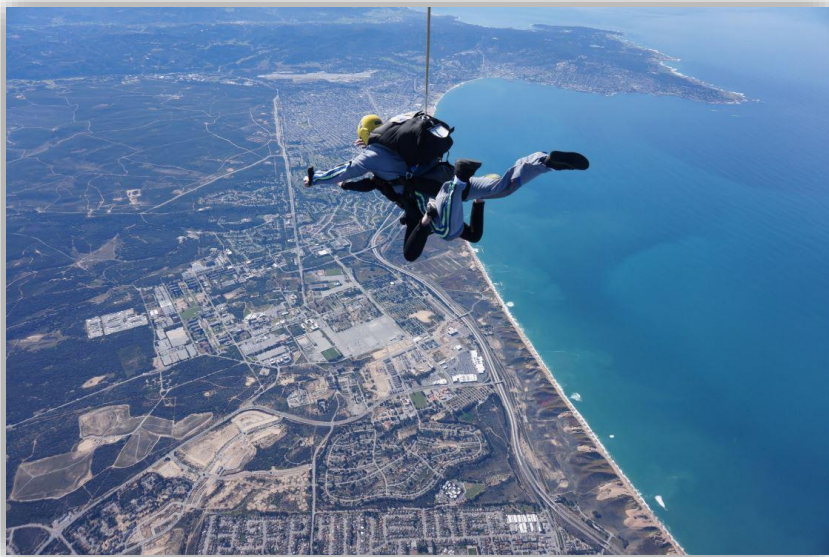




Marina Successor Agency Subordination Request

*Jonathan Brinkmann,
Principal Planner*



- Subordination Request
- Property Tax Resource
- Options
- Potential Outcomes
- Board Direction

Subordination Request

- ▶ On January 25, 2018, FORA received a letter from the Successor Agency to the Marina Redevelopment Agency (Successor Agency) request FORA to subordinate its right to receive property tax revenue to the Successor Agency's debt service obligations on 2018 Tax Allocation Refunding Bonds (Bonds).
- ▶ FORA was given 45 days to approve or disapprove the request for subordination.

- ▶ In fiscal year (FY) 2017-18, FORA anticipates receiving \$2.3 million in property tax to fund:
 - FORA Operations,
 - Capital Improvement Program,
 - Jurisdiction-Incurred Caretaker Costs Reimbursements, and
 - Prevailing Wage Program.

- ▶ Approve Successor Agency's subordination request.
- ▶ Disapprove Successor Agency's subordination request.

- ▶ If Board approves Successor Agency's subordination request:
 - Provides Successor Agency with a higher coverage ratio, which may result in a lower interest rate on the Bonds.
 - Bond proceeds will reimburse Dunes on Monterey Bay Developer for infrastructure costs and provide incentives to developer to proceed with redevelopment.
 - Unknown if subordination will interfere with FORA's ability to issue debt to carry out responsibilities.
 - Unknown if subordination will interfere with other Jurisdiction's efforts to use this revenue source to fund CIP obligations.

- ▶ If Board disapproves Successor Agency's subordination request:
 - Will likely delay Successor Agency's Bond issuance.
 - May result in higher interest rate on the Bonds.
 - May allow time for FORA and Successor Agency staff to meet, share information, and identify an equitable solution that meets both agency's financial needs.

- ▶ Direct staff to transmit a letter, approving Successor Agency's subordination request.

OR

- ▶ Direct staff to transmit a letter, disapproving Successor Agency's subordination request.