected to the 2015 Legislative Agenda augmented water supply language.

12. ADJOURNMENT
Chair Edelen adjourned the meeting at 4:44 p.m.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

CONSENT AGENDA

Subject:	Approve 2015 FORA Board Meeting Schedule	
Meeting Date: **Agenda Number:**	December 12, 2014 7c	**ACTION**

RECOMMENDATION:

Approve the 2015 Fort Ord Reuse Authority (FORA) Board Meeting Schedule.

BACKGROUND/ DISCUSSION:

At the end of each year, the FORA Executive Committee reviews the dates of the FORA Board meetings for the coming year (**Attachment A**). Although the FORA Master Resolution states that Board meetings shall be held on the second Friday of each month, national holidays, conferences, and other events can present conflicts that make it advisable to adjust the meeting dates to ensure a quorum of Board members. The Executive Committee reviewed the draft 2015 Board Meeting Schedule at their December 3, 2014 meeting. They found no need to deviate from the second Friday meeting schedule and recommended the attached dates for approval.

On December 3rd, the FORA Executive and Administrative Committees also approved the attached FORA Committee meeting schedules (**Attachment B and C**). These approvals are contingent upon approval of the Board Meeting Schedule.

Once approved by the Board, the 2015 FORA Meeting Schedules will be widely distributed and posted to the FORA website at www.fora.org. Any future changes to the established meeting dates will be publicly noticed well in advance of the meeting.

FISCAL IMPACT:

Reviewed by FORA Controller ______

This item has no fiscal impact.

COORDINATION:

Executive Committee, Administrative Committee.

Prepared by ______ Lena Spilman   Approved by ______ Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY
920 2nd Avenue, Suite A, Marina, CA 939
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2015 FORA BOARD MEETING SCHEDULE

January 9

February 13

March 13

April 10

May 8

June 12

July 10

August 14

September 11

October 9

November 13

December 11

Board meetings are held on the 2nd Friday of each month at 2:00 p.m. at the Carpenters Union Hall on the former Fort Ord (910 Second Avenue, Marina, CA), unless otherwise noticed/announced.

Meeting dates and times are subject to change. Agendas and other meeting materials are posted on the FORA website at www.fora.org and are available upon request.

FORT ORD REUSE AUTHORITY
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2015 FORA EXECUTIVE COMMITTEE MEETING SCHEDULE

December 30

February 4

March 4

April 1

April 29

June 3

July 1

August 5

September 2

September 30

November 4

December 2

December 30

Executive Committee meetings are scheduled on Wednesdays, one week prior to the Board meeting. The primary purpose of the meeting is to review the upcoming FORA Board meeting agenda. Meetings begin at 3:30 p.m. in the FORA Conference Room, unless otherwise posted.

Meeting dates and times are subject to change.
Agendas and agenda materials are posted on the FORA website at www.fora.org, and are also available upon request.

FORT ORD REUSE AUTHORITY
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2015 FORA ADMINISTRATIVE COMMITTEE MEETING SCHEDULE

December 30
January 21

February 4
February 18

March 4
March 18

April 1
April 15

April 29
May 13

June 3
June 17

July 1
July 15

August 5
August 19

September 2
September 16

September 30
October 14

November 4
November 18

December 2
December 16

December 30
(for January 2016 Board meeting)

The FORA Administrative Committee meets twice a month, on the Wednesday one week prior to the Board meeting and on the Wednesday following the Board meeting. The dates in bold above are the meetings that occur prior to the Board meeting, at which the Committee will review items for the upcoming Board agenda. Meetings begin at 8:15 a.m. in the FORA Conference Room, unless otherwise posted.

Meeting dates and times are subject to change. Agendas and other meeting materials are posted on the FORA website at www.fora.org and are available upon request.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	2nd Vote: Approve Agreement with Monterey Bay Economic Partnership	
Meeting Date:	December 12, 2014	**ACTION**
Agenda Number:	8a	

RECOMMENDATION(S):

Take a second vote to authorize the Executive Officer to execute an agreement, not to exceed $100,000 (**Attachment A**), to join the Monterey Bay Economic Partnership (MBEP).

BACKGROUND/DISCUSSION:

During the Fort Ord Reuse Plan Reassessment process, FORA received a significant number of comments expressing concern that the employment and other economic benefits were lagging behind and required attention. In response, many Board members and speakers at the Fort Ord Reuse Colloquium suggested strengthening Fort Ord job creation activities and developing a program of enhancing the intellectual property transfer and strengthening economic development connections to benefit the overall recovery program. Responding to the suggestions, staff created a new position of Economic Development Specialist. The Fort Ord Reuse Authority (FORA) Finance Committee, Executive Committee and Board reviewed this proposal last spring. The Board specifically added accountability and performance measures to determine the success of such a position and limited funding to two years. On June 20, 2014 the FORA Board approved an Economic Development Specialist staff position and, in the position description, the total salary/benefits/support package was set not to exceed $164,000. FORA independent Human Resources consultant, Avery Associates, recommended a $90.7K to $115.8K salary range based on the Job Description reviewed by the Board in approving the creation of the position.

The recruitment effort yielded fifteen applications and four applicants were advanced for interviews by a panel comprised of representatives from the local jurisdictions, education, and business communities. After completing interviews, the top ranked candidates expressed reservations about the level of compensation, the employment term limitations, and short timeframe for performance assessment and elected not to accept or not respond to employment offers.

Staff coordinated with members of the interview panel and explored alternatives to address this unsuccessful recruitment effort. In the past few weeks, several ideas surfaced. Interview panelists generated the following three options:

1. Re-initiate the position advertisement and extend the search to other states/ regions for the same staff position; purchase national executive search firm assistance;and consider increasing the compensation or Board directed term limitations.

2. Reconfigure the position advertisement to solicit consultant proposals to perform the same functions as an Economic Development Specialist; conduct a selection process for consultant services.

3. Representatives of MBEP (Mary Ann Leffel and Bud Colligan) have suggested FORA consider investing as a major contributor to the MBEP and acquire these services through that means. In particular, MBEP would provide to FORA:

    i. Data organization and stewardship
    ii. Opportunity site reporting
    iii. Clearing house for economic development and job creation opportunities

    Under this option, FORA would enter into an agreement with MBEP for Economic Development Specialist Services, not to exceed $100,000, potentially leveraging local investor(s) to match FORA's $100,000 contribution. FORA would reallocate the remaining $64,000 in available budget to support the economic development specialist work conducted by MBEP, which may include acquiring part-time administrative support and additional staff assignments.

In reviewing these three options, staff concluded that the MBEP has the greatest potential to benefit the overall Fort Ord recovery program and is uniquely qualified since it is the only entity performing this level of work with broad reach, community support, capacity, and economic development mission.

On October 1, 2014, the Executive Committee reviewed these options and directed staff to include this item for Board consideration at its October 10 meeting. Due to time limitations, the item was not reviewed on October 10 and was considered on November 14.

At its November 14, 2014 meeting, the Board took a first vote to approve the FORA-MBEP agreement for Economic Development Specialist Services. The first vote received majority support, but was not unanimous. A second vote must take place for the motion to be approved.

FISCAL IMPACT:

Reviewed by FORA Controller ____

The Board approved up to $164,000 for the Economic Development Specialist salary and related expenses at the June 20, 2014 meeting. The MBEP agreement will not exceed $100,000 resulting in $64,000 in budget savings. Opportunities to re-program these funds will be addressed at a future Board meeting and/or during the mid-year budget review.

COORDINATION:

MBEP, Authority Counsel, Executive and Administrative Committees.

Prepared by Jonathan Garcia
Jonathan Garcia

Reviewed by D. Steven Endsley
Steve Endsley

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

Partnership Agreement

Memorandum of Understanding

THE FORT ORD REUSE AUTHORITY

and

THE MONTEREY BAY ECONOMIC PARTNERSHIP

This Memorandum of Understanding ("MOU") describes the responsibilities and expectations between the Fort Ord Reuse Authority, a subdivision of the State ("FORA") and the Monterey Bay Economic Partnership, a private non-profit association ("MBEP") in regard to combining FORA's regional interests with the MBEP's regional interests insofar as FORA and the MBEP (collectively hereinafter, the "Parties") are independently and cooperatively working on economic development programs that are structured to benefit the former Fort Ord and Monterey Bay Region. The purpose of this partnership is to aid both Parties' future course of conduct with respect to recovery from former Fort Ord closure and economic development and is entered into with regard to the following facts:

RECITALS

A. FORA is a regional agency established under Government Code Section 67650 to plan, facilitate and manage the three county Monterey Bay regional recovery from the closure/downsizing of the former Fort Ord Army Military Reservation (hereinafter referred to as "Fort Ord") and to facilitate former Fort Ord property reuse.

B. The MBEP is an alliance of business executives, professionals and public agencies that provide collaborative leadership to assist business, government, education, and the community to coordinate/enhance effective economic development efforts that reflect a strong environmental, business vitality, and quality of life commitment.

C. The Parties are independently and cooperatively working on economic development programs that are structured to benefit the former Fort Ord and Monterey Bay Region.

D. The MBEP will focus on supporting economic recovery and enhancement efforts such as business location/relocation, retaining enterprises currently active in the Monterey Bay Region, and strengthening or expanding existing businesses to increase production or diversification to increase Monterey County jobs.

E. The FORA Board of Directors and the MBEP leadership find it to be mutually beneficial to join these independent efforts to establish and sustain a coordinated approach to accomplish both Parties' economic development goals/objectives in the coming fiscal years.

F. The Parties now desire to enter into this MOA to set forth the Parties' understanding with regard to combining the MBEP's regional interests with FORA's regional interests and the Parties' future course of conduct with respect to recovery from former Fort Ord closure and economic development.

AGREEMENT

Now, therefore, for valuable consideration, as noted below, the Parties agree as follows:

1. Creation of an Economic Development Program. FORA acknowledges that it is solely responsible for the implementation of the terms and conditions of the former Fort Ord recovery program and any related policies, such as the Base Reuse Plan. In accordance with State Law, FORA will complete those recovery financing, planning, and other defined policies.

2. FORA Financial Support. FORA agrees to join MBEP at a level of $100,000 per year in funding from FORA resources and/or other sources of grant funds secured by FORA for FY 14/15 and FY 15/16.

3. MBEP Financial Support. The MBEP hereby agrees to provide $100,000 per year in funding from MBEP resources and/or other sources of private business or individual financial support secured by the MBEP for FY 14/15 and FY 15/16 to match the funds dedicated to membership in MBEP by FORA for economic development needs.

4. MBEP Services.

   a. General MBEP Services: MBEP will provide the following general services to all its partners, including FORA:
      i. Advocate for sustainable economic development and jobs, consistent with the environmental values of the Monterey Bay region, and will be a resource for factual information about the Monterey Bay region economy for policy makers, business and the public.
      ii. Provide accountability for public investments and spending related to infrastructure and economic development.
      iii. Convene education, government, business and non-profit entities regarding sustainable economic development issues.
      iv. Provide linkage between education institutional priorities and workforce needs.
      v. Work with the community to foster the continued success of our Department of Defense/federal assets.
      vi. Support all MBEP partners with research, data, introductions, and networking.

   b. Specific MBEP Services: MBEP will provide the following specific services to all its partners, including FORA:
      i. Convene the annual Regional Economic Development Forum and Forecast for the Monterey Bay Region and provide an annual "State of the Region" report.
      ii. Identify and work on 2 - 3 regional initiatives per year with important economic and jobs impact.
      iii. Convene monthly sector roundtables of key stakeholders in critical Monterey Bay region economic sectors.
      iv. Support regional efforts for the former Fort Ord's Economic Recovery through Educational Reuse Programs and Environmental Conservation.
      v. Host the standard International Economic Development Corporation (IEDC) data sets on the MBEP website.

5. Maximum FORA Investment. FORA's investment is $100,000 annually for fiscal years 2014/2015 and 2015/2016. FORA shall be entitled to all "Chairman" investor benefits as set forth in the MBEP "Investor Benefits" as set forth in the document attached hereto as Exhibit "A." FORA will be invoiced by MBEP upon FORA board approval.

6. Facilities and Equipment. FORA agrees to make conference rooms and other facilities available to MBEP for coordinated use to implement the terms of this MOA – subject to scheduling availability as contrasted with other FORA program demands.

7. Exhibits. All exhibits referred to herein/attached hereto are by this reference incorporated.

8. Time. Time is and shall be of the essence of each term of this MOA.

9. Severability. If any of the provisions of this MOA are determined to be invalid or unenforceable, those provisions shall be deemed severable from the remainder of this MOA and will not cause its invalidity unless this MOA without the severed provisions would frustrate a material purpose of either party in entering into the MOA.

AGREED AND ACCEPTED:

MONTEREY BAY ECONOMIC PARTNERSHIP	FORT ORD REUSE AUTHORITY
By: ______________________________	By: ______________________________
Brian E. Turlington	Michael A. Houlemard, Jr.
Its: President	Its: Executive Officer

Exhibit "A"

Investor Benefits

monterey bay ECONOMIC PARTNERSHIP	**Small Business/ Individual** (under 10 employees) $1,000-2,499	**Shareholder** $2,500-4,999	**Manager** $5,000-9,999	**Executive** $10,000-24,999	**Chairman** $25,000 and above
MBEP print and electronic communications	X	X	X	X	X
Invitations to MBEP events and programs	X	X	X	X	X
Recognition in MBEP newsletter and annual report	X	X	X	X	X
Relationship building on behalf of your company or organization at trade shows & conferences	X	X	X	X	X
Access to MBEP research and data resources		X	X	X	X
Business link on website		X	X	X	X
Face Sheet on website		X	X	X	X
Company banner ad or log on website			X	X	X
Company profiled in newsletter and on website				X	X
Invitation to the MBEP Board				X	X
Video profile of company on website					X
Automatic sponsor of MBEP Regional Economic Forum and all site selector events which includes recognition as sponsor, logo in advertising, signage at event, table for 8, and introductory remarks					X

montereybayeconomicpartnership.com

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Post Reassessment Advisory Committee Report - Approve Trails Symposium Budget	
Meeting Date:	December 12, 2014	**ACTION**
Agenda Number:	8b	

RECOMMENDATION(S):

Approve Fort Ord Trails Symposium Budget.

BACKGROUND/DISCUSSION:

The December 2013 Fort Ord Colloquium at CSUMB brought together national thought leaders on critical Fort Ord reuse and recovery issues (identified in the *2012 Reassessment Report* and recommended for prioritization by the *Post Reassessment Advisory Committee* (PRAC)). The conversations stimulated by the Colloquium lead to new actions by the Board including funding the Regional Urban Design Guidelines (RUDG) process.

In February 2014, the Board requested the PRAC focus its efforts on the issues of Economic Recovery and Trails. Subsequently, the PRAC discussed convening a Regional Trails Symposium, modeled after the 2013 Colloquium, to bring together national thought leaders on the community and economic values of connectivity, trails and transit. The idea was refined during multiple PRAC meetings, and a date (Thursday Jan 22, 2015) and location (CSUMB University Center) were set in coordination with CSUMB and multiple partners agencies.

The Fort Ord Trails Symposium will focus on: Reuse Plan Context, Local planning, Economics, Regional Coordination and Design (**Attachment A**). Staff is working with partner agencies to ensure the broadest possible outreach and quality representation of local programs. Estimated budget items for this event are outlined below:

CSUMB Event Fees: $8,500
Speaker Stipends: $9,000
Lodging/Travel: $4,000
Video Services: $3,500
Total: $25,000

FISCAL IMPACT:
Reviewed by FORA Controller ____

Staff time for this item is included in the approved FORA budget. FY 14-15 Reuse Plan Implementation budget includes funding to pay for FORA contributions not to exceed $25,000 towards the Fort Ord Regional Trails Symposium. CSUMB is contributing facilities, parking, and some hospitality charges.

COORDINATION:
PRAC, CSUMB, TAMC, MST, Monterey County, BLM, Administrative and Executive Committees

Prepared by ____________________
Josh Metz

Approved by ____________________
Michael A. Houlemard, Jr.

FORA

Fort Ord Trails Symposium
Regional trails, transit & economic vitality

FORA
Fort Ord Reuse Authority

CSUMB

MST
MONTEREY-SALINAS TRANSIT

- CSUMB University Center
- 9am-4:30pm
- January 22, 2015
- Topics:
  - Introduction
    - Reuse Plan Context
  - Economics
    - Costs, benefits, funding
  - Regional Coordination
    - Organizational structure
  - Design
    - Design considerations

Symposium Schedule

FORA

- **Doors** ***8:30am***
- **Welcome** ***9:00-9:15 am***
- **Introduction** ***9:15-9:45 am***
  - Reuse Plan Context
    - Economic Recovery
    - Routes, etc.
  - Local Planning *(FORHA, Marina, Seaside, CSUMB, FORTAG)*
  - Transportation / Recreation Nexus
- **Economics** ***9:45-11:15 am***
  - Costs, benefits
    - Real estate, employment, income, revenue
    - Development costs, insurance, etc.
  - Funding (sources, collaboration)
- **Local Officials Roundtables** *11:15-11:45am*
- ***Networking/Lunch*** *11:45am-12:15pm*
- **Keynote Speaker** ***12:15-1:15pm***
- **Regional Coordination** ***1:15-2:45pm***
  - ***Multiple outside speakers***
  - Regional trail development organizations
  - Trail connections to/thru Federal / State lands
- ***Networking*** *2:45-3:00 pm*
- **Design** ***3:00-4:30pm***
  - Design considerations
  - Urban connections
  - Multi-use
- **Full Panel Q&A** ***4:30-5:00pm***
- ***Reception 5:00-6:00pm***

Potential Speakers

FORA

- **Local Context**
  - **Josh Metz – FORA**
    - **Reuse Plan overview and regional initiatives summary**
- **Economics**
  - Dena Belzer
    - **Founder, Strategic Economics**
    - **Topic:** *Economic benefits of investment in transit, TOD & connectivity*
  - *Tim Blumenthal (?)*
    - ***President, People 4 Bikes***
    - ***Topic:*** *Improving bicycle transit and economic vitality*
- **Local Officials Round Tables**
  - *Jurisdiction-focused discussions*
- **Keynote Lunch Speaker**
  - Mia Birk
    - **President, Alta Planning & Design**
    - Author, Joyride
    - **Topic:** Portlands bike/transit conversion
- **Regional Coordination**
  - Laura Thompson, SF Bay Trail
    - **Association for Bay Area Governments (ABAG) Planner**
    - **SF Bay Trail Project Manager**
    - **Topic: Trail Planning for California Communities**
  - **John Wentworth (?)**
    - **Executive Director, Mammoth Lakes Trails & Public Access**
    - **Topic:** *Urban-rural trail system planning, development and integration*
- **Design**
  - Peter Katz (?)
    - **Topic:** *Summary of advanced integrated transit networks*
  - ***Bryan Jones, PE, PTP, AICP***
    - ***Senior Associate***
    - ***Alta Planning + Design***
    - ***Topic:*** *Trail system design issues*

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Accept Fiscal Year 13-14 Annual Financial Report	
Meeting Date: **Agenda Number:**	December 12, 2014 8c	**ACTION**

RECOMMENDATION:

Accept the Moss, Levy & Hartzheim, Certified Public Accountants Fort Ord Reuse Authority (FORA) Fiscal Year 13-14 Annual Financial Report (Audit Report) (**Attachment A**).

BACKGROUND:

Each fall, FORA staff and/or MLH present the Audit Report to the Finance Committee (FC) for its review and consideration before it is forwarded to the FORA Board. The FORA Board has directed that every three to five years the FC evaluate the financial consultant providing the requisite opinion. In 2012, the firm Moss, Levy & Hartzheim (MLH) was hired to conduct the FY 11-12, FY 12-13, and FY 13-14 audits. For FY 12-13 and FY 13-14 MLH also conducted an audit of the Preston Park Housing financial operations – a change from past years where such audits were performed under the prior management contract.

DISCUSSION:

In the FY 13-14 review, the audit work of both the FORA and Preston Park financial operations began in September. MLH met with FORA Management and a Finance Committee representative as well as with the Preston Park management team (Alliance) to discuss pertinent items and audit procedures. The draft Audit Report was completed in November and MLH presented the draft report at the December 1, 2014 FC meeting.

FORA has held title to the Preston Park Housing complex since 2000. However, the asset was not recorded in past reports as it was expected to be acquired by the City of Marina. Per the Preston Park Management Agreement, the management company obtained stand-alone audits for Preston Park up until 2011. However, the initial value of Preston Park land and buildings was never recorded in these reports. In 2012, when MLH came on board they a) advised FORA that accounting principles generally accepted in the U.S. require that those capital assets be capitalized and depreciated, and b) determined this capital asset should be included in the *owner's* financial reports.

As a result, MLH issued a "modified" opinion with respect to the Government-Wide Financial Statements because the value of Preston Park land and buildings has not been recorded. MLH also reported several third-party (Alliance) findings with respect to the Preston Park internal control structure. Alliance management provided response and corrective actions, which MLH accepted. These findings start on page 47 of the audit report.

With respect to FORA operations (Fund Financial Statements), MLH issued an "unmodified" opinion. There were no findings/questionable costs in the FY 13-14 financial audit concerning FORA internal control structure. MLH's letter expresses the opinion that the financial statements present fairly, in all material respects, FORA's financial position as of June 30, 2014, and the respective changes in financial position, for the fiscal year then ended, in accordance with accounting principles general accepted in the United States of America.

The FC unanimously voted to recommend to the FORA Board that it accept the FY 13-14 Audit Report (after inserting additional footnotes requested by the FC). *Please refer to <u>item 11d</u> for more details regarding the FC meeting.*

<u>FISCAL IMPACT:</u>

Cost for the audit services is included in the approved FORA and Preston Park budgets.

