

Hamilton Forum

Wed., April 12

7:30 p.m.

Discussion re: Hamilton Trust with Novato City Manager Regan Candelario

Summary notes:

Regan provided some background and basic information regarding the Hamilton Trust, including:

- Regan noted that he was not the authority on the Hamilton Trust and if there were questions that could not be answered at the meeting, he would ensure that any outstanding information would be provided soon thereafter. Information and the agreement will be posted on the City's website.
- The Hamilton Trust was established in conjunction with the original development of Hamilton, and was officially memorialized in the document, "Acknowledgement and Agreement Re: Developer Trust Funds Payments (Hamilton Field, Novato)," in 2004.
- The Trust was established to mitigate fiscal impacts of the Hamilton development on City services and ultimately, the City's General Fund. The Novato Public Finance Authority ("NPFA"), a joint powers authority between the City and its Redevelopment Agency, is the trustee of the Trust. The City Council sits as the NPFA Board.
- The Trust principal can never be spent. The Trust is divided into several sub-accounts: 1) \$4 million is set-aside to generate investment earnings which are fully dedicated to fund affordable senior housing in Novato. The rest of the trust, or approximately \$28 million, directs 80% of its investment earnings (interest) directly to the City's General Fund, with the remaining 20% staying in the Trust to build the Trust principal over time. Currently, approximately \$350,000 in investment earnings goes to the City's General Fund.
- Originally, the total amount paid into the Trust by the Developer was \$31 million. Due to the principal-building component (20%), the Trust has grown to approximately \$32.7 million. Currently, the interest rate earned by the Trust is 1.25%.
- Loans from the Hamilton Trust have occurred twice since inception. The first occurred in 2004 when the City utilized a \$1,745,000 loan from the Trust to construct and renovate facilities at the Corporation Yard. This loan was paid off by the City in 2014. The second instance occurred in 2017 when the City took out a \$2.2 million loan from the Trust to fund the first phase of the Downtown SMART Station construction. The interest rate on this loan is 3.65%. Loan proceeds can be utilized citywide and are not specifically dedicated for use in Hamilton.
- When the City explores loans from the Trust in the future, it has to consider: the repayment source of any loans; the structure and duration of the debt; and risks for the Trust such as interest rate risk and repayment risk associated with making long-term investments in local capital projects.

Additional Q & A:

- [Are stock market investments by the Trust precluded by law?](#) Yes. The Trust cannot invest in the stock market. [What are the Mello Roos taxes paying for?](#) The Mello Roos District is paying for the bond that services the public improvements in Hamilton including the levee, roadway improvements, including pavement, landscaping, bridges, bike and pedestrian paths, lighting, signals, retaining walls, hydrants, etc.; a complete storm drainage system, including 2 pump stations; sewer and water lines; landscaping improvements and medians; miscellaneous improvements including reconstruction of the Main Gate structure, bus shelters, and park and ride lots. There is also a maintenance portion of the district dedicated to landscape maintenance and levee and pump maintenance. [Does the Mello Roos tax expire at some point?](#) The bond portion of the tax (70%) expires in 2025. The maintenance portion (30%) of the tax is perpetual.