<u>COORDINATION:</u>

Finance Committee, Executive Committee, MLH

Prepared by: ____________________ Ivana Bednarik **Approved by:** ____________________ Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY
MARINA, CALIFORNIA

Annual Financial Report

June 30, 2014

Board of Directors

Voting Members	Representing	Title
Mayor Jerry Edelen	City of Del Rey Oaks	Chair
Mayor Pro Tem Frank O'Connell	City of Marina	1st Vice Chair
Mayor Ralph Rubio	City of Seaside	Director
Mayor Pro Tem Victoria Beach	City of Carmel-by-the-Sea	Director
Council Member Gail Morton	City of Marina	Director
Supervisor Dave Potter	County of Monterey	Director
Supervisor Jane Parker	County of Monterey	Director
Supervisor Lou Calcagno	County of Monterey	Director
Council Member Nancy Selfridge	City of Monterey	Director
Mayor David Pendergrass	City of Sand City	Director
Mayor Joe Gunter	City of Salinas	Director
Mayor Pro Tem Ian Oglesby	City of Seaside	Director
Council Member Casey Lucius	City of Pacific Grove	Director

Appointed Official

Michael A. Houlemard, Jr.
Executive Officer

FORT ORD REUSE AUTHORITY
MARINA, CALIFORNIA

Annual Financial Report

June 30, 2014

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Appointed Official

Michael A. Houlemard, Jr.
Executive Officer

FORT ORD REUSE AUTHORITY
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FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

SINGLE AUDIT REPORT

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Ord Reuse Authority
Marina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Fort Ord Reuse Authority (Authority), California, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Proprietary Fund and Business-type Activities

The Authority has not recorded the value of land and buildings, and accurate record of other capital assets listed in Note 4 and related depreciation expenses are not being maintained by the Authority within its business-type activities (Preston Park). Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the business-type activities (Preston Park). These amounts are not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Proprietary Fund and Business-type Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Proprietary Fund of the Authority, as of June 30, 2014, and the changes in financial position and, where applicable, cash flow thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major governmental fund of the Fort Ord Reuse Authority, California, as of June 30, 2014, and the respective changes in financial position, for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2013, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, Statement No. 66, Technical Correction-2012, Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, the budgetary comparison schedule on page 37, the schedule of funding progress for defined benefit pension plan on page 38, and the schedule of funding progress for post-employment benefits other than pensions on page 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The 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 Authority.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of the Authority's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 5, 2014

FORT ORD REUSE AUTHORITY

920 2nd Avenue, Suite A, Marina, CA 93933
Phone: (831) 883-3672 | Fax: (831) 883-3675 | www.fora.org

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

This Fort Ord Reuse Authority's (FORA) financial statement section presents FORA's financial performance analysis of fiscal year ended June 30, 2014, presented in conjunction with the basic financial statements and related notes, that follow this section.

This is management's discussion and analysis (MD&A) of FORA financial performance for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

The 2006-20012 national and state economic downturn/recession significantly slowed Fort Ord reuse and economic recovery. Consequently, FORA Community Facilities District (CFD) Tax/developer fee and land sale revenues were deferred/reduced during those years. However, the past three fiscal years reflect change as building permit issuances and new projects have emerged. During the FY 13-14, FORA:

- Continued essential and significant munitions and explosives of concern ("MEC") cleanup for approximately 3300 acres of former Fort Ord Land. The field work has been completed under the U.S. Army ESCA contract and about 25% of these properties have now been transferred to the County of Monterey and State of California for reuse activities and habitat conservation.

- Secured $350,000 loan and $100,000 grant from the David and Lucille Packard Foundation to help close the funding gap between the federal funding and the State of California's estimated initial development costs of the California Central Coast Veterans Cemetery (CCCVC). Federal funding was announced in September 2014 and the CCCVC construction is scheduled to begin in February 2015.

- Completed $122,000 in the Habitat Conservation Plan (HCP) toward completion of a screen check draft HCP and related Environmental Impact Report/Environmental Impact Statement documents. These draft documents will be completed by consultants and reviewed by Wildlife Agencies in November 2014.

- Completed a third phase of Capital Improvement Program CFD/Developer Fee review process, resulting in an additional fee reduction/adjustment for most future projects.

- Collected $4 million in redevelopment revenues, including $1.6 million in development fees, $1.1 million in land sales, and $1.3 million in property tax payments. Additional land sales, developer fee and tax revenue is expected in FY 14-15.

- Completed a co-hosted [California State University Monterey Bay (CSUMB)] 2-day Fort Ord Colloquium with expert presentations on completing Base Reuse Plan Economic Recovery, Blight Removal, Urban Design, Conservation and Ecotourism programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A serves as an introduction to the FORA's basic financial statements and includes 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 components of FORA's governmental funds 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 government-wide financial statements include Preston Park Housing project information, reported in business-type of activities.

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

The *statement of activities* presents information showing how the FORA's net position changed during the most recent fiscal year. All changes in net position 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 revenue 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 FY 13-14 FORA employed federal grants, property tax receipts, lease proceeds, development fees, franchise fees and membership dues to finance:

- MEC remediation investigation, processing, documentation, and removals;
- Infrastructure planning, design, and construction;
- General governmental operations administration and planning;
- Base Reuse Plan implementation, consistency determinations, and review;
- Two ballot measure election and related legal cost in fall 2013;
- Legal expenses for ongoing litigation and multiple contracts;
- Property surveys and transfers;
- Habitat conservation planning;

- Water augmentation planning;
- Insurance policy and pollution legal liability protection issues;
- Real property development and planning review; and
- Preston Park Housing management.

The government-wide financial statements can be found on *pages 10-11* 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*:* 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 fiscal year-end that are available for appropriation. FORA maintains 5 individual governmental funds the General Fund and 4 Special Revenue Funds.

The General Fund: The general operating fund accounts for all of FORA's financial resources except for those resources that are required to be accounted for in Special Revenue Funds, which are restricted as to expenditures.

Special Revenue Funds: In FY 13-14 FORA maintained 4 Special Revenue Funds: 1) Lease/Land Sale Proceeds Fund - land sale proceeds are designated to finance the FORA CIP (building removal), lease proceeds are designated to debt financing (Preston Park Loan); 2) Developer Fees Fund – CFD/developer fees are designated to finance the FORA CIP (CEQA mitigations); 3) Pollution Legal Liability (PLL) Fund – revenue is designated to finance the PLL coverage; and 4) Army Grant ET/ESCA – grant funds are designated to finance the munitions and explosives cleanup activities.

Proprietary Fund*:* Preston Park Housing Revenues and expenses are reported in this fund.

The fund financial statements can be found on *pages 12-19* 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.

Net position in the Statement of Activities on *page 10* of this report show FORA governmental activities improved from negative $3.8 million to negative $2.2 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). In addition, the unspent balance in the ESCA grant fund at June 30, 2014 of $3.7 million is classified as revenue collected in advance of the earnings process and recorded as unearned revenue, a liability account, for financial statement purposes. It will be recognized as revenue when it is earned. The business-type activities (Preston Park) also show an increase in net assets from $5.9 million to $6.2 million.

Revenue

FORA annual revenue decreased from $14.5 million to $13.4 million; due to decreased CFD/development fees (as compared to the previous fiscal year) but other revenue sources did not vary significantly.

Revenue sources in FY 13-14 were provided from the following:

- Lease proceeds (Preston Park) - 56%
- Development fees – 12%
- Property tax - 10%
- Land sale proceeds – 8%
- Federal funding (ESCA) - 6%
- Membership dues and franchise fees - 4%
- Other revenue sources (loans and grants [Packard], interest) - 4%

Expenditures

The FY 13-14 cost of FORA programs was $12.3 million. The cost of governmental programs was about $6.9 million and business-type activities (Preston Park) about $5.4 million. The major governmental programs were the Environmental cleanup, Fort Ord Base Reuse Plan reassessment/implementation, and the Capital Improvement Program (CIP).

The government-wide financial statement showing the net cost of FORA's major projects can be found on *pages 10-11* of this report.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

A fund is a group of related accounts used to maintain resource control and is 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 as 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 FORA's individual parts.

The segregated governmental funds provide information on near-term inflows, outflows and balances of expendable resource balance. As FORA completed the fiscal year, its governmental funds reported a combined fund balance of $15.5 million; an increase of about $0.5 million from FY 13-14.

$9.5 million of the $15.5 million ending fund balance is either non-spendable, committed, or assigned for specific use, such as federal grant funds assigned for munitions cleanup, CFD/developer fees and land sale proceeds assigned for CIP projects and non-spendable funds such pre-paid insurance. Approximately $6 million is available for administration, operations and reserves.

Ending Fund Balances

Fiscal Year	General Fund	Land Sale/Leases	Developer Fees	Pollution Liability	Federal Grants	TOTALS
2013-2014	2,556,202	4,091,215	7,374,669	964,070	-	14,986,156
2014-2015	6,025,549	2,725,714	6,401,253	364,035	-	15,516,551
Change + (-)	3,469,347	(1,365,501)	(973,416)	(600,035)	-	530,395

BUDGETARY HIGHLIGHTS

A budget is a financial operations plan that provides a basis for planning, controlling, and evaluating governmental activities. Governmental funds generally use a fixed budget, which reflects a specific estimate for revenue and expenditures. Once expenditures and revenue 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 revenue. 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 13-14 budget on June 21, 2013 and the mid-year budget update on March 14, 2014. Despite ongoing recessionary economic conditions slowing the former Fort Ord reuse, FORA Board policies have sustained financial stability.

Budget Variances (from mid-year budget projections to year-end actual)

Revenue: $14.4 million decrease

Revenue projections did not significantly vary from the mid-year budget, excepting CIP revenues. Beginning FY 13-14, the CIP revenue (CFD fees and land sale proceeds) are approved with the CIP budget and carried over to the annual budget. The most significant revenue variances were:

- $9 million CFD/developer fee decrease as compared to CIP budget projections;
- $5 million land sale revenue decrease as compared to CIP budget projections;
- $450K revenue increase from other funding sources (the Packard Foundation grant and loan – not included in the annual budget).

Expenditures: $3.2 million decrease

FORA realized savings in all expenditure categories including salaries and benefits. The most significant expenditure variances were:

- $105,000 decrease in salaries and benefits; due to a) savings in several approved items such as temporary help/vacation cash out/additional pay-stipends, b) two staff positions replacement timing, and c) salary step increases timing.
- $629,000 decrease in consulting services mainly attributable to savings in legal/litigation fees and Base Reuse implementation consulting (due to project timing);
- $3 million capital project decrease due to CFD fee collection/capital projects timing;
- $600,000 adjustment in amortization; FORA does not include amortization expenses (non-cash expenses) in the operating budget.

The budgetary comparison information schedule can be found on page 37 of this report.

LONG-TERM DEBT

FORA employs real property assets and lease revenue (such as Preston Park Housing) to amortize or collateralize long-term indebtedness. Current asset valuation is in the range of $100 - $150 million, of which FORA is entitled to a 50% share. Please refer to *page 24, Note 1-I* for more information regarding capital assets. As of June 30, 2014, FORA had about $18.5 million in long-term debt consisting of:

a. $18 million - Preston Park loan; and
b. $0.5 million – compensated absences and retirement funding obligations.

a) In March 2010, FORA borrowed $19 million (Preston Park Loan) from Rabobank. The FORA Board authorized the loan to 1) provide stimulus grant local matching funds and 2) retire certain existing debts (Revenue Bonds and Line of Credit). The loan maturity date was extended 6 months from June 15, 2014 to December 15, 2014.

b) This amount represents FORA's liability for compensated absences (vacation and sick leave), post-employment benefit cost and the Public Employees Retirement System (PERS) side fund at June 30, 2014.

More detailed information about FORA's total long-term debts is presented on *pages 31-33, Notes 7-12* to the financial statements.

INTERFUND TRANSFERS

By June 30, 2014, the following interfund (between FORA funds) transfers were made to provide an accurate accounting of funds available for CIP program and uniformity with the annual and CIP budgets as well as other binding documents. Such entries are now a part of and reported in annual budgets.

1) $2,670,393 transfer from the Land Sale/Leases Fund to the General Fund of any remaining lease proceeds (after Preston Park debt service and other budgeted costs) leaving only Land Sale proceeds in the LS fund, thus providing an accurate balance of the funds available for building removal and other CIP projects.

2) $1,579,172 transfer from the CFD/Developer Fee Fund to the General Fund to partially repay the $7.9 million borrowed and as budgeted in the CIP program.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In FY 13-14 major economic revitalization projects were approved, initiated, or approved for occupancy, including: VA General Gourly Health Care Center, California Central Coast Veterans Cemetery, South County Housing University Villages Apartments, the Cinemax Theatre Complex, Promontory Student Housing, and East Garrison For Sale Housing. These major projects are supported by FORA's processing of significant CIP program items such as habitat conservation and the conclusion of much of the remaining field work under the U.S. Army ESCA contract.

Despite these successes, the past fiscal year has reinforced the need to emphasize blight removal, finalize 2012 Reassessment Report items, complete the Regional Urban Design Guidelines, and secure approval of the Habitat Conservation Plan – significant remaining goals to the reuse effort.

In coming years, FORA will need to confirm/access land sales/leasing revenue to continue support for blight removal and assure collection of developer fees/taxes to complete its State Law mandated obligations.

As 1) underlying economic factors have rebounded from the 2007-20012 recession and 2) FORA sunsets in 2020, it is important that FORA secures these revenue sources in a reserve that assures its obligations (programmatic and ministerial) may be met by a successor in interest.

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, 920 2nd Avenue, Suite A, Marina, California, 93933.

Michael A. Houlemard, Jr.
Executive Officer

FORT ORD REUSE AUTHORITY
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 13,519,222	$ 827,606	$ 14,346,828
Cash restricted for equipment purchases		3,465,882	3,465,882
Cash and investments restricted for Habitat	6,331,927		6,331,927
Accounts receivable	808,438		808,438
Interest receivable	20,848		20,848
Tenant receivables		3,864	3,864
Prepaid expenses		99,276	99,276
Prepaid insurance	311,333		311,333
Capital assets, net of accumulated depreciation	57,145	2,882,500	2,939,645
Total Assets	21,048,913	7,279,128	28,328,041
LIABILITIES			
Accounts payable and accrued expenses	989,194	523,489	1,512,683
Unearned revenue	3,706,748	37,270	3,744,018
Long-term debt and obligations:			
Due within one year	18,015,135		18,015,135
Due in more than one year	523,143	476,292	999,435
Total Liabilities	23,234,220	1,037,051	24,271,271
NET POSITION			
Net investment in capital assets	57,145	2,882,500	2,939,645
Restricted for:			
Capital purchases and projects		3,465,882	3,465,882
Unrestricted	(2,242,452)	(106,305)	(2,348,757)
Total Net Position (Deficit)	$ (2,185,307)	$ 6,242,077	$ 4,056,770

See accompanying notes to basic financial statements

FORT ORD REUSE AUTHORITY
Statement of Activities
For the Fiscal Year Ended June 30, 2014

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	**Program Expenses**	**Charges for Services**	**Operating Grants and Fees**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental Activities						
General government	$ 3,259,601	$ -	$ 73,089	$ (3,186,512)	$ -	$ (3,186,512)
Capital improvements	667,979		1,636,432	968,453		968,453
Environmental cleanup	739,870		739,870			
Reuse planning/EDC transfers & environmental	1,102,303		2,877,487	1,775,184		1,775,184
subtotal - capital improvement program	2,510,152		5,253,789	2,743,637		2,743,637
Interest on long-term debt and short-term debt	1,086,729			(1,086,729)		(1,086,729)
Total governmental activities	6,856,482		5,326,878	(1,529,604)		(1,529,604)
Business-type Activities						
Preston Park	5,425,514	5,661,940			236,426	236,426
Total business-type activities	5,425,514	5,661,940			236,426	236,426
Total primary government	$ 12,281,996	$ 5,661,940	$ 5,326,878	(1,529,604)	236,426	(1,293,178)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Property tax revenue	1,293,586		1,293,586
Membership dues	261,000		261,000
Franchise fees	241,249		241,249
Investment earnings	133,866	7,634	141,500
Miscellaneous	453,623	60,696	514,319
Total general revenues	2,383,324	68,330	2,451,654
Change in net position	853,720	304,756	1,158,476
Net position at beginning of fiscal year	(3,824,121)	5,937,321	2,113,200
Prior period adjustments	69,326		69,326
Net position at beginning of fiscal year, restated	(3,754,795)	5,937,321	2,182,526
Net position (deficit) at end of fiscal year	$ (2,901,075)	$ 6,242,077	$ 3,341,002

Fund Financial Statements

FORT ORD REUSE AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Lease and Sale Proceeds	Developer Fees	Pollution Legal Liability	Army Grant ET/ESCA	Total Governmental Funds
ASSETS						
Cash and investments	$ 6,679,910	$ 2,767,373	$ 94,268	$ 64,035	$ 3,913,636	$ 13,519,222
Cash and investments restricted for Habitat			6,331,927			6,331,927
Accounts receivable	100,468		13,050	694,920		808,438
Interest receivable				20,848		20,848
Prepaid insurance	11,333			300,000		311,333
Total Assets	$ 6,791,711	$ 2,767,373	$ 6,439,245	$ 1,079,803	$ 3,913,636	$ 20,991,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	$ 715,705	$ 41,659	$ 24,942	$ -	$ 206,888	$ 989,194
Unearned revenue					3,706,748	3,706,748
Total Liabilities	715,705	41,659	24,942		3,913,636	4,695,942
Deferred Inflows of Resources:						
Deferred revenue - local contribution	50,457					50,457
Deferred revenue - insurance reimbursements				715,768		715,768
Deferred revenue - developer fees			13,050			13,050
Total deferred inflows of resources	50,457		13,050	715,768		779,275
Fund Balances (Note 1L, page 25)						
Non-spendable	11,333			300,000		311,333
Committed				64,035		64,035
Assigned		2,725,714	6,401,253			9,126,967
Unassigned	6,014,216					6,014,216
Total Fund Balances	6,025,549	2,725,714	6,401,253	364,035		15,516,551
Total Liabilities, deferred inflow of resources, and Fund Balances	$ 6,791,711	$ 2,767,373	$ 6,439,245	$ 1,079,803	$ 3,913,636	$ 20,991,768

See accompanying notes to basic financial statements

FORT ORD REUSE AUTHORITY

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2014

Total fund balances - governmental funds		$	15,516,551
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
Capital assets at historical cost	$ 168,298		
Accumulated depreciation	(111,153)		
Net			57,145
The focus of governmental funds is on short-term financing, therefore, some assets will not be available to pay for current-period expenditures. Those assets are offset by deferred outflows in the governmental funds and not included in fund balance. Deferred revenue associated with these assets is not included in the statement of net position.			63,507
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
PERS Side fund	$ (239,766)		
OPEB	(228,256)		
Preston Park Loan Payable	(17,926,021)		
Compensated absences	(144,235)		
Total			(18,538,278)
Total net position, governmental activities		$	(2,901,075)

Fund Financial Statements

FORT ORD REUSE AUTHORITY
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Lease and Sale Proceeds	Developer Fees	Pollution Legal Liability	Army Grant ET/ESCA	Governmental Funds
REVENUE						
Membership dues	$ 261,000	$ -	$ -	$ -	$ -	$ 261,000
Franchise fees	241,249					241,249
Property taxes	1,293,586					1,293,586
Federal grants					739,870	739,870
Developer fees			1,623,382			1,623,382
Lease/Rental income	73,089	1,737,006				1,810,095
Real estate sales		1,090,024				1,090,024
Investment/Interest earnings	69,042		64,824			133,866
Other revenue	453,623					453,623
Total Revenue	2,391,589	2,827,030	1,688,206		739,870	7,646,695
EXPENDITURES						
Salaries and benefits	1,432,998		230,523		338,791	2,002,312
Supplies and services	105,174		10,080		10,577	125,831
Contractual services	1,632,264	179,951	81,714	35	390,502	2,284,466
Capital improvements			644,133			644,133
Insurance amortization				600,000		600,000
Debt service	1,371	1,342,187	116,000			1,459,558
Total Expenditures	3,171,807	1,522,138	1,082,450	600,035	739,870	7,116,300
Excess of revenues over (under) Expenditures	(780,218)	1,304,892	605,756	(600,035)		530,395
OTHER FINANCING SOURCES (USES)						
Transfers in	4,249,565					4,249,565
Transfers out		(2,670,393)	(1,579,172)			(4,249,565)
Total other financing sources (uses)	4,249,565	(2,670,393)	(1,579,172)			
Net change in fund balances	3,469,347	(1,365,501)	(973,416)	(600,035)		530,395
Fund Balances - July 1, 2013	2,556,202	4,091,215	7,305,343	964,070		14,916,830
Prior Period Adjustment			69,326			69,326
Fund Balances, restated - July 1, 2013	2,556,202	4,091,215	7,374,669	964,070		14,986,156
Fund Balances - June 30, 2014	$ 6,025,549	$ 2,725,714	$ 6,401,253	$ 364,035	$ -	$ 15,516,551

See accompanying notes to basic financial statements

FORT ORD REUSE AUTHORITY

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Total net change in fund balances - governmental funds	$	530,395
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of $9,155 is less than depreciation expense $(33,001) in the period.		(23,846)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.		372,829
In the statement of activities, postemployment benefits are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, amounts earned were less than amounts paid by.		(114,330)
Amortization of the CalPERS Side fund is an expenditure in the government-wide statement of activities. Also accrued interest on the Side fund asset is recognized as a revenue in the government-wide statement of activities. This is the amount by which the amortization ($44,645) exceeds the earnings ($18,313).		26,332
The focus of governmental funds is on short-term financing, therefore, some assets are offset by unearned revenue or deferred inflows. Loans and notes issued during the year are reported as expenditures in the governmental funds when paid. Collections of loans and notes are reported as revenues in the governmental funds when received. The annual activity for loans and notes is not reported as revenues and expenses in the statement of activities. Net activity including establishment of an allowance.		63,507
In governmental funds, compensated absences are measured by the amounts paid during the period. In the Statement of Activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(1,167)
Change in net position of governmental activities	$	853,720

Fund Financial Statements

FORT ORD REUSE AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

	Business-type Activities - Enterprise Fund
	Preston Park
ASSETS	
Current Assets:	
Cash and investments	$ 827,606
Cash restricted for capital purchases and projects	3,465,882
Tenant receivables	3,864
Prepaid expenses	99,276
Total current assets	4,396,628
Noncurrent Assets:	
Property and equipment, net of accumulated depreciation	2,882,500
Total noncurrent assets	2,882,500
Total assets	7,279,128
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	523,489
Unearned revenue	37,270
Total current liabilities	560,759
Noncurrent liabilities:	
Tenant security deposits	476,292
Total noncurrent liabilities	476,292
Total liabilities	1,037,051
NET POSITION	
Net investment in capital assets	2,882,500
Restricted for:	
Captial purchases and projects	3,465,882
Unrestricted	(106,305)
Total net position	$ 6,242,077

FORT ORD REUSE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund
	Preston Park
Operating Revenues:	
Rental income, net	$ 5,661,940
Total operating revenues	5,661,940
Operating Expenses:	
Administrative	618,619
Utilities	98,737
Operating and maintenance	504,146
Taxes and insurance	304,280
Depreciation	425,720
Total operating expenses	1,951,502
Operating income (loss)	3,710,438
Non-Operating Revenues (Expenses):	
Interest income	7,634
Miscellaneous revenue	60,696
Total non-operating revenues (expenses)	68,330
Income Before Distribution to Owners	3,778,768
Distribution to owners	3,474,012
Change in net position	304,756
Total net position - July 1, 2013	5,937,321
Total net position - June 30, 2014	$ 6,242,077

FORT ORD REUSE AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Fund
	Preston Park
Cash Flows from Operating Activities:	
Cash received from tenants	$ 5,669,989
Cash paid to suppliers for goods and services	(443,306)
Cash paid to employees for services	(618,619)
Net cash provided (used) by operating activities	4,608,064
Cash Flows from Non-Capital and Related Financing Activities:	
Miscellaneous income	60,696
Distribution to owners	(3,474,012)
Net cash provided (used) by non-capital financing activities	(3,413,316)
Cash Flows from Capital and Related Financing Activities:	
Cash received from disposal of capital assets	700
Purchases of property and equipment	(2,045,098)
Net cash provided (used) by capital and related financing activities	(2,044,398)
Cash Flows from Investing Activities:	
Interest revenue	7,634
Net cash provided by investing activities	7,634
Net increase (decrease) in cash and cash equivalents	(842,016)
Cash and Cash Equivalents at Beginning of Fiscal Year	5,135,504
Cash and Cash Equivalents at End of Fiscal Year	$ 4,293,488
Reconciliation to Statement of Net Position:	
Cash and investments	$ 827,606
Cash restricted for capital purchases and projects	3,465,882
	$ 4,293,488

(Continued)

FORT ORD REUSE AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2014
(Continued)

	Business-type Activities - Enterprise Fund
	Preston Park
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ 3,710,438
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	425,720
(Increase) decrease in tenant receivables	(1,116)
(Increase) decrease in prepaid expenses	(2,052)
Increase (decrease) in accounts payable and accrued expenses	465,909
Increase (decrease) in tenant security deposits	1,957
Increase (decrease) in unearned revenue	7,208
Total adjustments	897,626
Net cash provided (used) by operating activities	$ 4,608,064

FORT ORD REUSE AUTHORITY
Notes to Basic Financial Statements
June 30, 2014

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:

FORT ORD REUSE AUTHORITY
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Fort Ord Reuse Authority (Authority) was created under Title 7.85 of the California Government Code, Chapters 1-7, signed into law on May 10, 1994. The Authority was incorporated in the State of California as an instrumentality and is considered a quasi-governmental regional agency. The Authority has specific powers in State Law 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, California.

The Authority is governed by a 13-voting member board, which consists of various Monterey County's Board of Supervisors, City Mayors and/or Council Members from surrounding jurisdictions. The Authority Board has 12 non-voting 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. 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.

Title 7.85 of California Government Code specifies that its terms and provisions 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.

In 2012, the Assembly Bill (AB) 1614 to extend the Authority's statutory sunset date of June 30, 2014. Such extension would permit the completion of remaining ongoing and fixed term obligations on Fort Ord. The legislature and the Monterey Bay Region demonstrated broad support for AB 1614 and it was signed into law by Governor Brown in September 2012, effectively extending the Authority's sunset date to June 30, 2020.

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 38 provides a comprehensive, entity-wide perspective of the Authority's assets and liabilities and expands the fund-group perspective previously required.

Government-wide Financial Statements
The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The Authority does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Authority, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements
Fund financial statements report detailed information about the Authority. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus and the full accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the proprietary fund's Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position for proprietary funds present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statement of cash flows provides information about how the Authority meets the cash flow needs of proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the internal service fund is charges to other funds for self-insurance costs. Operating expenses for the internal service fund include the costs of insurance premiums and claims related to self-insurance.

D. Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or net position, revenues, and expenditures or expenses, as appropriate. Authority resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Authority's accounts are organized into major funds and a proprietary fund as follows:

Major Governmental Funds

General fund is the general operating fund of the Authority and accounts for all revenue and expenditures of the Authority not encompassed within other funds. All general revenue and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.

In accordance with GASB Statement 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, as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund. The Authority maintains four major special revenue funds:

1. Lease and Sale Proceeds Fund is used to account for revenue from the sale/lease of real estate on the former Fort Ord.

2. Developer Fees Fund is used to account for moneys received from fees levied on developers or other agencies as a condition of approving development on the former Fort Ord.

3. Pollution Legal Liability Fund is used to account for resources and payments made for principal and interest on long-term debt associated with the purchase of Pollution Legal liability insurance.

4. Army Grant ET/ESCA Fund is used to account for revenue and projects funded by the U.S. Department of the Army for cleanup of munitions and explosives of concern.

Proprietary Fund

Preston Park Fund is used to account for the revenues and expenses of the 354 apartment units that are located at 682 Wahl Court, Marina, California.

E. 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 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.

F. 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

G. Cash and Investments

Cash and cash equivalents held by the Authority are reported as cash and investments. Funds can be expended at any time without prior notice or penalty. Investments are stated at fair value. Fair Value is the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquation sale.

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

I. Capital Assets

The land and buildings that have been rehabilitated by the Fort Ord Reuse Authority (Preston Park) are owned by the Authority and are not included as part of the building improvements. The building improvements included herein are those associated with the rehabilitation. Repairs occurring during the rehabilitation period were expensed unless they added additional life to the building improvements. As of June 30, 2010 (the last appraisal report before the fiscal year ended), the appraisal value of the land and buildings was $57,320,000.

Equipment and furniture 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 fiscal 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 Position. 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 assets. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Leasehold improvements	5-20 years
Furniture and fixtures	2-7 years
Automobiles	5 years

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 did not receive or transfer any real property. Real property assets have been transferred from the United States Government under an agreement dated June 23, 2000. These transfers included land, buildings, and infrastructure within the Cities of Marina, Del Rey Oaks, Monterey, Seaside and the County of Monterey. As of June 30, 2014, the Authority owned approximately 3,450 acres of former Fort Ord Army Base land which included the following parcels:

- Preston Park Housing area
- EDC properties transferred in connection with the ESCA Grant

Real property assets are not recorded on the Authority's books since the Authority, as trustee, is a short-term real property holding entity. The Authority transfers 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 ESCA Grant properties are undergoing munitions and explosives of concern remediation with covenants restricting use of these properties ("CRUPS") and have limited value until the CRUPS are lifted at the completion of remediation.

Management has determined the estimated fiscal year-end value of all Authority owned properties to be in the range of $100-$150 million, of which the Authority is entitled to a 50% share of leasing or land sales proceeds.

Note 1 - Summary of Significant Accounting Policies (Continued)

J. Net Position

GASB Statement No. 63 adds the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Position is divided into three captions under GASB Statement No. 63. These captions apply only to Net Position as determined at the government-wide level, and are described below:

- Net investment in capital assets - This represents the Authority's total investment in capital assets.
- Restricted net position - Restricted net position 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 position - Unrestricted net position 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.

K. Long -Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, long-term debt is not reported.

L. Fund Balance

As of June 30, 2014, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact (Prepaid insurance).

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board (ET/ESCA grant and PLL insurance funds).

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's adopted policy, only the governing board or director may assign amounts for specific purposes (CFD/Developer fees and land sale proceeds – assigned to the Authority CIP program).

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Note 1 - Summary of Significant Accounting Policies (Continued)

M. Statement of Cash Flows

For the purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any deferred outflows to report.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Authority has deferred inflow of resources on the deferred revenue – local contributions, insurance reimbursements and developer fees on the fund financial statements.

O. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

For the fiscal year June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014. Items previously reported as assets and liabilities are now reported as deferred inflows or outflows of resources, see Note 1.N for more details.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, Accounting for Operating Leases with Scheduled Rent Increases, regarding the reporting of certain operating lease transactions, and No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

FORT ORD REUSE AUTHORITY
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

O. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No.25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the Authority's financial statements for the fiscal year ended June 30, 2014.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position		
Cash and investments	$	14,346,828
Cash restricted for capital purchases and projects		3,465,882
Cash and investments restricted for Habitat		6,331,927
Total cash and investments	$	24,144,637

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	$	200
Deposits with financial institutions		617,924
Investments		23,526,513
Total cash and investments	$	24,144,637

Investments Authorized by the California Government Code and the Authority's Investment Policy
The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

Note 2 - Cash and Investments (Continued)

Authorized Investments Type	Maximum Percentages	Maximum Maturity
U.S. Treasury Obligations	per approval	12 months
Other Obligations guaranteed by the U.S. Government	per approval	12 months
Obligations of U.S. Federal Agencies	per approval	12 months
Certificates of Deposit	per approval	12 months
Deposit Notes	per approval	12 months
Repurchase Obligations	per approval	30 days
Bankers Acceptances	per approval	12 months
Savings and Money Market Accounts	per approval	12 months
Money Market Mutual Funds	per approval	12 months
Local Agency Investment Fund (LAIF)	per approval	12 months

The Executive Officer shall consult with the Finance Committee Chair for any investment transaction exceeding 5% of the Authority's total portfolio; the Finance Committee will be routinely informed of these transactions.

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:

		Maturity Date
Money market mutual funds	$ 13,577,046	Due on demand
Certificates of deposit	$ 9,949,467	12 months

The Authority has no investments that are highly sensitive to interest rate fluctuations.

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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
Money market mutual funds	$ 13,577,046	N/A	$ -	$ -	$ -	$ -	$ 13,577,046
Certificates of deposit	9,949,467						9,949,467
	$ 23,526,513		$ -	$ -	$ -	$ -	$ 23,526,513

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 (other than money market mutual funds and certificates of deposits) that represent 5% or more of total Authority investments.

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:

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk (Continued)

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 fair 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.

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.

As of June 30, 2014, $696,911 of the Authority's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Cash Restricted for Capital Purchases and Projects
As required by the City of Marina and the Fort Ord Reuse Authority, the Preston Park Property maintains a capital reserve cash account for future capital purchases. As of June 30, 2014, the reserve balance was $3,465,882.

Note 3 – Interfund Activity

Interfund Transfers
Interfund transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2013-2014 fiscal year are as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 4,249,565	$ -
Lease and Sale Proceeds Special Revenue Fund		2,670,393
Developer Fees Special Revenue Fund		1,579,172
Totals	$ 4,249,565	$ 4,249,565

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

Governmental Activities

Capital assets, being depreciated:	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Equipment and furniture	$ 159,584	$ 9,155	$ (441)	$ 168,298
Less - accumulated depreciation	(78,593)	(33,001)	441	(111,153)
Total capital assets, net	$ 80,991	$ (23,846)	$ -	$ 57,145

Depreciation expense was $33,001 for the fiscal year ended June 30, 2014, and charged to the general government function.

Note 4 - Capital Assets (Continued)

Business-type Activities

Preston Park

Capital assets, being depreciated:	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Improvements	$ 4,232,193	$ 2,044,156	$ -	$ 6,276,349
Furniture and fixtures	437,772	942		438,714
Automobile	47,406		(700)	46,706
Less - accumulated depreciation	(3,453,549)	(425,720)		(3,879,269)
Total capital assets, net	$ 1,263,822	$ 1,619,378	$ (700)	$ 2,882,500

Depreciation expense was $425,720 for the fiscal year ended June 30, 2014, and charged to functions/programs of the Authority's business-type activities as Preston Park.

Note 5 - Defined Benefit Pension Plan

Plan Description
All eligible full-time employees participate in the Authority's defined benefit pension plan, administered through the California Public Employee's Retirement System, which provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System (CalPERS) is an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolution (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Status and Progress
Participants are required to contribute 7% of their annual covered salary. The Authority makes the contributions required of its employees on their behalf and for their account. The Authority's required contribution is based upon an actuarially determined rate. The current 2013-14 fiscal year employer rate was 14.057% of annual covered payroll. The 2014-2015 fiscal year employer rate is 14.888% of annual covered payroll. The contribution requirements of plan members, and the Authority, are established and may be amended by CalPERS.

Annual Pension Cost
The Authority's total annual pension cost of $281,556 to CalPERS was equal to the Authority's required and actual employer contributions of $181,622 and the employee share of $99,934. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included:

- a 7.50% investment rate of return (net of administrative expenses).
- projected annual salary increases of 3.30% to 14.20% depending on age, service and type of employment.
- an inflation rate of 2.75%.
- a payroll growth rate of 3.0%.
- individual salary growth merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The Schedule of Funding Progress on page 38 shows that the plan was underfunded as of June 30, 2012. Information for the fiscal year ended June 30, 2014 has not been released by the Plan Actuary.

Note 5 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost (Continued)

The contribution rate for normal cost is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. Significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

Historic Trend Information
Three-year trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$ 158,799	100%	$ -0-
6/30/2013	$ 273,143	100%	$ -0-
6/30/2014	$ 281,556	100%	$ -0-

Note 6 - 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 $17,500; this amount increases to $23,000 for employees 50 years and older. 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 7 - Long-Term Debt Obligations

Long-term debt activity for the fiscal year was comprised of the following:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital lease	$ 110,645	$ -	$ 110,645	$ -	$ -
PERS Side fund	266,098	18,313	44,645	239,766	45,984
OPEB	113,926	126,380	12,050	228,256	
Preston Park loan	18,188,205		262,184	17,926,021	17,926,021
Compensated absences	143,068	101,637	100,470	144,235	43,130
Totals	$ 18,821,942	$ 246,330	$ 529,994	$ 18,538,278	$ 18,015,135

Note 8 - Capitalized Lease Obligation

The Authority entered into a lease purchase agreement to acquire fire fighting equipment that was distributed to local jurisdictions for fire suppression on the former Fort Ord Army Base. During the fiscal year ended June 30, 2014, the Authority paid off the lease obligation in the amount of $116,000, including $5,355 interest.

Note 9 - Loans Payable

Preston Park Loan
In March 2010, the Authority borrowed $19 million from Rabobank Inc. In June 2009, the Board of Directors authorized the new loan to 1) provide stimulus grant local matching funds and 2) retire certain existing debts (2002 Revenue Bonds and $9M Line of Credit).

The new loan has a fixed interest rate of 5.98% for five years and matures in June 2014. The monthly debt service (principal and interest) of $113,740 is being funded by the Authority's 50% share of Preston Park lease revenue.

In June 2014, the Authority reached the Loan Modification Agreement with the RaboBank Inc. to extend the loan maturity date for another six months, with an interest rate of 5.98%. The maturity date of the extended loan would be December 15, 2014.

As of June 30, 2014, the amount of outstanding principal was $17,926,021. See Note 20 for further details.

Note 10 – Public Employees Retirement System Side Fund

During the fiscal year 2005-2006, the Authority was required to participate in the Public Employees Retirement System (PERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and the funded status of the Authority's plan, in addition to the existing unfunded liability. The outstanding balance at June 30, 2014 was $239,766.

Note 11 - Compensated Absences

The leave policy was revised in June 2011 to limit vacation accrual and include a vacation cash out provision. 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 accrue an unlimited amount of sick leave; vacation accrual is limited to 240 hours. Employees may elect to cash out up to 80 hours of accrued vacation one time during a fiscal year, which makes up the due within one year ($43,130) of the Authority's liability for compensate absences. 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. Effective July 1, 2006, Authority management employees are provided 5 days of management leave per year. There is no cash pay-off for unused management leave time.

The Authority's liability for accrued vacation and sick pay at June 30, 2014 was $144,235. Of this amount, the Authority's management estimate $43,130 will be due in next fiscal year.

Note 12 - Post Employment Benefits Other than Pensions

Plan Description
The Authority administers a single employer defined benefit healthcare plan (Plan).

The Authority provides post employment healthcare benefits to all qualified employees who met the Authority's Public Employees Retirement System (PERS) current plan requirements. For regular Authority employees hired prior to January 1, 2013, five years of full time continuous employment with the Authority is required. The employee must be at least 50 years of age and has participated in the PERS plan for at least five years for health care benefits. For regular Authority employees hired on or after January 1, 2013, five years of full time continuous employment with the Authority is required. The employee must be at least 52 years of age and has participated in the PERS plan for at least five years for health care benefits.

The Authority pays a fixed sum that is not to exceed 100% of the medical plan premium from the date of retirement for the life of the retired employee. Depending on the PERS payment plan chosen by the employees for spousal coverage after the death of an employee, the Authority would also cover the spouse for life under the same plan.

Note 12 - Post Employment Benefits Other than Pensions (Continued)

Funding Policy

The contribution requirement of plan members and the Authority are established and may be amended by the Authority. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Authority. In the fiscal year 2013 - 2014, the Authority contributed $12,050 to the Plan.

Annual OPEB and Net OPEB Obligation

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation.

Annual required contribution	$ 125,037
Interest on net OPEB obligation	5,696
Adjustment to annual required contribution	(4,353)
Annual OPEB cost (expense)	126,380
Contributions made	(12,050)
Increase in net OPEB obligation (asset)	114,330
Net OPEB obligation - beginning of the fiscal year	113,926
Net OPEB obligation - end of the fiscal year	$ 228,256

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended 2013 and 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation (asset)
6/30/2013	$ 125,037	9%	$ 113,926
6/30/2014	126,380	10%	228,256

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $986,915, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $986,915.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 12 - Post Employment Benefits Other than Pensions (Continued)

Actuarial Methods and Assumptions (Continued)
As of July 1, 2012, the actuarial cost method used is the Projected Unit Credit with service proration. The actuarial assumptions included a 4.0 percent investment rate of return with an annual healthcare cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years.

The method of determining the actuarial value of assets is not applicable. The UAAL is being amortized on a level dollar basis over thirty years.

Note 13 – Health Care Plan

During the fiscal year ending June 30, 2014, 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 $1,481 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 14 - Commitments and Contingencies

A. Litigation

As of June 30, 2014, the Authority was involved in three litigation matters.

1. Marina v. FORA; regarding the ownership of the Preston Park Housing complex (liability unknown, but potentially significant)
2. Bogan v. Houlemard; regarding terms related to initiative to restrict development in certain areas of the former Fort Ord (limited financial liability)
3. Keep Fort Ord Wild v. FORA/Monterey County; concerning Eastside Parkway environmental review (limited financial liability)

Appropriate insurance policies protect the Authority from most potential litigation effects. In addition, the Authority requires indemnification and contract provisions with its vendors and contractors that also guard against, and redirect, litigation costs and potential impact to the Authority's assets. The Authority retains authority and special counsel to defend any such actions.

B. Grant Payments

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 the Authority has not complied with rules and regulations governing the grants, refunds may be required and the collectability of any related receivables may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies. Current year grant information is as follows:

1. Environmental Remediation Project

   The $99.3 million federal grant was paid to the Authority in three phases: $40 million in FY 06-07, $30 million in FY 07-08, and $27.7 million in FY 08-09. The Army provided payments ahead of schedule and to secure a $1.6 million credit (the last payment received in December 2008). The grant paid for contracted remediation project expenditures through June 2014.

   - Unearned Revenue

     The Authority's share of unspent, unearned Army grant revenue at June 30, 2014 is classified as advance of earnings revenue and is recorded as unearned revenue, for financial statement purposes. It will be recognized as revenue when earned.

Note 15 - 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. The Authority's share of property sale and lease income activity for the fiscal year was as follows:

Lease income	
Preston Park Housing	$1,737,006

Note 16 - Contingent Receivables

Contingent receivables are those for which there is some uncertainty of the legal obligation but some prospect of a favorable settlement. Generally, a contingency involves some future determination, e.g., judgment or settlement.

1. **$50,457** - The City of Del Rey Oaks (DRO)
   In 2002, DRO participated in a construction project funded by the EDA grant and local matching funds. On April 23, 2002, the DRO Council affirmed the City's commitment to provide the 25% local match or $50,457 to pave a portion of South Boundary Road within the DRO city limits. DRO never paid this obligation citing insufficient resources. The Authority reports this debt as a long-term receivable on its financial statements and intends to collect payment as a deduction from the future land sale proceeds of DRO real property. The amount of $50,457 is recorded as deferred revenue.

2. **$4.1 million** – East Garrison Partners (EGP)
   Monterey County (County) approved the EGP project in 2005, postponing land sale revenues to future years. A portion of this land sale revenue was due to the Authority under State law and the terms of the Authority/County 2001 Implementation Agreement. As a consequence, the Authority did not collect the deferred $4.1M in land sale revenue and issued debt of the same amount to fund its ongoing building removal responsibilities. EGP, County and FORA entered into a Memorandum of Understanding (MOU), which required EGP to: a) pay the Authority monthly interest payments on the $4.1M loan that the Authority acquired in lieu of the land sale proceeds and b) repay the $4.1M principal due in 2011 or upon termination of the MOU. In 2009, EGP defaulted on the project. A new developer, Union Community Partners (UCP) purchased the rights and property associated with the project and questions their responsibility for the principal repayments.

Note 17 - US Army Environmental Services Cooperative Agreement Grant

Removal of munitions and explosives of concern (MEC) by the U.S. Army at the former Fort Ord has been in progress since 1992. Several areas formerly used for military training at the former base have been cleared over the years, but approximately 3,340 acres must still undergo specific MEC removal activities before they can be reused for key elements of the Fort Ord Base Reuse Plan. In the spring of 2005, the U.S. Army and Authority entered into negotiations to execute an Army funded Environmental Services Cooperative Agreement (ESCA) leading to the transfer of former Fort Ord 3,340 acres prior to regulatory environmental sign-off. In early 2007, the Army awarded the Authority $99.3 million to perform munitions cleanup on the ESCA parcels. The Authority also entered into an Administrative Order on Consent (AOC) with the U.S. Environmental Protection Agency (EPA) and California Department of Toxic Substance Control (DTSC), defining conditions under which the Authority assumes responsibility for the Army remediation of the ESCA parcels. In order to complete the AOC defined work; the Authority entered into a Remediation Services Agreement (RSA) with Arcadis, Inc. to provide MEC remediation services and executed a Cost-Cap insurance policy for this remediation work through the American International Insurance Group (AIG).

The ESCA Remediation Program (RP) has been underway for approximately 5.5 years. The ESCA property was transferred to Authority ownership on May 8, 2009. The FY 2011 ESCA RP field work focused in the Parker Flats, future East Garrison and interim action ranges areas of the former Fort Ord.

On December 17, 2008, the Authority received the fourth and final ESCA Grant fund payment of approximately $28.6 million. Per the AOC, the majority of these funds have been transferred to AIG (now "Chartis" company) for payment to LFR, Inc. under the terms of the insurance policies and related agreements. The Authority's administrative costs and oversight responsibility, including third-party quality assurance work, are also funded by the ESCA grant.

Note 18 - Office Lease

On July 2, 2009, the Authority entered into a lease agreement for office space, with occupancy to commence on the date that a certificate of occupancy for the premises is delivered to the Authority, and shall terminate on midnight of the last day of the fifty-seventh (57^{th}) month, thereafter. Monthly rent for the initial lease term, as determined by a current, independent appraisal, shall be one dollar seventy cents ($1.70) per square foot, per month, for a total of $988,000 over the 57 month period. The transaction is part of an exchange agreement whereby the Authority is exchanging land, with a value of $988,000, as determined by an independent appraisal, for rent and tenant improvements. The Authority is responsible for a pro-rata share of the common area maintenance. The office lease agreement is scheduled to terminate with the sunset provisions of the Authority.

Note 19 – Prior Period Adjustments

The accompanying financial statements include adjustments that resulted in the restatement of beginning fund balance. The following summarizes the effect of the prior period adjustment to beginning fund balance as of July 1, 2013:

	Developer Fees Special Revenue Fund	
Fund balance - beginning of fiscal year	$	(7,305,343)
To adjust prior year overstated accounts payable		(69,326)
Fund balance - beginning of fiscal year, restated	$	(7,374,669)

Note 20 - Subsequent Events

Authority management has reviewed the results of operations for the period from June 30, 2014 through December 5, 2014, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Management, however, feels it is important to disclose the following information as it may affect the Authority's financial position as of June 30, 2014, and cause prior period adjustments in its financial statements, as follows:

- Several significant receivables are under collection by the Authority. As of December 5, 2014, the date the financial statements were available to be issued, the following significant receivables have not been collected:
  a. $50,457 from the City of Del Rey Oaks regarding matching funds for South-Boundary Road improvements. Owed since 2002.
  b. $715,768 from the City of Del Rey Oaks regarding unpaid premium for Pollution Legal Liability insurance. Owed since 2011.
- On November 10, 2014, the City of Marina decided to settle pending litigation and offered $35 million to the Authority for the Preston Park Housing complex. The details of the settlement and contract will be incorporated in a Purchase Agreement that will address the projected transfer.

REQUIRED SUPPLEMENTARY INFORMATION

FORT ORD REUSE AUTHORITY
Budgetary Comparison Information
Budget and Actual - All Funds
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Resources (Inflows)				
Membership dues	$ 261,000	$ 261,000	$ 261,000	$ -
Franchise fees	245,000	245,000	241,249	(3,751)
Property taxes	1,300,000	1,300,000	1,293,586	(6,414)
Federal grants	970,325	970,325	739,870	(230,455)
Developer fees	11,090,443	11,090,443	1,623,382	(9,467,061)
Lease/Rental income	1,758,380	1,758,380	1,810,095	51,715
Real estate sales	6,291,800	6,291,800	1,090,024	(5,201,776)
Investments/Interest earnings	110,000	110,000	133,866	23,866
Other revenue			453,623	453,623
Amounts available for appropriation	22,026,948	22,026,948	7,646,695	(14,380,253)
Charges to Appropriations (Outflows)				
Salaries and benefits	2,106,975	2,106,975	2,002,312	104,663
Supplies and services	144,750	144,750	125,831	18,919
Contractual services	2,865,344	2,913,844	2,284,466	629,378
Capital improvements	3,717,641	3,717,641	644,133	3,073,508
Debt service	1,480,880	1,480,880	1,459,558	21,322
Insurance amortization			600,000	(600,000)
Total charges to appropriations	10,315,590	10,364,090	7,116,300	3,247,790
Surplus (Deficit)	$ 11,711,358	$ 11,662,858	$ 530,395	$ (11,132,463)

FORT ORD REUSE AUTHORITY
Schedule of Funding Progress
Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2014

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.

	Actuarial Valuation Date - Year Ended		
Miscellaneous Plan - 2% at 55 Risk Pool	June 30, 2010	June 30, 2011	June 30, 2012
Accrued Liabilities (AL)	$ 3,309,064,934	$ 3,619,835,876	$ 4,175,139,166
Actuarial Value of Assets (AVA)	$ 2,946,408,106	$ 3,203,214,899	$ 3,686,598,343
Unfunded Liabilities (UL)	$ 362,656,828	$ 416,620,977	$ 488,540,823
Funded Ratio (AVA/AL)	89.0%	88.5%	88.3%
Annual Covered Payroll	$ 748,401,352	$ 759,263,518	$ 757,045,663
UL as a Percentage of Payroll	48.5%	54.9%	64.5%

Note - Details of the defined benefit pension plan can be found in Note 5 of the basic financial statements. Information for the years ended June 30, 2013 and 2014 have not been released by the Plan Actuary.

Schedule of Funding Progress for
Retiree Health Plan

Actuarial Valuation Date	Projected Unit Credit Cost Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as of % of Payroll
7/1/2012	$ 986,915	$ -	$ 986,915	0%	$ 1,274,140	77%

FORT ORD REUSE AUTHORITY

SINGLE AUDIT REPORT

JUNE 30, 2014

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, in accordance with the 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, the financial statements of the governmental activities, business type activities, and each major fund of the Fort Ord Reuse Authority (Authority) as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as item 2014-01, that we consider to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs, as item 2014-02, that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Fort Ord Reuse Authority's Response to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 5, 2014

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors
Fort Ord Reuse Authority
Marina, California

Report on Compliance for Each Major Federal Program

We have audited the Fort Ord Reuse Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the fiscal year ended June 30, 2014. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. 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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Authority's major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2014.

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Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 5, 2014

FORT ORD REUSE AUTHORITY
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Description and Program Title	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF THE ARMY		
Direct Program:		
U.S. Army Corp of Engineers, HTRW Center of Expertise, Project grant for Environmental Services Cooperative Agreement		
Project grant for clean up of munitions and explosives of concern Agreement No. W9128F-07-2-0162	12.000	$ 739,870
Total Expenditures of Federal Awards		$ 739,870

See accompanying notes to the schedule of expenditures of federal awards

FORD ORD REUSE AUTHORITY
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Fort Ord Reuse Authority (Authority) presented on the modified 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 Authority's basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. All federal grants were direct programs.

3. There were no subrecipients of federal awards.

4. The Catalog of Federal Domestic Assistance (CFDA) numbers included in the accompanying Schedule were determined based upon program name, review of grant contract information and the Office of Management and Budget's CFDA.

FORD ORD REUSE AUTHORITY
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified – governmental activities and governmental funds** **Modified – business-type activities and proprietary fund**			
Internal control over financial reporting:				
Material weakness(es) identified?	X	Yes	____	No
Significant deficiency(ies) identified not considered to be material weaknesses?	X	Yes	____	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)	____	Yes	X	No

Identification of major programs:

CFDA Number(s)	**Name of Federal Program Cluster**
12.000	U.S. Army Corp of Engineers, HTRW Center of Expertise, Project Grant for Environmental Services Cooperative Agreement

Dollar threshold used to distinguish between Type A And Type B programs:	**$300,000**			
Auditee qualified as low-risk auditee:	X	Yes	____	No

Section II – Findings – Financial Statement Audit

Material Weaknesses

2014-01 Finding – Deficiencies in internal control over Preston Park (Third Party Management Company):

During our audit, we noted the following issues:
1. There were many capital asset additions replacing older appliances and other equipment. However, we did not see any older assets removed from the asset listing. Thus, these assets may still be depreciating, if not already fully depreciated.
2. Lack of reconciliations between physical assets and the capital asset listings.

Effect:
Preston Park does not have a current and accurate inventory of capital assets, which could result in overstatement or understatement of capital asset valuation.

Recommendation:
We recommend that Preston Park implement procedures to accurately record assets and reconcile assets on a periodic basis.

Third Party Management's Response:
1. We do not do asset disposal through FAS so there are most likely fully depreciated assets on the books, however no further depreciation would be calculated for those assets so depreciation is not being overstated.
2. A procedure has not yet been implemented to address reconciling the assets.

Significant Deficiencies

2014-02 Finding – Deficiencies in internal control over Preston Park (Third Party Management Company):

During our audit, we noted the following issues:
1. Payroll allocation calculated for the pay period ending 6/20/14 for one employee did not agree with the standard payroll allocation.
2. Competitive bids for one out of three projects reviewed were not retained.

Effect:
1. Payroll expense is overstated.
2. Preston Park is not in compliance with the procurement requirements of Fort Ord Reuse Authority.

Recommendation:
We recommend that Preston Park implement procedures to accurately record and report expense. We also recommend that Preston Park retain procurement documents for review.

Third Party Management's Response:
1. The payroll split for one associate did not match the records on file. Further investigation will take place by management
2. Records pertaining to the selection of the Concrete Grinding vendor were unavailable as bids were obtained during a previous fiscal year.

FORT ORD REUSE AUTHORITY
Single Audit Report
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section III – Findings and Questioned Costs – Major Federal Awards Program Audit

None

FORT ORD REUSE AUTHORITY
Single Audit Report
Status of Prior Fiscal Year Findings
For the Fiscal Year Ended June 30, 2014

Prior Fiscal Year's Findings – Financial Statement Audit

2013-01 Finding – Deficiencies in internal control over Preston Park (Third Party Management Company):

During our audit, we noted the following issues:

1. There was a deposit that had already been deposited into the bank. However, it was not recorded in the general ledger.
2. Capital asset additions for the fiscal year 2012-2013 were not entered into the capital asset tracking module for depreciation, resulting in understatement of depreciation expense and accumulated depreciation.
3. There were many capital asset additions replacing older appliances and other equipment. However, we did not see any older assets removed from the asset listing. Thus, these assets may still be depreciating, if not already fully depreciated.
4. Lack of reconciliations between physical assets and capital asset listing.
5. The liability for tenant security deposits did not agree to the security deposit cash account.

Effect:

1. The general ledger does not reflect the actual balance as of year-end.
2. Depreciation for current year capital asset additions is not reflected in depreciation expense and accumulated depreciation.
3. Preston Park does not have a current and accurate inventory of capital assets, which could result in overstatement or understatement of capital asset valuation.
4. If the liability does not agree to the security deposits received, the difference could lead to overstatement of revenue.

Recommendation:
We recommend that Preston Park implement procedures to accurately record and report cash, assets, and liabilities.

Status:
Partially implemented, see finding 2014-01.

Prior Fiscal Year's Findings – Major Federal Award Programs Audit

None

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Approve Resolution Requesting Preston Park Loan Extension	
Meeting Date: **Agenda Number:**	December 12, 2014 8d	**ACTION**

RECOMMENDATION:

Approve Resolution No. 14-XX requesting Preston Park loan extension to 6/15/2015 (**Attachment A**).

BACKGROUND:

On June 12, 2009, the FORA Board authorized the Executive Officer to execute a $19 million loan with Rabobank to consolidate other borrowing and to provide US Economic Development Administration grant required matching funds for General Jim Moore Boulevard improvements. The mortgage loan was collateralized by a First Deed of Trust on Preston Park Housing (Preston Park) and monthly payments have been made from FORA's 50% share of Preston Park lease revenue. The five year loan was scheduled to expire on June 15, 2014 and was to be retired by: 1) Preston Park sale proceeds, or 2) the City of Marina's (Marina) acquisition of FORA's Preston Park interest prior to expiration.

Efforts to acquire Preston Park by Marina stalled in 2011. The FORA Board authorized the sale of Preston Park in 2012. Shortly thereafter, Marina filed suit challenging FORA's Preston Park ownership and loan validity. On May 16, 2014, the FORA Board authorized a six-month loan extension (to December 15, 2014) since the Preston Park litigation was not concluded last spring.

DISCUSSION:

Currently, FORA and Marina are finalizing a settlement agreement to resolve the Preston Park litigation. It is estimated that it will be concluded in the coming month. However, without extension, the loan will be in default on December 15, 2014. The recommended six-month extension allows sufficient time for: a) Marina to obtain financing and pay the settlement amount and/or b) FORA to sell Preston Park and pay-off the loan should Marina fail to acquire FORA's interest in Preston Park. There will be no prepayment penalty if FORA retires this obligation before the maturity date.

The attached resolution addresses these items and staff requests approval.

FISCAL IMPACT:

Reviewed by FORA Controller ______

The extension carries financial obligations. The settlement agreement stipulates that all costs and expenses associated with securing or attempting to secure the loan extension be borne by Marina.

COORDINATION:

Rabobank, Executive Committee, Authority Counsel

Prepared by ______________________ **Approved by** ______________________
Ivana Bednarik   Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY
Resolution 14-XX

Resolution of the Fort Ord Reuse Authority Board Delegating Authority to Negotiate and Enter into an Extension of the Existing $19,000,000 Loan with Rabobank, N.A.

WHEREAS, in 2010 the Fort Ord Reuse Authority (the "Authority") borrowed $19,000,000 (the "Loan") from Rabobank, N.A. ("Rabobank"), for a four year term ending on June 14, 2014; and

WHEREAS, that loan was extended per the request of the Authority's Board of Directors for a six month period ending December 15, 2014 under the same terms and conditions as had prevailed since its inception, except for the expiration of the former swap contract; and

WHEREAS, the Loan is secured by among other things real property commonly known as the "Preston Park Apartments;" and

WHEREAS, due to the length of time taken to reach a final resolution of the litigation between the City of Marina, one of the Authority's constituent members, and the Authority, it will not be possible for the Authority to repay the loan on its extended maturity date of December 15, 2014; and

WHEREAS, it is the unanimous desire of the Board of the Authority to avoid a default on, and possible foreclosure of, the Loan on the Preston Park Apartments; and

WHEREAS, Rabobank has indicated its willingness to consider a possible second six-month extension of the Loan for a period of 181 days, expiring on June 15, 2015;

NOW, THEREFORE, BE IT RESOLVED by the unanimous consent of the Board of Directors of the Fort Ord Reuse Authority as follows:

1. Michael A. Houlemard, Jr., as the Executive Officer is hereby delegated the authority to negotiate with Rabobank for a six month extension of the Loan which is due on December 15, 2014 and to take all actions on the part of the Authority necessary to obtain an extension of the Loan. It is understood that Rabobank has not made a commitment to extend the Loan, and will not do so prior to completing its analysis and due diligence, and any such action is subject to the bank's internal approval process. The Authority believes that Rabobank will authorize the extension provided that the Authority's Board unanimously approves the extension request under terms generally reflecting the following:
   (a) Term: six months, with a maturity date of June 15, 2015;
   (b) Amount: Not to exceed $19,000,000.00;
   (c) Interest rate: To be floating at the 30-day LIBOR rate plus 3.50% for the extension term; the indicative rate today would be 3.66%;
   (d) Extension fee: Not to exceed 25 basis points;
   (e) Swap contract: The extension will not have a SWAP during the extension period; and
   (f) Costs of the extension, including any legal fees, recording fees and other closing costs, shall be borne by the City of Marina.

2. Michael A. Houlemard, Jr., as the Executive Officer is further authorized to execute and deliver all such instruments, documents, certificates and agreements, for and on behalf of the Authority, as he determines are necessary or appropriate to extend the Loan as described in Section 1 above.

BE IT FURTHER RESOLVED, that any and all acts previously taken by Mr. Houlemard and the Authority in furtherance of and consistent with the actions authorized under these resolutions are hereby ratified.

BE IT FURTHER RESOLVED, that Rabobank is authorized to rely and act on the foregoing resolutions until written notice of revocation by all of the Board is received by the bank at 915 Highland Point Dr., Suite 350, Roseville, CA 95678.

AND BE IT FINALLY RESOLVED, that this Resolution is to be presented to Rabobank in addition to any other Resolutions that have been presented to it on behalf of the Authority prior to the dates set forth below.

The undersigned Chair and the Clerk of the Fort Ord Reuse Authority Board hereby represent and certify that: (i) the Authority is organized and existing under the laws of the State of California and is in good standing at this time; and (ii) the resolutions set forth above have been properly authorized and are in full force and effect.

Upon motion by____________________, seconded by__________________________, the foregoing Resolution was passed on this 12th day of December, 2014, by the following vote:

AYES:

NOES:
ABSTENTIONS:
ABSENT:

____
Mayor Jerry Edelen, Chair

ATTEST:

____
Michael A. Houlemard, Jr., Clerk

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Approve One Year Renewal of Preston Park Management Agreement with Alliance Communities, Inc.	
Meeting Date: **Agenda Number:**	December 12, 2014 8e	**ACTION**

RECOMMENDATION:

Authorize the Executive Officer to renew the Alliance/FORA Preston Park Management Agreement for one year.

BACKGROUND/DISCUSSION:

The 2014 Preston Park Management Agreement (PPMA) between FORA and Alliance Communities, Inc. (Alliance) will expire on December 31, 2014. FORA and the City of Marina are finalizing a settlement agreement for the City of Marina to buy out FORA's ownership interests in Preston Park and settle the current litigation. The settlement agreement will contain provisions permitting the new owner to assume Preston Park's existing contracts. The provisions of the contract are the same as the current year except for the term (**Section 2.Term** - **Attachment A**).

Renewing the current PPMA will permit continued operation of the property during this time period and permit an orderly transition for a new owner. The contract has provisions for either party to terminate the relationship with notice. Because of the length of the document the full 28 pages are displayed on the FORA website at the link below:

http://fora.org/Board/2014/Packet/Additional/121214item8ePrestonParkManagementAgreement-AttachA.pdf

FISCAL IMPACT: Reviewed by FORA Controller ______

Staff time for this item is included in the approved FORA budget.

COORDINATION:

FORA Controller, Authority Counsel, FORA Auditor, and Alliance Management Staff.

Prepared by ______ Reviewed by ______
Robert J. Norris, Jr. Steve Endsley

Approved by ______
Michael A. Houlemard, Jr.

PRESTON PARK MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement") is dated for reference on ______ ___, 2014. It is made by and between the Fort Ord Reuse Authority, a California public entity, ("Owner") and Alliance Communities, Inc., a Delaware corporation, ("Operator").

RECITALS

1. Owner holds exclusive title to certain improved real property commonly known as Preston Park consisting of 354 units ("Units") at 682 Wahl Court, Marina, CA 93933 (the "Property").

2. Owner requires the services of a professional management company to perform administrative and financial services. Owner has determined that Operator has the requisite skill, training experience and legal authority, including a California real estate brokerage license, needed to manage the Property.

3. The purpose of this Agreement is to articulate the terms under which Owner and Operator will share responsibilities for the Property.

AGREEMENT

In consideration of the promises in this Agreement and for other good and valuable consideration, the receipt of which is hereby acknowledged, Operator and Owner agree as follows:

1. <u>APPOINTMENT OF OPERATOR</u>. Owner appoints Operator and Operator hereby accepts appointment as Owner's exclusive agent to manage, operate, supervise, and lease the Property and to perform those actions necessary to fulfill Operator's obligations to the Owner except as provided herein.

2. <u>TERM</u>

2.1 *<u>TERM</u>. This Agreement shall commence on January 1, 2015, and shall continue to midnight, December 31, 2015 or until the Fort Ord Reuse Authority ("FORA") transfers title to the Property in which case the new owner can assume the contract.*

2.2 <u>EARLY TERMINATION</u>. This Agreement is terminable on the occurrence of any of the following:

(a) If Owner fails to comply, after notice and an opportunity to cure, with any rule, order, determination, ordinance or law of any federal, state, county, or municipal authority. In that event, Operator may terminate this Agreement upon thirty (30) days written notice to Owner unless

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Authorize Preston Park Budget Amendment For Compliance Work	
Meeting Date: **Agenda Number:**	December 12, 2014 8f	**ACTION**

RECOMMENDATION:

Authorize the transfer of up to $300,000 from the Preston Park FY 2013-14 Capital Improvement Program budget to the Preston Park Operating Budget to bring the property into compliance with California/Marina Coast Water District (MCWD) Drought Regulations.

BACKGROUND/DISCUSSION:

MCWD has informed Alliance Management that the plan to phase in low-flow toilets, aerators, and shower heads must be accelerated if the property is to be sold or transferred to a new owner. In order to bring the property into compliance with California and MCWD regulations (**Attachment A**), all 354 units must be in compliance prior to the close of escrow on the sale or transfer to new ownership.

There are savings in the FY 2013-14 Capital Improvement Program due to lower than anticipated window and door replacement costs. Staff recommends a transfer of up to $300,000 from the Capital Improvement Program Budget to the Operating Budget to perform the compliance work prior to the estimated close of escrow (**Attachment B**). The changes in the Capital Improvement Program Budget are displayed in (**Attachment C**) available at the FORA website using the link below:

http://fora.org/Board/2014/Packet/Additional/1212148fAttachC-PrestonParkCIP092514.pdf

http://fora.org/Board/2014/Packet/Additional/1212148fAttachC-PrestonParkCIP112114.pdf

FISCAL IMPACT: Reviewed by FORA Controller

Staff time for this item is included in the approved FORA budget.

COORDINATION:

FORA Controller, Authority Counsel, FORA Auditor, and Alliance Management Staff.

Prepared by Robert J. Norris, Jr. Approved by Michael A. Houlemard, Jr.

Attachment A to Item 8f
FORA Board Meeting, 12/12/2014

Marina Coast Water District
11 Reservation Road, Marina, CA 93933
Phone (831) 384-6131
www.mcwd.org

Retrofit Requirements for Property Transfers

The following plumbing retrofits are required, prior to the close of title, for the sale or transfer of existing residential or commercial property within the jurisdiction of the Water District

Residential Retrofit Requirements

- All toilets must be retrofitted with toilets with a maximum flush capacity of 1.6 gallons per flush or less. No flush devices or conversion devices of any other kind will be accepted.
- All showerheads must be retrofitted with low-flow showerheads with a maximum flow capacity of 2.5 gallons per minute or less. These low-flow showerheads must also have a shut-off button. Installing flow restrictors in existing showerheads does not satisfy the requirement.

Commercial Retrofit Requirements

- Conventional urinals must be replaced with zero-water-use urinals
- Conventional clothes washers must be replaced with high-efficiency clothes washers.
- All toilets must be retrofitted with toilets with a maximum flush capacity of 1.6 gallons per flush or less. No flush devices or conversion devices of any other kind will be accepted.
- All showerheads must be retrofitted with low-flow showerheads with a maximum flow capacity of 2.5 gallons per minute or less. These low-flow showerheads must also have a shut-off button. Installing flow restrictors in existing showerheads does not satisfy the requirement.

Once the property has been retrofitted, Please call the District at (831) 384-6131 to schedule a Water Conservation Certification inspection.

Attachment B to Item 8f
FORA Board Meeting, 12/12/14

PRESTON PARK
2014 STANDARD BUDGET
CONSOLIDATION & SIGN-OFF

Description	2014 Total	2013 Projected	Variance	Variance %
Physical Occupancy	98.04 %	98.96 %		
Economic Occupancy	97.32 %	96.13 %		
Gross Market Potential	$5,816,930	$5,643,882	$173,048	3.1%
Market Gain/Loss to Lease	$16,124	($111,087)	$127,210	114.5%
Affordable Housing	$0	$0	$0	0.0%
Non-Revenue Apartments	($56,187)	($47,422)	($8,765)	-18.5%
Rental Concessions	$0	($148)	$148	100.0%
Delinquent Rent	$0	$0	$0	0.0%
Vacancy Loss	($114,328)	($57,783)	($56,546)	-97.9%
Prepaid/Previous Paid Rent	$0	$0	$0	0.0%
Other Months' Rent/Delinquency Recovery	$0	$0	$0	0.0%
Bad Debt Expense	($1,750)	($2,034)	$284	14.0%
Other Resident Income	$36,750	$33,163	$3,587	10.8%
Miscellaneous Income	$8,450	$10,901	($2,451)	-22.5%
Corp Apartment Income	$0	$0	$0	0.0%
Retail Income	$0	$0	$0	0.0%
TOTAL INCOME	**$5,705,989**	**$5,469,472**	**$236,517**	**4.3%**
PAYROLL	$520,430	$488,934	($31,495)	-6.4%
LANDSCAPING	$73,836	$70,790	($3,046)	-4.3%
UTILITIES	$94,359	$93,918	($441)	-0.5%
REDECORATING	$78,203	$76,418	($1,785)	-2.3%
MAINTENANCE	$100,785	$94,468	($6,317)	-6.7%
MARKETING	$15,290	$15,398	$108	0.7%
ADMINISTRATIVE	$85,423	$59,907	($25,516)	-42.6%
RETAIL EXPENSE	$0	$0	$0	0.0%
PROFESSIONAL SERVICES	$142,650	$136,888	($5,762)	-4.2%
INSURANCE	$194,472	$190,686	($3,786)	-2.0%
AD-VALOREM TAXES	$105,324	$105,747	$423	0.4%
NON ROUTINE MAINTENANCE	$72,375	$53,064	($19,311)	-36.4%
TOTAL OPERATING EXP	**$1,483,147**	**$1,386,219**	**($96,927)**	**-7.0%**
NET OPERATING INCOME	**$4,222,842**	**$4,083,253**	**$139,589**	**3.4%**
DEBT SERVICE	$0	$0	$0	0.0%
DEPRECIATION	$324,420	$355,066	$30,646	8.6%
AMORTIZATION	$0	$0	$0	0.0%
PARTNERSHIP	$0	$0	$0	0.0%
EXTRAORDINARY COST	$0	$0	$0	0.0%
NET INCOME	**$3,898,422**	**$3,728,187**	**$170,235**	**4.6%**
CAPITAL EXPENDITURES	$1,229,952	$4,162,505	$2,932,553	70.5%
MORTGAGE PRINCIPAL	$0	$0	$0	0.0%
TAX ESCROW	$0	$0	$0	0.0%
INSURANCE ESCROW	$0	$0	$0	0.0%
INTEREST ESCROW	$0	$0	$0	0.0%
REPLACEMENT RESERVE	$734,976	$734,976	$0	0.0%
REPLACEMENT RESERVE REIMBURSEM	($1,229,952)	($4,162,505)	($2,932,553)	-70.5%
WIP	$0	$0	$0	0.0%
OWNER DISTRIBUTIONS	$3,487,866	$3,348,276	($139,590)	-4.2%
DEPRECIATION AND AMORTIZATION	($324,420)	($355,066)	($30,646)	-8.6%
NET CASH FLOW	**$0**	**$0**	**($0)**	**-89.2%**

Approvals

Owner	Date
Asset Manager	Date
COO	Date
VP	Date
Regional Manager	Date
Business Manager	Date

Alliance Residential, LLC makes no guarantee, warranty or representation whatsoever in connection with the accuracy of this Operating Budget as it is intended as a good faith estimate only.

ALLIANCE RESIDENTIAL COMPANY

PRESTON PARK
2014 STANDARD BUDGET
CONSOLIDATION & SIGN-OFF

Description	2014 Total	2013 Projected	Variance	Variance %
Physical Occupancy	98.04 %	98.96 %		
Economic Occupancy	97.32 %	96.13 %		
Gross Market Potential	$5,816,930	$5,643,882	$173,048	3.1%
Market Gain/Loss to Lease	$16,124	($111,087)	$127,210	114.5%
Affordable Housing	$0	$0	$0	0.0%
Non-Revenue Apartments	($56,187)	($47,422)	($8,765)	-18.5%
Rental Concessions	$0	($148)	$148	100.0%
Delinquent Rent	$0	$0	$0	0.0%
Vacancy Loss	($114,328)	($57,783)	($56,546)	-97.9%
Prepaid/Previous Paid Rent	$0	$0	$0	0.0%
Other Months' Rent/Delinquency Recovery	$0	$0	$0	0.0%
Bad Debt Expense	($1,750)	($2,034)	$284	14.0%
Other Resident Income	$36,750	$33,163	$3,587	10.8%
Miscellaneous Income	$316,142	$10,901	$305,241	2800.2%
Corp Apartment Income	$0	$0	$0	0.0%
Retail Income	$0	$0	$0	0.0%
TOTAL INCOME	**$6,013,680**	**$5,469,472**	**$544,208**	**9.9%**
PAYROLL	$520,430	$488,934	($31,495)	-6.4%
LANDSCAPING	$73,836	$70,790	($3,046)	-4.3%
UTILITIES	$94,359	$93,918	($441)	-0.5%
REDECORATING	$78,203	$76,418	($1,785)	-2.3%
MAINTENANCE	$100,785	$94,468	($6,317)	-6.7%
MARKETING	$15,290	$15,398	$108	0.7%
ADMINISTRATIVE	$85,423	$59,907	($25,516)	-42.6%
RETAIL EXPENSE	$0	$0	$0	0.0%
PROFESSIONAL SERVICES	$150,342	$136,888	($13,454)	-9.8%
INSURANCE	$194,472	$190,686	($3,786)	-2.0%
AD-VALOREM TAXES	$105,324	$105,747	$423	0.4%
NON ROUTINE MAINTENANCE	$372,374	$53,064	($319,310)	-601.7%
TOTAL OPERATING EXP	**$1,790,838**	**$1,386,219**	**($404,619)**	**-29.2%**
NET OPERATING INCOME	**$4,222,842**	**$4,083,253**	**$139,589**	**3.4%**
DEBT SERVICE	$0	$0	$0	0.0%
DEPRECIATION	$324,420	$355,066	$30,646	8.6%
AMORTIZATION	$0	$0	$0	0.0%
PARTNERSHIP	$0	$0	$0	0.0%
EXTRAORDINARY COST	$0	$0	$0	0.0%
NET INCOME	**$3,898,422**	**$3,728,187**	**$170,236**	**4.6%**
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INSURANCE ESCROW	$0	$0	$0	0.0%
INTEREST ESCROW	$0	$0	$0	0.0%
REPLACEMENT RESERVE	$734,976	$734,976	$0	0.0%
REPLACEMENT RESERVE REIMBURSEM	($1,229,952)	($4,162,505)	($2,932,553)	-70.5%
WIP	$0	$0	$0	0.0%
OWNER DISTRIBUTIONS	$3,487,866	$3,348,276	($139,590)	-4.2%
DEPRECIATION AND AMORTIZATION	($324,420)	($355,066)	($30,646)	-8.6%
NET CASH FLOW	**$0**	**$0**	**($0)**	**-44.9%**

Approvals

Owner	Date
Asset Manager	Date
COO	Date
VP	Date
Regional Manager	Date
Business Manager	Date

Alliance Residential, LLC makes no guarantee, warranty or representation whatsoever in connection with the accuracy of this Operating Budget as it is intended as a good faith estimate only.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

BUSINESS ITEMS

Subject:	Approve Corrective Amendment to Executive Officer Contract	
Meeting Date: **Agenda Number:**	December 12, 2014 8g	**ACTION**

RECOMMENDATION:

Correct the Executive Officer's Contract to accurately reflect the terms of his employment as depicted in **Attachments A - C**.

BACKGROUND/DISCUSSION:

The Executive Officer's contract was consolidated last December to clarify the terms of his existing employment contract and to incorporate previous amendments and FORA policies. In order to make the terms of the consolidated contract consistent, clear, and lawful, some terms had to be slightly modified. For example, the consolidated contract includes a provision consistent with current state law that alters the Executive Officer's compensation downward by reducing FORA's health benefit share. During this process, provisions in the prior contract allowing for merit adjustments were inadvertently eliminated (compare **Attachments A** and **B**, pages 1, 2 – Sec. 3 and page 3 – Sec. 4).

At its October 2014 meeting, the Board voted in favor of an 8 percent increase in the Executive Officer's compensation, as recommended by the FORA Executive Committee (EC). That recommendation assumed the terms of the contract between FORA and the Executive Officer provided for merit adjustments, as was the case prior to the consolidated contract.

At the November 2014 meeting, Authority Counsel asked the Board to approve a corrective amendment to the current contract to include language allowing a merit increase. The Board did not act on the item and tasked the EC to review and recommend to the Board how this matter should be resolved.

The EC discussed this item at its December 3, 2014 meeting and recommends the Board:

1) Approve the Executive Officer's contract correction to return omitted language in conformance with State Law (**Attachment C,** page 2 – Sec. 3 and page 3 – Sec. 4); and

2) Consider a second vote on the salary adjustment at a subsequent Board meeting.

To clarify prior confusion regarding attachments, the EC requested staff to attach:

- For #1) The expired and current Executive Officer's contracts.
- For #2) Information requested by Board members such Executive Officer's past increases, fiscal impact of merit adjustment, and non-PERS options for the adjustment. This will be included with consideration of the second vote regarding the adjustment.

FISCAL IMPACT:

Reviewed by the FORA Controller

This item has no direct fiscal impact. Any fiscal impact associated with this correction/amendment would be evaluated when a compensation adjustment is considered.

COORDINATION:

The Executive Committee, FORA Counsel

Prepared by Ivana Bednarik **Approved by** Lena Spilman for Jon Giffen

Executive Officer Employment Agreement

THIS AGREEMENT is made and entered into this 21st day of September, 2000, by and between the FORT ORD REUSE AUTHORITY, (hereinafter "FORA"), a public entity governed by a Board of Directors, and MICHAEL A. HOULEMARD, JR. (hereinafter "HOULEMARD"), an individual.

1. RECITALS. This Agreement is made and entered into with respect to the following facts:

a) HOULEMARD has successfully performed his duties as the Executive Officer of FORA since March 1997 and has demonstrated his ability to meet or exceed the expectations of the FORA Board of Directors; and

b) HOULEMARD has proven to have the experience, knowledge, and ability to continue to provide the executive and administrative leadership to ensure that FORA achieves its statutory goals and other expectations of the FORA Board of Directors; and

c) The parties hereto have determined that the terms and conditions of HOULEMARD's employment should be contained within an agreement between FORA and HOULEMARD; and

d) HOULEMARD agrees to continue in the position of Executive Officer of FORA and to perform the duties of Executive Officer of FORA as the same is described in the FORA Bylaws, and as may be determined by the FORA Board of Directors from time to time, subject to the terms and conditions of this written Agreement; and

e) The public interest, convenience, and necessity require the execution of this Agreement.

2. TERM. The term of this Agreement shall be for three (3) years, commencing on July 1, 2000 and shall terminate, unless otherwise extended by mutual agreement, no later than June 30, 2003.

3. COMPENSATION.

a) Salary. As compensation for services under this Agreement, HOULEMARD shall be entitled to an annual salary of One Hundred Thirty-Seven Thousand Nine Hundred Dollars ($137,900) payable in payroll installments in accordance with the FORA's general compensation program prorated for any partial payroll period. HOULEMARD shall not be entitled to have his salary reviewed during the term of this Agreement, except as provided for under Section 4 herein.

b) Incentive Bonus. The FORA Board may award an incentive bonus to HOULEMARD for exemplary performance beyond that required under this Employment Agreement. The bonus shall not be considered to be salary to which HOULEMARD is entitled. On the contrary, the award of a bonus should not be expected. The Board has the sole and unbounded discretion to award or withhold a bonus, and to establish the amount of any such bonus. In considering whether to award a bonus, the Board should determine both whether HOULEMARD's performance exceeded the Board's expectations for the preceding year, and whether it did so in a manner that promoted FORA's long-range objectives. To be eligible for a bonus, HOULEMARD must be a FORA employee on the last day of the year for which the bonus is considered.

c) Employee Taxes. HOULEMARD is subject to all applicable Federal and State income tax withholdings from his income.

d) Retirement Contribution. FORA shall contribute to the Public Employees' Retirement System (General Employees) for HOULEMARD as is paid for all FORA employees.

e) Paid Leave. HOULEMARD shall be entitled to thirty-three (33) days per year as paid leave. Annual leave shall be allocated as follows: ninety-six (96) hours per year sick leave and one hundred sixty-eight (168) hours annual leave. Earned annual leave shall carry over from year to year. Except as provided in this section, HOULEMARD shall be entitled to be paid for unused annual leave at the rate of pay established as salary in this Agreement. Upon termination of this Agreement, HOULEMARD's entitlement to payment for unused sick leave shall be limited to one hundred (100) hours.

f) Car Allowance. FORA agrees to pay HOULEMARD Two Hundred Fifty Dollars ($250.00) per month as an allowance for use of his personal vehicle.

g) Additional Benefits. FORA agrees to pay HOULEMARD Six Hundred Fifty Dollars ($650.00) per month for retirement program, deferred compensation, supplemental life insurance, wellness programs, or other benefits at the election of HOULEMARD.

h) Insurance. HOULEMARD shall receive the same or substantially similar life and health insurance benefits as are provided to department heads in the County of Monterey.

i) Professional Dues/Conferences. HOULEMARD shall be entitled to attend the conferences for which FORA budgets. If such conferences are budgeted, FORA shall also pay for HOULEMARD's reasonable expenses incurred in attending such conferences.

j) Holidays. HOULEMARD shall be entitled to the same paid holidays as provided to FORA employees.

k) Reimbursable Expenses. HOULEMARD shall be reimbursed for out-of-pocket expenses according to the adopted policies of FORA. In acknowledgment of the monthly car allowance described in Section 3-f, HOULEMARD shall not be reimbursed for mileage associated with the performance of his duties as Executive Officer.

4. EVALUATION.

a) It is the intention of the FORA Board of Directors to provide an annual performance evaluation. The evaluation shall take place on or before June 1st of each year. In recognition of accomplishment of objectives and performance, a merit increase may be granted to HOULEMARD after the evaluation, along with any cost-of-living increase as may be included at the discretion of the FORA Board of Directors.

b) HOULEMARD shall provide a timely reminder to the Executive Committee of its obligation under this section.

c) The parties agree that failure of FORA to carry out its intention pursuant to this Section 4 shall not be deemed a breach of this Agreement.

5. EXCLUSIVE EMPLOYMENT AND OUTSIDE WORK. HOULEMARD agrees to work exclusively for FORA. HOULEMARD may, without violating the exclusive services term in this Agreement, teach or write for publication without FORA's prior approval. With the prior written approval of the FORA Board of Directors, HOULEMARD may also enter into consulting arrangements with public or private entities if such activities do not interfere with his duties as the Executive Officer.

6. TERMINATION. This Agreement may be terminated prior to the expiration of its three year term as follows:

a) By mutual agreement; or

b) By HOULEMARD providing FORA ninety (90) day's advance written notice; or

c) By FORA through written notice of termination to HOULEMARD. In that event, the termination shall be effective upon delivery of the notice unless the notice provides otherwise. If terminated in this manner, HOULEMARD shall be paid severance pay equal to six (6) month's salary, exclusive of benefits except as provided herein.

At-Will Status. HOULEMARD is an at-will employee and serves at the pleasure of the FORA Board of Directors. HOULEMARD may be dismissed, and this Agreement terminated, at the discretion of the FORA Board of Directors for any reason or for no reason at all, except that FORA shall provide the notice and compensation as noted in Section 6-c above.

7. NOTICES. Notices under this Agreement shall be by United States mail, postage prepaid, addressed as follows, or such other address as the parties may establish and provide written notice thereof:

Chair of the Board of Directors
Fort Ord Reuse Authority
100 12th Street
Marina, CA 93933

Michael A. Houlemard, Jr.
2223 Albert Lane
Capitola, CA 95010

8. PARTIAL INVALIDITY. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the parties agree that the remaining provisions shall nonetheless continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

Edith Johnsen

Edith Johnsen, Chair
Fort Ord Reuse Authority

Michael A. Houlemard, Jr.

APPROVED AS TO FORM:

Gerald Bowden, Authority Counsel

EXECUTIVE OFFICER
EMPLOYMENT AGREEMENT

This Executive Officer Employment Agreement (this "Agreement") is made and entered into effective July 1, 2014 (the "Commencement Date") by and between the Fort Ord Reuse Authority, a public corporation formed under the Fort Ord Reuse Authority Act, California Government Code sections 67650 *et seq.* (hereinafter "FORA") and Michael A. Houlemard, Jr., an individual (hereinafter "Houlemard").

1. RECITALS. This Agreement is made and entered into with respect to the following circumstances:

(a) Houlemard has served as the Executive Officer of FORA since March 1997. On or about September 21, 2000 FORA and Houlemard (each a "Party" and collectively, the "Parties") entered into an Executive Officer Employment Agreement for a term ending June 30, 2003 (the "Employment Agreement"). On or about July 11, 2003 the Parties entered into Extension #1 to the Employment Agreement by which the term of Houlemard's employment was extended through June 30, 2008. On or about June 13, 2008 the Parties entered into Extension #2 to the Employment Agreement by which the term of Houlemard's employment was extended through the then anticipated end of FORA's statutory authority (June 30, 2014). Subsequent amendment to the Fort Ord Reuse Authority Act has extended the term of FORA's statutory authority through June 30, 2020, but the term of the Employment Agreement as extended will expire on June 30, 2014.

(b) Houlemard has performed his duties as the Executive Officer of FORA to the satisfaction of FORA's governing Board of Directors (the "Board").

(c) The Parties desire that the term of Houlemard's employment as Executive Officer of FORA should be further extended on the terms and conditions set forth in this Agreement.

2. TERM. The term of this Agreement shall commence on the Commencement Date and shall end, unless sooner terminated or otherwise extended, no later June 30, 2020.

3. COMPENSATION.

(a) Salary, COLAs and Longevity Pay. During the term of this Agreement, as compensation for his services as FORA's Executive Officer, Houlemard shall be paid an annual salary of Two Hundred Seven Thousand Three Hundred Seventy-Four Dollars ($207,374.00) in installments in accordance with the FORA's general compensation program, prorated for any partial payroll period. If and when a Cost of Living Adjustment ("COLA") is awarded to FORA's other employees, Houlemard's salary shall be adjusted in like proportion. Houlemard has been receiving and during the term of this Agreement Houlemard shall continue to receive longevity pay on the same basis and subject to the same terms and conditions as apply to FORA's other employees. Except as a consequence of a COLA or longevity pay, Houlemard's salary shall not be adjusted during the term of this Agreement, but an incentive bonus may be awarded to Houlemard from time to time as provided in Section 3(b) below.

(b) Incentive Bonus. The Board may award a bonus to Houlemard in recognition of exemplary performance beyond that required under this Agreement as an incentive to continue such performance. The bonus shall not be considered to be salary to which Houlemard is entitled or as any form of compensation for past performance. Rather, any bonus shall be an inducement for future performance. As such, in order to be eligible to receive any bonus Houlemard must be employed by FORA at the time any bonus is awarded. The Board has the sole and unbounded discretion to award or withhold a bonus, and to establish the amount of any such bonus. The Board may award any bonus in a lump sum or in installments. The award of a bonus should not be expected.

(c) Employee Taxes. Houlemard is subject to all applicable Federal and State income tax withholdings from his income.

(d) Retirement Contribution. Houlemard shall be entitled to participate in the retirement program made available by FORA through the Public Employees' Retirement System to FORA's other employees (currently 2% at 55), as the retirement program may from time to time be amended, and in the same manner, to the same extent, and subject to the same terms and conditions, including but not limited to contribution rates, as apply to FORA's other employees.

(e) Paid Leave. During the term of this Agreement, Houlemard shall be entitled to forty-nine (49) days per year as paid leave, which shall be allocated as follows:

Vacation	26 days
Sick Leave	18 days
Management Leave	5 days

Vacation, Sick Leave, and Management Leave may be collectively referred to as "Annual Leave." Annual Leave shall accrue, be subject to accrual limits, be converted to service credit on retirement, be cashed out, or may be used, each only in conformity with those policies regarding Annual Leave established by FORA as they may be amended from time to time. Houlemard shall not be required to keep time sheets, but shall inform FORA's Executive Committee in advance of his vacation plans and shall report to the Executive Committee his use of all categories of Annual Leave contemporaneously with taking leave.

(f) Car Allowance. During the term of this Agreement, FORA shall pay Houlemard Two Hundred Fifty Dollars ($250.00) per month as an allowance for use of his personal vehicle. Houlemard shall at all times during the term of this Agreement maintain liability insurance covering the business use of his personal vehicle meeting the reasonable satisfaction of FORA.

(g) Deferred Compensation. During the term of this Agreement, FORA shall contribute Eight Hundred Thirty-Three Dollars ($833.00) per month into a deferred compensation plan mutually selected by the Parties.

(h) Insurance. Houlemard and his dependents shall be entitled to participate in any life or health insurance programs made available by FORA to FORA's other employees and their dependents, as such program(s) may from time to time be amended, and in the same manner, to the same extent, and subject to the same terms and conditions, including but not limited to contribution rates, as apply to FORA's other employees and their dependents.

(i) Professional Dues/Conferences. Houlemard shall be entitled to attend the conferences for which FORA budgets. If such conferences are budgeted, FORA shall also pay for Houlemard's reasonable expenses incurred in attending such conferences in conformity with those policies regarding reimbursements established by FORA as they may be amended from time to time.

(j) Holidays. Houlemard shall be entitled to the same paid holidays as are provided to FORA's other employees.

(k) Reimbursable Expenses. Houlemard shall be reimbursed for out-of-pocket expenses according to those policies regarding reimbursements established by FORA as they may be amended from time to time. In acknowledgment of the monthly car allowance described in Section 3(f), Houlemard shall not be reimbursed for mileage associated with the performance of his duties as Executive Officer.

4. **EVALUATION.** The Board intends to conduct a performance evaluation on or before June 1 of each year, at which time the Board may, but shall not be obligated to, consider awarding an incentive bonus as set forth in Section 3(b) above. Houlemard shall provide a timely reminder to FORA's Executive Committee to schedule the annual performance review. The Parties agree that any failure to conduct any performance review shall not be deemed a breach of this Agreement.

5. **EXCLUSIVE EMPLOYMENT AND OUTSIDE WORK.** Houlemard agrees to work exclusively for FORA as Executive Officer, with such duties and responsibilities as shall be set forth by the Board, and shall so serve faithfully and to the best of his ability under the direction and supervision of the Board. Houlemard may, without violating the exclusive services term in this Agreement, teach or write for publication without FORA's prior approval. With the prior written approval of the Board, Houlemard may also enter into consulting arrangements with public or private entities if such activities do not interfere with his duties as Executive Officer.

6. TERMINATION. Houlemard is an at-will employee and serves at the pleasure of the Board. Houlemard may be dismissed, and this Agreement terminated, at the discretion of the Board for any reason or for no reason at all, except that in the event of termination pursuant to Sections 6(c) or (d) below, FORA shall provide the notice and/or compensation as provided therein. This Agreement may be terminated prior to its scheduled expiration date as follows:

(a) By mutual agreement;

(b) By Houlemard providing FORA ninety (90) days advance written notice;

(c) By FORA through written notice to Houlemard of intent to terminate his employment for "Cause." For purposes of this Agreement, with respect to Houlemard the term "Cause" shall mean (i) breach of this Agreement; (ii) commission of an act of dishonesty, fraud, embezzlement or theft in connection with his duties or in the course of his employment; (iii) commission of damage to property or reputation of FORA; (iv) failure to perform satisfactorily the material duties of his position after receipt of a written or verbal warning from the Board; (v) conviction of a felony or a crime of moral turpitude; (vi) failure to adhere to or execute FORA's policies; or (vii) such other behavior detrimental to the interests of FORA as the Board determines. Cause shall be determined in the sole discretion of the Board. If the Board believes that FORA has Cause to terminate Houlemard's employment, FORA shall give appropriate written notice to Houlemard as provided in Government Code section 54957 of his right to have the complaints or charges heard in an open session rather than a closed session of a meeting of the Board. After written notice to Houlemard, if he does not request to have the complaints or charges heard in open session, he shall be provided the opportunity to meet with the Board in closed session regarding the specific complaints or charges stated in writing. Should the Board decide after meeting to terminate Houlemard, his employment shall be terminated immediately without rights to any appeal, severance pay or benefits other than compensation earned (including all benefits and reimbursements accrued and then due) up to the effective date of termination.

(d) By FORA through written notice to Houlemard of termination without Cause. In that event, the termination shall be effective upon delivery of the notice unless the notice provides otherwise. If terminated without Cause, Houlemard shall be entitled to severance pay equal to six (6) months salary, exclusive of benefits. At the election of the Board, severance pay may be paid in substantially equal installments over any period up to six (6) months.

7. NOTICES. Notices under this Agreement shall be by United States mail, postage prepaid, addressed as follows, or such other address as the Parties may establish and provide written notice thereof:

Chair of the Board of Directors
Fort Ord Reuse Authority
100 12th Street
Marina, CA 93933

Michael A. Houlemard, Jr.
2223 Albert Lane
Capitola, CA 95010

8. TERMINATION OF FORMER EMPLOYMENT AGREEMENT. Effective upon the Commencement Date, the Employment Agreement shall automatically, and without any need for further action by the Parties, be terminated and of no further force and effect. During the term of this Agreement, the employment relationship between the Parties shall be controlled by the terms and conditions of this Agreement and not by any terms or conditions of the former Employment Agreement. The foregoing provisions notwithstanding, any Annual Leave which Houlemard has accrued but which remains unused and has not been cashed out as of the day before the Commencement Date shall be carried over and added to the Annual Leave which accrues pursuant to this Agreement, subject to any applicable accrual limits as may be specified in those policies regarding Annual Leave established by FORA as they may be amended from time to time.

9. COMPLETE AGREEMENT. This Agreement is a full and complete statement of the Parties' understanding with respect to the matters set forth in this Agreement. This Agreement supersedes and replaces any and all prior or contemporaneous agreements, discussions, representations, or understandings between the Parties relating to the subject matter of this Agreement, whether oral or written.

10. INTERPRETATION. This Agreement shall be construed as a whole and in accordance with its fair meaning. It is understood and agreed by the Parties that this Agreement has been arrived at through negotiation and deliberation by the Parties, with each Party having had the opportunity to review and revise this Agreement and to discuss the terms and effect of this Agreement with counsel of its choice. Accordingly, in the event of any dispute regarding its interpretation, this Agreement shall not be construed against any Party as the drafter, and the Parties expressly waive any right to assert such a rule of interpretation.

11. PARTIAL INVALIDITY. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the Parties agree that the remaining provisions shall nonetheless continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date and year first written above.

Michael Houlemard

Michael A. Houlemard, Jr.

Chair

Fort Ord Reuse Authority

EXECUTIVE OFFICER
EMPLOYMENT AGREEMENT – REVISED

This Executive Officer Employment Agreement (this "Agreement") is made and entered into effective July 1, 2014 (the "Commencement Date") by and between the Fort Ord Reuse Authority, a public corporation formed under the Fort Ord Reuse Authority Act, California Government Code sections 67650 *et seq.* (hereinafter "FORA") and Michael A. Houlemard, Jr., an individual (hereinafter "Houlemard").

1. RECITALS. This Agreement is made and entered into with respect to the following circumstances:

(a) Houlemard has served as the Executive Officer of FORA since March 1997. On or about September 21, 2000 FORA and Houlemard (each a "Party" and collectively, the "Parties") entered into an Executive Officer Employment Agreement for a term ending June 30, 2003 (the "Employment Agreement"). On or about July 11, 2003 the Parties entered into Extension #1 to the Employment Agreement by which the term of Houlemard's employment was extended through June 30, 2008. On or about June 13, 2008 the Parties entered into Extension #2 to the Employment Agreement by which the term of Houlemard's employment was extended through the then anticipated end of FORA's statutory authority (June 30, 2014). Subsequent amendment to the Fort Ord Reuse Authority Act has extended the term of FORA's statutory authority through June 30, 2020, but the term of the Employment Agreement as extended will expire on June 30, 2014.

(b) Houlemard has performed his duties as the Executive Officer of FORA to the satisfaction of FORA's governing Board of Directors (the "Board").

(c) The Parties desire that the term of Houlemard's employment as Executive Officer of FORA should be further extended on the terms and conditions set forth in this Agreement.

2. TERM. The term of this Agreement shall commence on the Commencement Date and shall end, unless sooner terminated or otherwise extended, no later June 30, 2020.

3. COMPENSATION.

(a) Salary, COLAs and Longevity Pay. During the term of this Agreement, as compensation for his services as FORA's Executive Officer, Houlemard shall be paid an annual salary of Two Hundred Seven Thousand Three Hundred Seventy-Four Dollars ($207,374.00) in installments in accordance with the FORA's general compensation program, prorated for any partial payroll period. If and when a Cost of Living Adjustment ("COLA") is awarded to FORA's other employees, Houlemard's salary shall be adjusted in like proportion. Houlemard has been receiving and during the term of this Agreement Houlemard shall continue to receive longevity pay on the same basis and subject to the same terms and conditions as apply to FORA's other employees. Except as a consequence of a COLA or longevity pay, **<u>Houlemard shall not be entitled to have his salary reviewed during the term of this Agreement, except as provided in Section 4 below.</u>**

(b) <u>Incentive Bonus</u>. The Board may award a bonus to Houlemard in recognition of exemplary performance beyond that required under this Agreement as an incentive to continue such performance. The bonus shall not be considered to be salary to which Houlemard is entitled or as any form of compensation for past performance. Rather, any bonus shall be an inducement for future performance. As such, in order to be eligible to receive any bonus Houlemard must be employed by FORA at the time any bonus is awarded. The Board has the sole and unbounded discretion to award or withhold a bonus, and to establish the amount of any such bonus. The Board may award any bonus in a lump sum or in installments. The award of a bonus should not be expected.

(c) <u>Employee Taxes</u>. Houlemard is subject to all applicable Federal and State income tax withholdings from his income.

(d) <u>Retirement Contribution</u>. Houlemard shall be entitled to participate in the retirement program made available by FORA through the Public Employees' Retirement System to FORA's other employees (currently 2% at 55), as the retirement program may from time to time be amended, and in the same manner, to the same extent, and subject to the same terms and conditions, including but not limited to contribution rates, as apply to FORA's other employees.

(e) <u>Paid Leave</u>. During the term of this Agreement, Houlemard shall be entitled to forty-nine (49) days per year as paid leave, which shall be allocated as follows:

Vacation	26 days
Sick Leave	18 days
Management Leave	5 days

Vacation, Sick Leave, and Management Leave may be collectively referred to as "Annual Leave." Annual Leave shall accrue, be subject to accrual limits, be converted to service credit on retirement, be cashed out, or may be used, each only in conformity with those policies regarding Annual Leave established by FORA as they may be amended from time to time. Houlemard shall not be required to keep time sheets, but shall inform FORA's Executive Committee in advance of his vacation plans and shall report to the Executive Committee his use of all categories of Annual Leave contemporaneously with taking leave.

(f) <u>Car Allowance</u>. During the term of this Agreement, FORA shall pay Houlemard Two Hundred Fifty Dollars ($250.00) per month as an allowance for use of his personal vehicle. Houlemard shall at all times during the term of this Agreement maintain liability insurance covering the business use of his personal vehicle meeting the reasonable satisfaction of FORA.

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(j) Holidays. Houlemard shall be entitled to the same paid holidays as are provided to FORA's other employees.

(k) Reimbursable Expenses. Houlemard shall be reimbursed for out-of-pocket expenses according to those policies regarding reimbursements established by FORA as they may be amended from time to time. In acknowledgment of the monthly car allowance described in Section 3(f), Houlemard shall not be reimbursed for mileage associated with the performance of his duties as Executive Officer.

4. EVALUATION. The Board intends to conduct a performance evaluation on or before June 1 of each year, at which time the Board may, but shall not be obligated to, consider awarding an incentive bonus as set forth in Section 3(b) above or **a merit increase as an incentive for future performance**. Houlemard shall provide a timely reminder to FORA's Executive Committee to schedule the annual performance review. The Parties agree that any failure to conduct any performance review shall not be deemed a breach of this Agreement.

5. EXCLUSIVE EMPLOYMENT AND OUTSIDE WORK. Houlemard agrees to work exclusively for FORA as Executive Officer, with such duties and responsibilities as shall be set forth by the Board, and shall so serve faithfully and to the best of his ability under the direction and supervision of the Board. Houlemard may, without violating the exclusive services term in this Agreement, teach or write for publication without FORA's prior approval. With the prior written approval of the Board, Houlemard may also enter into consulting arrangements with public or private entities if such activities do not interfere with his duties as Executive Officer.

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(a) By mutual agreement;

(b) By Houlemard providing FORA ninety (90) days advance written notice;

(c) By FORA through written notice to Houlemard of intent to terminate his employment for "Cause." For purposes of this Agreement, with respect to Houlemard the term "Cause" shall mean (i) breach of this Agreement; (ii) commission of an act of dishonesty, fraud, embezzlement or theft in connection with his duties or in the course of his employment; (iii) commission of damage to property or reputation of FORA; (iv) failure to perform satisfactorily the material duties of his position after receipt of a written or verbal warning from the Board; (v) conviction of a felony or a crime of moral turpitude; (vi) failure to adhere to or execute FORA's policies; or (vii) such other behavior detrimental to the interests of FORA as the Board determines. Cause shall be determined in the sole discretion of the Board. If the Board believes that FORA has Cause to terminate Houlemard's employment, FORA shall give appropriate written notice to Houlemard as provided in Government Code section 54957 of his right to have the complaints or charges heard in an open session rather than a closed session of a meeting of the Board. After written notice to Houlemard, if he does not request to have the complaints or charges heard in open session, he shall be provided the opportunity to meet with the Board in closed session regarding the specific complaints or charges stated in writing. Should the Board decide after meeting to terminate Houlemard, his employment shall be terminated immediately without rights to any appeal, severance pay or benefits other than compensation earned (including all benefits and reimbursements accrued and then due) up to the effective date of termination.

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Chair of the Board of Directors Fort Ord Reuse Authority 100 12th Street Marina, CA 93933	Michael A. Houlemard, Jr. 2223 Albert Lane Capitola, CA 95010

8. TERMINATION OF FORMER EMPLOYMENT AGREEMENT. Effective upon the Commencement Date, the Employment Agreement shall automatically, and without any need for further action by the Parties, be terminated and of no further force and effect. During the term of this Agreement, the employment relationship between the Parties shall be controlled by the terms and conditions of this Agreement and not by any terms or conditions of the former Employment Agreement. The foregoing provisions notwithstanding, any Annual Leave which Houlemard has accrued but which remains unused and has not been cashed out as of the day before the Commencement Date shall be carried over and added to the Annual Leave which accrues pursuant to this Agreement, subject to any applicable accrual limits as may be specified in those policies regarding Annual Leave established by FORA as they may be amended from time to time.

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11. PARTIAL INVALIDITY. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the Parties agree that the remaining provisions shall nonetheless continue in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the date and year first written above.

____
Michael A. Houlemard, Jr.

____
Chair
Fort Ord Reuse Authority

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Outstanding Receivables	
Meeting Date: **Agenda Number:**	December 12, 2014 10a	**INFORMATION**

RECOMMENDATIONS:

Receive a Fort Ord Reuse Authority (FORA) outstanding receivables update for November 2014.

BACKGROUND/DISCUSSION:

Development Fee/Preston Park: In 1997, the U.S. Army and FORA entered into an interim lease for Preston Park. Preston Park consisted of 354 units of former Army housing within the jurisdiction of the City of Marina (Marina). Marina became FORA's Agent in managing the property. Marina and FORA selected Mid-Peninsula Housing Coalition to manage the property and lease it to tenants. In 1998, Mid-Peninsula completed rehabilitating Preston Park units and began leasing the property to the public. After repayment of the rehab loan, Marina and FORA have by state law each shared 50% of the net operating income from Preston Park.

The FORA Board enacted a base-wide Development Fee Schedule in 1999. Preston Park is subject to FORA's Development Fee Schedule overlay. In March 2009, the FORA Board approved the MOU between FORA and Marina whereby a portion of the Preston Park Development Fee was paid by the project. In 2009, Marina transferred $321,285 from Preston Park, making an initial Development Fee payment for the project. The remaining balance is outstanding and is/was the subject of litigation.

On November 10, 2014, Marina and FORA agreed to settle pending litigation primarily by Marina acquiring FORA's interest in Preston Park. Currently, FORA and Marina are finalizing a settlement agreement; it is estimated that it will be concluded and executed in the near term. The $35 million settlement amount includes $2,078,835 payment of the outstanding fees.

FISCAL IMPACT:

All former Fort Ord projects are subject to either the developer fee overlay or the Community Facilities District fees to pay fair share of the California Environmental Quality Act required mitigation measures. In addition, the outstanding balance is a component of the Basewide Mitigation Measures and Basewide Costs described in Section 6 of the FORA Implementation Agreements. If any projects fail to pay their fair share it adds a financial burden to other reoccupied or development projects to compensate.

COORDINATION:

Executive Committee

Prepared by Ivana
Ivana Bednarik

Approved by Michael Houlemard
Michael A. Houlemard, Jr.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Habitat Conservation Plan Update	
Meeting Date: **Agenda Number:**	December 12, 2014 10b	**INFORMATION**

RECOMMENDATION(S):

Receive a Habitat Conservation Plan (HCP) and State of California 2081 Incidental Take Permit (2081 permit) preparation process status report.

BACKGROUND/DISCUSSION:

The Fort Ord Reuse Authority (FORA), with the support of its member jurisdictions and ICF International (formerly Jones & Stokes), FORA's HCP consultant, is on a path to receive approval of a completed basewide HCP and 2081 permit in 2015, concluding with US Fish and Wildlife Service (USFWS) and California Department of Fish and Wildlife (CDFW) issuing federal and state Incidental Take Permits.

After meeting with CDFW Chief Deputy Director Kevin Hunting on January 30, 2013, FORA was told that CDFW and BLM issues require a Memorandum of Understanding (MOU) between CDFW and BLM, outlining certain assurances between the parties, resulting in additional time. Also, according to CDFW, final approval of an endowment holder no longer rests with CDFW due to passage of SB 1094 (Kehoe)]. However, CDFW must review the funding structure and anticipated payout rate of the HCP endowment holder to verify the assumptions are feasible. CDFW has outlined a process for FORA and other Permittees to expedite compliance with endowment funding requirements. FORA has engaged Economic & Planning Systems (EPS) to provide technical support during this process.

If the current schedule is maintained, FORA staff expects a Public Draft HCP available for public review by the middle of 2015. On March 25, 2014, FORA representatives met with representatives from CDFW, University of California, and State Parks to address outstanding State-Fed and State-State policy issues. State Senator Bill Monning convened a follow-up meeting on June 23 in Sacramento. General agreement was achieved to conclude policy issues and publish the HCP on schedule. A technical meeting was held July 30, 2014 with BLM, Permittees, USFWS, and CDFW representatives to review HCP governance and cost items. Comments on HCP technical items and agreements were received by the August 29, 2014 deadline. **Update:** ICF and Denise Duffy Associates (Environmental Impact Report/ Environmental Impact Statement consultant) are completing covered activities analyses and are preparing the screen check draft HCP. Confirming covered activity impacts and mitigations for future Marina Municipal Airport expansion and conceptual alignment of the Fort Ord Recreational Trail and Greenway (FORTAG) has taken longer than expected. Now that these covered activities are quantified, Staff expects consultants to complete the screen check draft HCP by the middle of January 2015.

FISCAL IMPACT:

Reviewed by FORA Controller ______

Staff time for this item is included in the approved FORA budget.

COORDINATION:

ICF, Denise Duffy and Associates, USFWS, CDFW, Executive and Administrative Committees

Prepared by ______ Jonathan Garcia

Reviewed by ______ Steve Endsley

Approved by ______ Michael A. Houlemard, Jr.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Administrative Committee	
Meeting Date: **Agenda Number:**	December 12, 2014 10c	**INFORMATION**

RECOMMENDATION:

Receive a report from the Administrative Committee.

BACKGROUND/DISCUSSION:

The approved October 1, 2014 and November 5, 2014 Administrative Committee minutes are included for Board review (**Attachments A** and **B**).

FISCAL IMPACT:

Reviewed by the FORA Controller______

Staff time for the Administrative Committee is included in the approved annual budget.

COORDINATION:

Administrative Committee

Prepared by ________ Lena Spilman **Approved by** ________ Michael A. Houlemard, Jr.

Attachment A to Item 10c
FORA Board Meeting, 12/12/2014

FORT ORD REUSE AUTHORITY

ADMINISTRATIVE COMMITTEE REGULAR MEETING MINUTES

8:15 a.m., Wednesday, October 1, 2014 | FORA Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. CALL TO ORDER

Co-chair Houlemard called the meeting to order at 8:18 a.m. The following were present (*voting members):

John Ford, County of Monterey*
John Dunn, City of Seaside *
Elizabeth Caraker, City of Monterey *
Layne Long, City of Marina*
Vicki Nakamura, MPC
Anya Spear, CSUMB
Lisa Rheinheimer, MST
Patrick Breen, MCWD
Brian Lee, MCWD
Tim O'Halloran, City of Seaside

Graham Bice, UC MBEST
Donna Blitzer, UCSC
Steve Matarazzo, UCSC
Lyle Shurtleff, Fort Ord BRAC
Kathleen Lee, Sup. Potter's Office
Bob Schaffer
Don Hofer, Shea Homes
Brian Boudreau, Monterey Downs
Chuck Lande, Marina Heights

FORA Staff:
Michael Houlemard
Steve Endsley
Jim Arnold
Crissy Maras
Jonathan Garcia
Josh Metz
Lena Spilman

Voting Members Absent: Dan Dawson (City of Del Rey Oaks)

2. PLEDGE OF ALLEGIANCE

John Ford led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Associate Planner Josh Metz stated that a staff working group, primarily comprised of Seaside City and Monterey County staff, was meeting to discuss compliance with Base Reuse Plan policies across jurisdictional boundaries. Executive Officer Michael Houlemard announced that Congressman Farr and Senator Monning had held a joint press conference that Monday to announce that the $6.7 million federal grant for construction of the California Central Coast Veterans Cemetery had been awarded to the State of California. Cemetery groundbreaking was anticipated to take place in February. Graham Bice explained that Donna Blitzer and Steve Matarazzo would be attending Administrative Committee meetings in his place for the next several months as he worked on another project.

4. PUBLIC COMMENT PERIOD

None.

5. APPROVAL OF MEETING MINUTES

a. September 10, 2014 Administrative Committee Meeting Minutes

The meeting minutes were approved by unanimous consent.

6. OCTOBER 10, 2014 BOARD MEETING - AGENDA REVIEW

Mr. Houlemard provided an overview of items on the October 10th Board meeting agenda, noting that item 7b would be pulled at the City of Marina's request and that other agenda items could be removed if the Executive Committee determined the agenda was too full. Mr. Houlemard added that item 8b would become an "information/action" item. The Committee discussed the challenges of prevailing wage compliance and Layne Long requested that Mr. Houlemard's letter to him be removed from the item 8g attachments.

7. BUSINESS ITEMS

a. California Department of Toxic Substances Control (DTSC) Annual Land Use Covenant (LUC) Reporting - Combined FY 12-13 and FY 13-14 Report Request Letter

Mr. Houlemard stated that one jurisdiction had yet to submit their FY 12-13 LUC Report, but FORA staff had received assurances it would be forthcoming. He emphasized the importance of submitting FY 13-14 reports in a timely manner.

b. Regional Urban Design Guidelines (RUDG) - Draft Interview List

Mr. Metz announced that staff had begun preparations for the November 12-19th consultant site visit, during which the consultants would conduct a series of stakeholder meetings and interviews. He requested jurisdictions forward the names of any staff members that should be included in the process.

8. ITEMS FROM MEMBERS

None.

9. ADJOURNMENT

Co-Chair Houlemard adjourned the meeting at 9:03 a.m.

FORT ORD REUSE AUTHORITY

ADMINISTRATIVE COMMITTEE REGULAR MEETING MINUTES

8:15 a.m., Wednesday, November 5, 2014 | FORA Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. **CALL TO ORDER**
Co-chair Dawson called the meeting to order at 8:16 a.m. The following were present (**voting members)*:

Dan Dawson, City of Del Rey Oaks
Carlos Urrutia, County of Monterey*
Daphne Hodgson, City of Seaside *
Layne Long, City of Marina*
Vicki Nakamura, MPC
Anya Spear, CSUMB
Lisa Rheinheimer, MST

Patrick Breen, MCWD
Jarron Hollion, MCWD
Dave Delfino, TAMC
Doug Yount
Bob Schaffer
Don Hofer, Shea Homes
Chuck Lande, Marina Heights

FORA Staff:
Michael Houlemard
Jim Arnold
Crissy Maras
Jonathan Garcia
Josh Metz
Lena Spilman

Voting Members Absent: Elizabeth Caraker (City of Monterey)

2. **PLEDGE OF ALLEGIANCE**
Daphne Hodgson led the Pledge of Allegiance.

3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
Executive Officer Michael Houlemard thanked the Committee for their support and understanding as FORA experienced understaffing due to illness, injury, and family emergencies.

   a. **Infrastructure Financing Districts Legislation**
   Mr. Houlemard discussed the status of legislative and community efforts to establish infrastructure financing districts across the state.

4. **PUBLIC COMMENT PERIOD**
None.

5. **NOVEMBER 14, 2014 BOARD MEETING - AGENDA REVIEW**
Mr. Houlemard provided an overview of items on the November 14th Board meeting agenda and responded to questions from the Committee and public.

6. **BUSINESS ITEMS**

The following items were taken out of agenda order.

   b. **Pollution Legal Liability Insurance Policy**
      i. **First Named Insured Designee After 2020**
      ii. **Individual Insurance Coverage Amounts**
      iii. **Insurance Cost Reimbursement Agreements**
      FORA Special Counsel Barry Steinberg joined the meeting via telephone. Senior Planner Jonathan Garcia presented the item and Mr. Steinberg responded to questions from the Committee and public.

a. Review 2015 Fort Ord Reuse Authority Legislative Agenda

Mr. Houlemard reviewed the proposed 2015 Legislative Agenda and requested that Committee members advise their elected representatives of any desired amendments or additions to the document. Lisa Rheinheimer stated that MST would provide several proposed amendments related to transit for Legislative Committee consideration.

7. ITEMS FROM MEMBERS

Mr. Houlemard discussed the Committee and Board meeting schedules for December and January, noting that the regular Administrative Committee meeting would fall on New Year's Eve. The Committee suggested the meeting be rescheduled for the following week to allow for greater participation.

8. ADJOURNMENT

Co-Chair Dawson adjourned the meeting at 9:12 a.m.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Finance Committee	
Meeting Date: **Agenda Number:**	December 12, 2014 10d	**INFORMATION**

RECOMMENDATION:

Receive minutes from the December 1, 2014 Finance Committee (FC) meeting.

BACKGROUND/DISCUSSION:

The Finance Committee met on December 1, 2014 to discuss the FY 13-14 draft Audit Report and the contract extension with Moss, Levy & Hartzheim, LLP for Audit Services. Please refer to the attached minutes (**Attachment A**) for more details and the FC recommendations/approvals.

FISCAL IMPACT:

Reviewed by the FORA Controller_____

Staff time for the Finance Committee is included in the approved annual budget.

COORDINATION:

Finance Committee

Prepared by_____________________ **Approved by**_____________________
Marcela Fridrich Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
Monday, December 1, 2014 | FORA Conference Room
920 2nd Avenue, Suite A, Marina CA 93933

1. **CALL TO ORDER**
Gail Morton called the meeting to order at 3:15 p.m. Chair Ian Oglesby joined meeting at 3:20 p.m. The following were present:

Members:
Nick Chiulos, County of Monterey
Gail Morton, City of Marina
Casey Lucius, City of Pacific Grove
Ian Oglesby, City of Seaside

Public:
Bob Schaffer

Auditor
Hadley Hui

FORA Staff:
Michael A. Houlemard, Jr.
Ivana Bednarik
Steve Endsley
Marcela Fridrich

Absent:
Graham Bice, Excused

2. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE - None**

3. **PUBLIC COMMENT PERIOD - None**

4. **APRIL 23, 2014 MINUTES –** Adopted: Motion: Lucius, Second Morton. Passed. *Ayes*; Lucius, Morton, Oglesby, *Noes*; None, *Abstention*; Chiulos

5. **FY 13-14 Annual Financial Statements (Audit Report)** - FC Members received the draft Audit Report prior to the meeting. FORA Auditor (Mr. Hadley Hui, partner at Moss, Levy & Hartzheim, LLP) presented the Audit Report including Management's Discussion Analysis. This was the second year FORA financial statements included Preston Park, operated under third party management (Alliance). FC Members asked Auditor about Preston Park capital asset depreciation; he explained that the initial land and buildings has yet to be recorded (depreciated) resulting in the "qualified" opinion. FC agreed that this valuation should be obtained by the eventual permanent owner. FC Members queried about staff vacation/sick leave balances and PERS Side fund value described in Note 7. Member Lucius suggested the Auditor include notes to clarify balances. The Auditor issued an unmodified opinion regarding FORA operations, as there were no FY 13-14 financial audit findings/questionable costs. FC received the Audit Report and recommended acceptance by the FORA Board. Motion to accept the audit report with requested changes: Lucius, Second Morton. Passed: *Ayes*: Lucius, Morton, Chiulos, Oglesby, *Noes*: None

6. **Contract extension with Moss, Levy & Hartzheim** - Executive Officer Houlemard explained to the FC that the FORA Board selected the current FORA Auditor in 2012 for three-years and requested the Committee consider retaining their services for additional two years. Motion to extend the contract for two more years: Morton, Second Chiulos. Passed: *Ayes*: Lucius, Morton, Chiulos, Oglesby, *Noes*: None

7. **Next Meeting Date** - FC Members agreed next meeting should be on January 26 at 3:30 p.m. FC members instructed staff to prepare an action plan to review FORA 2020 sunset financial issues.

8. **Adjournment** - Meeting adjourned at 4:20 p.m.

Minutes prepared by Marcela Fridrich.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Post Reassessment Advisory Committee	
Meeting Date: **Agenda Number:**	December 12, 2014 10e	**INFORMATION**

RECOMMENDATION(S):

Receive a Post Reassessment Advisory Committee (PRAC) activity/meeting report.

BACKGROUND/DISCUSSION:

The PRAC met on Friday, November 21, 2014. The meeting focused on continuing planning for the Fort Ord Trail symposium scheduled for Thursday, January 22, 2015. The Symposium is currently planned to be sponsored by multi-agencies, including the Fort Ord Reuse Authority (FORA), CSUMB, Transportation Agency for Monterey County (TAMC), Monterey County Parks, and the Bureau of Land Management (BLM). The PRAC discussion focused on development of a symposium agenda including potential topics, speakers and timelines (*for more information on planned agenda and budget see Item 8b*). A draft budget outline is included in the PRAC meeting PowerPoint based on actual costs for the 2013 Fort Ord Colloquium.

The next meeting of the PRAC is scheduled for Friday, December 12, 2014, from 12:30-2:00 pm.

Approved minutes from the October 30 meeting are attached (**Attachment A**).

FISCAL IMPACT:

Reviewed by Fort Ord Reuse Authority (FORA) Controller ______

Staff time for this item is included in the approved FORA budget. Costs associated with Fort Ord Trails Symposium were not anticipated in the approved 14-15 Reuse Plan Implementation budget. A specific budget adjustment request is included in Item 8b.

COORDINATION:

PRAC, CSUMB, TAMC, BLM, Administrative and Executive Committees.

Prepared by ______ Josh Metz

Approved by ______ Michael A. Houlemard, Jr.

FORT ORD REUSE AUTHORITY
BASE REUSE PLAN POST-REASSESSMENT ADVISORY COMMITTEE (PRAC)
MEETING MINUTES

12:45 p.m., Thursday, October 30, 2014 | FORA Conference Room
920 2nd Avenue, Suite A, Marina, CA 93933

1. **CALL TO ORDER**
Confirming a quorum, Fort Ord Reuse Authority (FORA) PRAC Chair Jerry Edelen called the meeting to order at 12:50pm. The following people were in attendance:

Committee Members
Jerry Edelen (Chair), Del Rey Oaks
Jane Parker, Monterey County
Gail Morton, City of Marina
Victoria Beach, Carmel-by-the-Sea
Andre Lewis, CSUMB
Tom Moore, MCWD

Staff
Michael Houlemard, FORA
Jonathan Garcia, FORA
Josh Metz, FORA

Other Attendees
Eric Morgan, BLM
Rick Riedl, member of the public
Bob Schaffer, member of the public
Jane Haines, member of the public
Steve Matarazzo, UCSC

2. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
Staff noticed delivery of a letter from PRAC Chair Edelen to Carl Holm, Deputy Director, Monterey County Resources Agency, regarding the committee's encouragement for prioritizing improvements at the Jerry Smith Corridor Trailhead access point to the Fort Ord National Monument.

3. **APPROVAL OF MEETING MINUTES**
MOTION: Gail Morton moved, seconded by Victoria Beach, to approve the October 9, 2014 meeting minutes, as presented.

MOTION PASSED: Unanimous. *Tom Moore abstained.*

4. **PUBLIC COMMENT PERIOD**
None.

5. **BUSINESS ITEMS**

Staff presented an updated draft Trails Symposium agenda, potential speaker list and event schedule for discussion (**Attachment A**). Members gave input on the agenda and staff made notes for a future revision. Members requested staff to contact potential speakers and bring back an updated list of options for the following meeting.

6. ITEMS FROM MEMBERS

None.

7. NEXT STEPS

a. FORA staff will continue to:

   i. monitor highway signage progress

   ii. bring recommended speaker bios for consideration at Trails Symposium

   iii. coordinate the Fort Ord Regional Trails Symposium at CSUMB on January 22, 2015

8. ADJOURNMENT

The next meeting of the PRAC was set for Friday November 21 at 9am. The meeting was adjourned at approximately 2:00pm.

Minutes prepared by Josh Metz

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT
EXECUTIVE OFFICER'S REPORT

Subject:	Regional Urban Design Guidelines Task Force	
Meeting Date: **Agenda Number:**	December 12, 2014 10f	**INFORMATION**

RECOMMENDATION(S):

Receive Regional Urban Design Guidelines (RUDG) Task Force Update.

BACKGROUND/DISCUSSION:

The RUDG Task Force met on Thursday, October 30, 2014, in preparation for the November 12-19, 2014 Dover, Kohl & Partners (DKP) Site Visit. The task force reviewed preparations for the visit and made recommendations for schedule and format changes. The attached site visit schedule represents the final schedule that incorporated Task Force input (**Attachment A**).

Subsequently, DKP Principals Jason King and Victor Dover, with various members of their inter-disciplinary consultant team, supported by FORA staff, completed the planned Site Visit. Organized activities included: stakeholder interviews (120+ people); elected official, developer and environmental interest small group interviews; developer, agency staff and community leader field visits; regional tour/filming; and in-depth discussions with FORA land use jurisdiction staff.

The main purpose of the site visit was to ensure the consultant team had necessary site specific knowledge, context and established relationships for the Design Charrette scheduled for February 2-13, 2015. This 2-week long charrette will involve the consultant team on-site working with public and key stakeholders to develop draft design guidelines.

The September 22, 2014 RUDG Task Force meeting minutes are attached (**Attachment B**). The next meeting of the RUDG Task Force will be 1:00pm, Thursday December 11, 2014.

FISCAL IMPACT:

Reviewed by FORA Controller

Staff time for this item is included in the approved FORA budget. FY 14-15 Reuse Plan Implementation budget includes funding to pay for RUDG consultant services.

COORDINATION:

Administrative Committee, RUDG Task Force, and Dover, Kohl & Partners.

Prepared by ______________
Josh Metz

Approved by ______________
Michael A. Houlemard, Jr.

Fort Ord Regional Urban Design Gu[idelines]
Site Visit Schedule

	Thursday, Nov 13 DAY ONE	Friday, Nov 14 Day TWO	Saturday, Nov 15 Day THREE	Sunday, Nov 16 Day OFF	Monday, Nov 17 Day FOUR	Tuesday, Nov 18 Day FIVE
	Public Interviews	**Stakeholder Meetings**	**Filming the Region**	**Day OFF**	**Regional Tour**	**Jurisdiction Meetings**
8:00 AM				Day Off		Marina
8:30 AM						
9:00 AM	Meet with Staff	Meet with Staff	Filming the Region		Marina	
9:30 AM	Interviews: Economic Development	Small Group Meeting: Elected Officials				County
10:00 AM					Transport: 15 min. County	
10:30 AM						
11:00 AM	Interviews: Education	Small Group Meeting: Developers			Transport: 15 min. CSUMB	Del Rey Oaks
11:30 AM						
12:00 PM	Lunch	Lunch				
12:30 PM					Lunch	Lunch
1:00 PM	Interviews: Environment	Small Group Meeting: Environmental				Monterey
1:30 PM					Seaside	
2:00 PM		Brief the Board of Directors including Charrette 101 by Bill Lennertz				
2:30 PM	Interviews: Recreation/Trails				Transport: 15 min. Del Rey Oaks	Education (CSU, UC, MPC, MPUSD)
3:00 PM						
3:30pm					Transport: 15 min.	
4:00 PM	Interviews: Transportation				Monterey	Transport: 30 min.
4:30 PM						Seaside
5:00 PM						
5:30 PM						

Questions? Contact Josh Metz

(831) 883-3672 or josh@fora.org

Team Meetings	Technical Meetings	Filming	Regional Tour

Last updated 11/04/14

Attachment B to Item 10f
FORA Board Meeting, 12/12/14

FORT ORD REUSE AUTHORITY

REGIONAL URBAN DESIGN GUIDELINES (RUDG) TASK FORCE MEETING MINUTES

1:00p.m., Monday, September 22, 2014 | FORA Conference Room
920 2nd Avenue, Suite A, Marina, CA 93933

1. **CALL TO ORDER**
Confirming a quorum, Task Force Member Carl Holm called the meeting to order at 1:10pm. The following people were in attendance:

Committee Members
Victoria Beach, City of Carmel-by-the-Sea
Layne Long, City of Marina
John Dunn, City of Seaside
Elizabeth Caraker, City of Monterey
Carl Holm, Monterey County
Anya Spear, CSUMB

Other Attendees

Ralph Rubio, Mayor, City of Seaside
Gail Morton, City Council Member, City of Marina
Steve Endsley, FORA
Jonathan Garcia, FORA
Josh Metz, FORA
Theresa Szymanis, City of Marina
Lisa Rheinheimer, MST
Ariana Green, TAMC
LeVonne Stone, Member of the public
Christen Torus, Member of the public
Jane Haines, Member of the public
Bob Schafer, Member of the public

2. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
None.

3. **APPROVAL OF MEETING MINUTES**
a. Friday June 27, 2014

Motion: John Dunn moved, seconded by Elizabeth Caraker
Motion Passed: Unanimous

4. **PUBLIC COMMENT PERIOD**
None.

5. **BUSINESS ITEMS**

Task Force and RUDG Consulting team introductions were made. The Task Force received a presentation led by Jason King, Project Manager for Dover, Kohl & Partners, about the plan and schedule for the FORA RUDG project. Discussion focused on the components of the project and key upcoming dates including:

- RUDG Consultant Team Site Visit: Nov 12-19
- RUDG Charrette: Feb 2-13, 2015

Discussion also focused on defining the Invitation List for interviews to be held during the November Site Visit. The Task Force and audience members contributed categories of invitees.

6. **ITEMS FROM MEMBERS**
None.

7. **ADJOURNMENT**
The next meeting of the RUDG Task Force was set for Monday October 20 from 10-12pm. The meeting was adjourned at approximately 2:45p.m.

Minutes prepared by Josh Metz

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Travel Report	
Meeting Date:	December 12, 2014	**INFORMATION**
Agenda Number:	10g	

RECOMMENDATION(S):

Receive an informational travel report from the Executive Officer.

BACKGROUND/DISCUSSION:

The Executive Officer regularly submits reports to the Executive Committee on FORA staff/Board travel. The Committee reviews and approves requests, and the travel information is reported to the Board as an informational item.

COMPLETED TRAVEL

National Charrette System Certificate Training Seminar

Destination: Portland, OR
Date: October 12-15, 2014
Traveler/s: Jonathan Garcia, Josh Metz

Senior Planner Jonathan Garcia and Associate Planner Josh Metz attended a training seminar organized by the National Charrette Institute (NCI). The training included education and workshops on the techniques developed by NCI for public engagement planning processes. The tools and techniques learned during this training are directly applicable to the Regional Urban Design Guidelines (RUDG) Site Visit from and the upcoming RUDG Charrette scheduled for Feb 2-13, 2015.

***Last month, the Executive Officer reported to the Board on his November attendance of the Association of Defense Communities (ADC) Base Redevelopment Forum in San Francisco. The Forum focused on advancing economic opportunity through community-driven redevelopment with a special emphasis on California local reuse projects. *The Executive Officer found the Forum extremely valuable and particularly applicable to Fort Ord reuse activities. Highlights from the sessions are attached for review* (**Attachment A**).

FISCAL IMPACT:

Reviewed by FORA Controller ________

Staff time for this item was included in the approved annual budget. Travel expenses are reimbursed according to the FORA Travel Policy.

COORDINATION:

Executive Committee

Prepared by ________________ Lena Spilman Approved by ________________ Michael A. Houlemard, Jr.

NOVEMBER 2014 ADC BASE REDEVELOPMENT FORUM - SAN FRANCISCO, CA
FORA Executive Officer Michael A. Houlemard, Jr. Overview
Session Notes in Italics

PRE-CONFERENCE DISCUSSION SESSION: POST TRANSFER RISK AND LIABILITY
Environmental insurance experts Barry Steinberg (Kutak Rock LLC) and Greg Shilz (AON) discussed and fielded questions about environmental risk mitigation, negotiated pollution legal liability insurance policies/claims process, and appropriate levels of due diligence in the Base Realignment and former base reuse world. These experts also outlined the complexity of secured risk and protecting jurisdictional funds.

OPENING GENERAL SESSION: FUTURE FOCUSED REDEVELOPMENT

This session featured an expert panel that discussed new technological and social advances that have shifted industry toward a more global and information oriented market, and how redevelopment projects can capitalize on new technology-driven industries.

This was an "extraordinary" session that highlighted:

- *Graphic display websites and demographic/geographic reuse data are key and must include existing businesses and emphasize methods to articulate their capacity, strengths and location.*
- *Strengthen diverse interests and relationship to regional principles.*
- *Panelists mentioned the Cypress Knolls in Marina and Opp Sites software that could be applicable to Fort Ord efforts.*
- *Panel members noted how the internet becomes an economic development partner – but pointed out that it's all about the platform.*
- *Significant conversation about the connection of form-based codes/place-based planning to investors.*
- *"All communities are the right for investment as long as you match investment to regional strength."*
- *Focusing on what you do well, connect with universities and nonprofits. Don't wait for the ideal or settle for the first, but fight for the best available that meets the objective.*
- *Mixing uses and form-based codes/place-based planning is attractive to selectors – but don't forget that improvisation is important*
- *A highlight was the comments about the reduction from over 7% to now 4% unemployment in SF from jobs generated through "new" clean tech & GIS, talent based enterprises.*

BREAKOUT SESSION: DISPOSITION STRATEGIES

This session focused on the fact that one- size fits all does not work for property disposition. In the face of the many economic, political, and regulatory challenges it takes creativity and tenacity to develop approaches that make sense. Emphasis was placed on getting the property into the hands of owners/developers.

Property disposition from federal to state or to local use is often a long term proposition and interferes with early reuse efforts. This session highlighted some successful strategies for effective mean of assuring adequate environmental processing and moving property to locally desired economic recovery.

SUPER SESSION: LABORATORY OF REDEVELOPMENT

This new session highlighted California reuse projects, with each participant providing a brief description of the project's particular successes and challenges. Participants included the Fort Ord Reuse Authority, Naval Station Treasure Island, Concord Naval Weapons Station, Naval Air Station Alameda, Marine Corps Air station Tustin, Riverbank Army Ammunition Plant, The Presidio of San Francisco, and Hunters Point Naval Shipyard.

Participants were particularly interested in our "booth/table" at this lab.

BREAKOUT SESSION: DEALING WITH COMPLEX CONTAMINATION ISSUES

This session explored the many redevelopment projects that face unique and complex environmental and infrastructure contamination issues. The panel reviewed nuclear, biological, explosive and chemical contamination and the overlay with reuse proposals. The Panel focused on how local reuse authorities (LRAs) deal with these challenges and share best practices and strategies.

SUPER SESSION: CROWDSOURCING-SOLUTIONS FROM A WIDER COMMUNITY (Moderator – M. Houlemard)

This plenary session defined how innovative ideas move beyond the drawing board to the capital needed to put it into action. Crowdsourcing, the process of obtaining services or contributions from a large group, is a potential solution. This session investigated how LRAs can tap into the potential of crowdsourcing to implement projects and encourage new development.

This session also included significant comments about the use/application of crowdsourcing (sometimes also referred to as crowdfunding) for eleemosynary purposes in addition to project financing.

BREAKOUT SESSION: RISK AND RESPONSIBILITY FOR ENVIRONMENT OF DEED PROVISIONS

This Session addressed how quitclaim deeds from the military services and GSA limit the government's exposure to risk and liability and how these deeds are influenced by policies and requirements of others federal agencies. Speakers discussed provisions that "run with the land" and are binding on all subsequent owners, examples of different deed language, the implications for tenant agreements and how to remove the constraints and restrictions imposed by these provisions.

This is a key issue for jurisdictions and future owners that will have long term obligations

THE PRESIDIO EXPERIENCE (TOUR)

Attendees toured the former Presidio of San Francisco military installation. The tour included a full review of the progress the Presidio trust redevelopment team has made and discussion from project leaders on their current challenges.

The blending of industrial, entertainment/tourist, retail, recreational and residential uses while mixing new construction and adaptive reuse is applicable to former Fort Ord work (noted in 2013 Colloquium).

LOCAL REUSE AUTHORITY (LRA) COUNCIL MEETING

The LRA Council discussed individual reuse programs, recent successes and legislative changes at the federal level impacting recovery.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT		
EXECUTIVE OFFICER'S REPORT		
Subject:	Public Correspondence to the Board	
Meeting Date: **Agenda Number:**	December 12, 2014 10h	**INFORMATION**

Public correspondence submitted to the Board is posted to FORA's website on a monthly basis and is available to view at http://www.fora.org/board.html.

Correspondence may be submitted to the Board via email to board@fora.org or mailed to the address below:

FORA Board of Directors
920 2nd Avenue, Suite A
Marina, CA 93933

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Administrative Consistency Determination for Entitlement: City of Marina's Church of Latter-day Saints Project	
Meeting Date:	December 12, 2014	**INFORMATION/ACTION**
Agenda Number:	10i	

RECOMMENDATION(S):

i. Receive a report from the Executive Officer regarding the City of Marina's (Marina's) Church of Latter-day Saints (LDS Church) Project Administrative Consistency Determination per Section 8.02.030 of the Fort Ord Reuse Authority (FORA) Master Resolution; **OR**

ii. Conduct a hearing and consider the Executive Officer's concurrence in Marina's development entitlement consistency determination if:

   a. An appeal is received within the 10-day (Master Resolution Section 8.01.050) or 15-day (Master Resolution Section 8.03.070) appeal response terms; **OR**

   b. A Board member requests that a hearing be conducted on this project within the 35-day response term (Master Resolution Section 8.01.040).

BACKGROUND:

Marina submitted the LDS Church Project ("project") for consistency determination on November 14, 2014. Marina's submittal is found at the following website:

http://www.ci.marina.ca.us/DocumentCenter/View/4876.

The project is a conditional use permit to allow a church within the Multiple-Family Residential (R-4) Zoning District, and site and architectural design review for an approximately 19,411 square foot church meeting house on an approximately 5.8-acre project site, located at 3rd Avenue and Hayes Circle within the Cypress Knolls Project Area in Marina. The FORA consistency determination is for the conditional use permit, Site and Architectural Design Review for the Site Plan, Building Elevations, Landscape Plan, and Colors and Materials. The LDS Church Project is located on Economic Development Conveyance property subject to the FORA-Marina Implementation Agreement. FORA staff reviewed the financial components of the project and determined that the project will meet FORA's fair share requirements. Marina's Disposition and Development Agreement (DDA) with the Corporation of the Presiding Bishop (CPB) of the Church of Jesus Christ of Latter Day Saints is found at the following website:

http://www.ci.marina.ca.us/DocumentCenter/View/4885 (page 14 of 173).

Marina requested Development Entitlement Consistency review of the project in accordance with section 8.02.030 of the FORA Master Resolution, the process for which does not require Board approval. Under state law, as codified in FORA's Master Resolution, consistency determinations for legislative land use decisions (plan level documents such as General Plans, Zoning Codes, Specific Plans, Redevelopment Plans, etc.) differ from development entitlement consistency determinations for projects under approved General Plan and Zoning designations. By law, legislative land use decisions must be scheduled for FORA Board review under strict timeframes. Development entitlements are treated differently by the law; unless appealed to the FORA Board, they are reviewed by staff to determine consistency with the Fort Ord Reuse Plan (Reuse Plan). The legislative framers wrote the law this way in recognition of the high volume of development entitlements expected to be processed by member jurisdictions.

DISCUSSION:

Rationale for consistency determinations: FORA staff finds that there are several defensible rationales for making an affirmative consistency determination. Sometimes additional information is provided to buttress those conclusions. The Reuse Plan is a framework for development, not a precise plan to be mirrored. However, there are thresholds set in the resource-constrained Reuse Plan that may not be exceeded without other actions, most notably 6,160 new residential housing units and a finite water allocation. The project's conformance to each of the specific consistency criteria is discussed in this report.

DEVELOPMENT ENTITLEMENT CONSISTENCY (FROM SECTION 8.02.030 OF THE FORA MASTER RESOLUTION)

(a) In the review, evaluation, and determination of consistency regarding any development entitlement presented to the Authority Board pursuant to Section 8.01.030 of this Resolution, the Authority Board shall withhold a finding of consistency for any development entitlement that:

(1) Provides an intensity of land uses, which is more intense than that provided for in the applicable legislative land use decisions, which the Authority Board has found consistent with the Reuse Plan;

The project does not provide for an intensity of land uses greater than those allowed in previous legislative land use decisions consistency determinations. The FORA Board previously certified the Marina General Plan on March 22, 2001 and Marina Zoning Ordinance Amendments for the Cypress Knolls Project on February 9, 2007 as consistent with the Reuse Plan.

(2) Is more dense than the density of development permitted in the applicable legislative land use decisions which the Authority Board has found consistent with the Reuse Plan;

The project location, size, and operating characteristics would be compatible with the character of the site, the land uses, and development intended for the surrounding area by the Marina General Plan.

(3) Is not conditioned upon providing, performing, funding, or making an agreement guaranteeing the provision, performance, or funding of all programs applicable to the development entitlement as specified in the Reuse Plan and in Section 8.02.020 of this Master Resolution and consistent with local determinations made pursuant to Section 8.02.040 of this Resolution;

In review of Marina's submittal, the project will conform with applicable programs specified in the Reuse Plan and in Section 8.02.020 of the FORA Master Resolution.

(4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property or which conflict or are incompatible with open space, recreational, or habitat management areas within the jurisdiction of the Authority;

The project does not conflict with, and is not incompatible with, the open space, recreational, or habitat management areas within FORA's authority.

(5) Does not require or otherwise provide for the financing and installation, construction, and maintenance of all infrastructure necessary to provide adequate public services to the property covered by the applicable legislative land use decision;

Prior to the issuance of a building permit, the project will be required to pay its fair share of the basewide costs through payment of the FORA Community Facilities District (CFD) special tax.

(6) Does not require or otherwise provide for implementation of the Fort Ord Habitat Management Plan;

The Fort Ord Habitat Management Plan (HMP) designates certain parcels for "Development," in order to allow economic recovery through development while promoting preservation, enhancement, and restoration of special status plant and animal species in designated habitats. The project only affects lands that are located within areas designated for "Development" under the HMP. Lands designated for "Development" have no management restrictions placed upon them as a result of the HMP. The project would not conflict with implementation of the Fort Ord HMP.

(7) Is not consistent with the Highway 1 Design Corridor Design Guidelines as such guidelines may be developed and approved by the Authority Board; and

The project is outside of the Highway 1 Design Corridor Design Guidelines.

(8) Is not consistent with the jobs/housing balance requirements developed and approved by the Authority Board as provided in Section 8.02.020(t) of this Master Resolution.

The project will support implementation of jobs/housing balance requirements through creation of additional employment opportunities in the City of Marina.

Additional Considerations

(9) Adoption of required programs from section 8.02.040 of the FORA Master Resolution

In review of Marina's submittal, the proposed project would conform to applicable Reuse Plan programs, the Habitat Management Plan, the Reuse Plan Development and Resource Management Plan, the Reuse Plan Environmental Impact Report, and the FORA Master Resolution.

(10) Is not consistent with FORA's prevailing wage policy, section 3.03.090 of the FORA Master Resolution.

The project is required to pay a prevailing wage consistent with section 3.03.090 of the FORA Master Resolution. The DDA between Marina and CPB specifies that CPB shall cause the contractor and subcontractors engaged for construction of the project to pay prevailing wages.

Conclusion: Based on the preceding analysis, the Executive Officer concurs with the City of Marina that the project is consistent with the Reuse Plan and the FORA Master Resolution. The project will be required to pay the CFD special tax before issuance of building permits.

FISCAL IMPACT:

Reviewed by FORA Controller ____

This consistency review is regulatory in nature and should have no direct fiscal, administrative, or operational impact. Staff time for this item is included in the approved FORA budget. The project is subject to the FORA CFD special tax.

COORDINATION:

Marina staff, Executive Committee, Administrative Committee.

Prepared by Jonathan Garcia
Jonathan Garcia

Reviewed by D. Steven Endsley
Steve Endsley

Approved by D. Steven Endsley for
Michael A. Houlemard, Jr.

RETURN TO AGENDA

FORT ORD REUSE AUTHORITY BOARD REPORT

EXECUTIVE OFFICER'S REPORT

Subject:	Administrative Consistency Determination for Entitlement: City of Marina's Marriott Hotel Project	
Meeting Date: **Agenda Number:**	December 12, 2014 10j	**INFORMATION/ACTION**

RECOMMENDATION(S):

i. Receive a report from the Executive Officer regarding the City of Marina's (Marina's) Marriott Hotel Project Administrative Consistency Determination per Section 8.02.030 of the Fort Ord Reuse Authority (FORA) Master Resolution; **OR**

ii. Conduct a hearing and consider the Executive Officer's concurrence in Marina's development entitlement consistency determination if:

   a. An appeal is received within the 10-day (Master Resolution Section 8.01.050) or 15-day (Master Resolution Section 8.03.070) appeal response terms; **OR**

   b. A Board member requests that a hearing be conducted on this project within the 35-day response term (Master Resolution Section 8.01.040).

BACKGROUND:

Marina submitted a second request for consistency determination concerning its Marriott Hotel Project ("project") on November 24, 2014. Marina's submittal is found at the following website:

http://www.ci.marina.ca.us/DocumentCenter/View/4871

At its November 14, 2014 meeting, the FORA Board received an Administrative Consistency Determination for Entitlement for the Marriott Hotel Project. The project is a four story, 69,578 square foot hotel with 106 hotel rooms including a 1,750 square foot meeting room on a 2.62-acre project site, located at 2nd Avenue and 10th Street in the Dunes on Monterey Bay Specific Plan Area in Marina. That Administrative Consistency Determination is now complete.

Since that time, the City of Marina submitted a second request for consistency determination for a Conditional Use Permit that will allow the developer to apply to the Department of Alcoholic Beverage Control for a Type 48 (On-Sale General for Public Premises) Alcoholic Beverage Control (ABC) Liquor License for on-site consumption. Staff notes that the Marina Planning Commission continued discussion of this item for two weeks to allow further review by the Marina Police Department. In review of this submittal, staff notes that the conditional use permit is generally consistent with the character of hotels around the region, which often times sell alcoholic beverages.

Marina requested Development Entitlement Consistency review of the project in accordance with section 8.02.030 of the FORA Master Resolution, the process for which does not require Board approval. Under state law, as codified in FORA's Master Resolution, consistency determinations for legislative land use decisions (plan level documents such as General Plans, Zoning Codes, Specific Plans, Redevelopment Plans, etc.) differ from development entitlement consistency determinations for projects under approved General Plan and Zoning designations. By law, legislative land use decisions must be scheduled for FORA Board review under strict timeframes. Development entitlements are treated differently by the law; unless appealed to the FORA Board, they are reviewed by staff to determine consistency with the Fort Ord Reuse Plan (Reuse Plan). The legislative framers wrote the law this way in recognition of the high volume of development entitlements expected to be processed by member jurisdictions.

DISCUSSION:

Rationale for consistency determinations: FORA staff finds that there are several defensible rationales for making an affirmative consistency determination. Sometimes additional information is provided to buttress those conclusions. The Reuse Plan is a framework for development, not a precise plan to be mirrored. However, there are thresholds set in the resource-constrained Reuse Plan that may not be exceeded without other actions, most notably 6,160 new residential housing units and a finite water allocation. The project's conformance to each of the specific consistency criteria is discussed in this report.

DEVELOPMENT ENTITLEMENT CONSISTENCY (FROM SECTION 8.02.030 OF THE FORA MASTER RESOLUTION)

(a) In the review, evaluation, and determination of consistency regarding any development entitlement presented to the Authority Board pursuant to Section 8.01.030 of this Resolution, the Authority Board shall withhold a finding of consistency for any development entitlement that:

(1) Provides an intensity of land uses, which is more intense than that provided for in the applicable legislative land use decisions, which the Authority Board has found consistent with the Reuse Plan;

The project does not provide for an intensity of land uses greater than those allowed in previous legislative land use decisions consistency determinations. The FORA Board previously certified the Marina General Plan on March 22, 2001 and the Dunes on Monterey Bay Specific Plan on July 8, 2005 as consistent with the Reuse Plan.

(2) Is more dense than the density of development permitted in the applicable legislative land use decisions which the Authority Board has found consistent with the Reuse Plan;

The project location, size, and operating characteristics would be compatible with the character of the site, the land uses, and development intended for the surrounding area by the Marina General Plan and Dunes on Monterey Bay Specific Plan.

(3) Is not conditioned upon providing, performing, funding, or making an agreement guaranteeing the provision, performance, or funding of all programs applicable to the development entitlement as specified in the Reuse Plan and in Section 8.02.020 of this Master Resolution and consistent with local determinations made pursuant to Section 8.02.040 of this Resolution;

In review of Marina's submittal, the project will conform with applicable programs specified in the Reuse Plan and in Section 8.02.020 of the FORA Master Resolution.

(4) Provides uses which conflict or are incompatible with uses permitted or allowed in the Reuse Plan for the affected property or which conflict or are incompatible with open space, recreational, or habitat management areas within the jurisdiction of the Authority;

The project does not conflict with, and is not incompatible with, the open space, recreational, or habitat management areas within FORA's authority.

(5) Does not require or otherwise provide for the financing and installation, construction, and maintenance of all infrastructure necessary to provide adequate public services to the property covered by the applicable legislative land use decision;

Prior to the issuance of a building permit, the project will be required to pay its fair share of the basewide costs through payment of the FORA Community Facilities District (CFD) special tax.

(6) Does not require or otherwise provide for implementation of the Fort Ord Habitat Management Plan;

The Fort Ord Habitat Management Plan (HMP) designates certain parcels for "Development," in order to allow economic recovery through development while promoting preservation, enhancement, and restoration of special status plant and animal species in designated habitats. The project only affects lands that are located within areas designated for "Development" under the HMP. Lands designated for "Development" have no management restrictions placed upon them as a result of the HMP. The project would not conflict with implementation of the Fort Ord HMP.

(7) Is not consistent with the Highway 1 Design Corridor Design Guidelines as such guidelines may be developed and approved by the Authority Board; and

The project is outside of the Highway 1 Design Corridor Design Guidelines.

(8) Is not consistent with the jobs/housing balance requirements developed and approved by the Authority Board as provided in Section 8.02.020(t) of this Master Resolution.

The project will support implementation of jobs/housing balance requirements through creation of additional employment opportunities in the City of Marina.

Additional Considerations

(9) Adoption of required programs from section 8.02.040 of the FORA Master Resolution

In review of Marina's submittal, the proposed project would conform to applicable Reuse Plan programs, the Habitat Management Plan, the Reuse Plan Development and Resource Management Plan, the Reuse Plan Environmental Impact Report, and the FORA Master Resolution.

(10) Is not consistent with FORA's prevailing wage policy, section 3.03.090 of the FORA Master Resolution.

The project is required to pay a prevailing wage consistent with section 3.03.090 of the FORA Master Resolution.

Conclusion: Based on the preceding analysis, the Executive Officer concurs with the City of Marina that the project is consistent with the Reuse Plan and the FORA Master Resolution. The project will be required to pay the CFD special tax for this project before issuance of building permits.

FISCAL IMPACT:

Reviewed by FORA Controller

This consistency review is regulatory in nature and should have no direct fiscal, administrative, or operational impact. Staff time for this item is included in the approved FORA budget. The project is subject to the FORA CFD special tax.

COORDINATION:

Marina staff, Executive Committee, Administrative Committee.

Prepared by Jonathan Garcia — Jonathan Garcia

Reviewed by D. Steven Endsley — Steve Endsley

Approved by D. Steven Endsley for — Michael A. Houlemard, Jr.