



AGENDA REPORT

Meeting Date: December 4, 2012

Item Number: E-1

To: Honorable Mayor & City Council

From: Noel Marquis, Acting Chief Financial Officer / Director, Administrative Services
Mark A. Brower, Senior Budget & Financial Analyst

Subject: **RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS AUTHORIZING THE ISSUANCE AND SALE OF SPECIAL TAX REFUNDING BONDS AND APPROVING RELATED DOCUMENTS AND ACTIONS IN CONNECTION WITH COMMUNITY FACILITIES DISTRICT NO. 2002-A (BUSINESS TRIANGLE) OF THE CITY OF BEVERLY HILLS**

Attachments:

1. Resolution
2. Bond Documents
3. Estimated Debt Service Schedule
4. Map of Community Facilities District

RECOMMENDATION

Staff recommends the City Council of the City of Beverly Hills approve, authorize and execute certain Bond (financing) documents and direct actions in connection with refinancing Bonds related to the City of Beverly Hills Community Facilities District No. 2002-A (Business Triangle), Special Tax Refunding Bonds, Series 2013 in an amount not-to-exceed \$14,000,000.

Subject to the final interest rate secured for the 2013 Bonds, which is projected to average 3.3%, this refinancing is projected to save Community Facilities District (CFD) members an estimated \$3,395,800 over 15 years with a net present value of \$1,554,000.

The annual projected savings for taxpayers within the CFD will be:

Top Tax Payer: \$8,000/year
Median Tax Payer: \$1,100/year
Lowest Tax Payer: \$350/year

The City Council also has the authority to utilize the projected refinancing savings for additional capital improvements within the CFD. This can be accomplished by issuing up to an additional \$3,875,000 in bonds, which would bring the total value of the issued

bonds to the previously authorized level of \$20,000,000. If this option is preferred, Staff recommends limiting the additional Bonds to an amount that would maintain or slightly decrease CFD tax rate contributions.

If this second option is preferred, Staff will initiate the notification process of the affected property owners and return for Council approval in January 2013.

INTRODUCTION

In 2002 under the Mello-Roos Community Facilities Act of 1982, the City Council formed the City of Beverly Hills Community Facilities District (CFD) No. 2002-A (Business Triangle) to authorize the levy of special taxes upon the land within the CFD, and to issue Bonds secured by those special taxes, the proceeds of which were authorized to be used to finance or refinance certain public improvements.

Under the Act, the City issued, for and on behalf of the CFD, its Community Facilities District No. 2002-A (Business Triangle) of the City of Beverly Hills Special Tax Bonds, Series 2002 in the initial principal amount of \$16,215,000 with a term of 25 years. The general fund of the City is not responsible for making the debt service payments, and neither the credit nor the taxing power of the City is pledged for the payment of these Bonds.

The proceeds of this issuance were used to enhance the public streets and sidewalks in the Business Triangle. The streets include Rodeo Drive, Beverly Drive, Canon Drive, Brighton Way and Dayton Way. Improvements include the widening of sidewalks, provision of angled parking, replacement of street trees and lights, installation of street furniture, and use of various materials and textures for pavement for general enhancement of the streetscape.

In order to realize debt service savings based on current market conditions, Staff recommends refinancing the outstanding principal amount of the prior Bonds.

DISCUSSION

The City Council of the City of Beverly Hills acts as the legislative body of the CFD and is authorized under the Mello-Roos Community Facilities Act of 1982 to levy special taxes to pay for the costs of facilities within the CFD and to authorize the issuance of Bonds secured by those special taxes under the Act.

Under the Act, the City, on behalf of the CFD, previously issued its special tax Bonds captioned "Community Facilities District No. 2002-A (Business Triangle) of the City of Beverly Hills Special Tax Bonds, Series 2002" in the aggregate original principal amount of \$16,215,000.

The current average interest rate on the outstanding Bonds is 4.9%. By refunding the outstanding Bonds, the interest rate is expected to decrease to 3.3%. This refinancing is projected to save CFD members an estimated \$3,395,800 over 15 years with a net present value of \$1,554,000.

The benefit from these savings can be either directly transferred to the members of the CFD (option 1), or the benefit can be realized indirectly through the use of the savings to fund capital improvements to the CFD (option 2).

Examples of option 2 capital improvements are electrical upgrades to facilitate permanent or seasonal lighting and music, enhanced landscaping, street improvements and the installation of new or upgraded street furniture and trash receptacles.

The District is fully developed and consists of land located within the City commonly known as the "Business Triangle." The Business Triangle is bound by or includes Beverly Drive, Brighton Way, Canon Drive, Dayton Way and Rodeo Drive, in the area between Wilshire Boulevard and Santa Monica Boulevard. A map of the CFD is included as Attachment 4.

Staff recommends refinancing the outstanding principal amount of the prior Bonds in order to realize debt service savings based on current market conditions. The new Bonds will be captioned "Community Facilities District No. 2002-A (Business Triangle) of the City of Beverly Hills Special Tax Refunding Bonds, Series 2013".

Adoption of the proposed resolution by the City Council of the City of Beverly Hills will authorize and approve the following:

- Authorizes the refinancing of the Bonds;
- Authorizes the execution and delivery of documents related to the refinancing;
- Approves the Fiscal Agent Agreement;
- Approves the Preliminary Official Statement;
- Approves the Final Official Statement;
- Authorizes continuing disclosures;
- Authorizes the Bond Purchase Agreement; and
- Approves agreements with Bond Counsel and Disclosure Counsel

FISCAL IMPACT

The CFD annually levies a Special Tax on the property within the CFD. The Bonds that are issued for the CFD are secured by and payable from a first pledge of the net proceeds of the Special Tax.

The general fund of the City is not responsible for these payments and, neither the credit nor the taxing power of the City is pledged for the payment of these Bonds. The taxes used to pay the Bond's debt service and administrative fees is collected by the County of Los Angeles Assessor. This tax is added to the general County property tax bill and must be paid together with all County property taxes.

Subject to the final interest rate secured for the 2013 Bonds, which is projected to average 3.3%, this refinancing is estimated to save CFD members an estimated \$3,395,800 over 15 years with a net present value of \$1,554,000 with option 1.

Under option 1, the annual projected savings for taxpayers within the CFD will be:

Top Tax Payer:	\$8,000/year
Median Tax Payer:	\$1,100/year
Lowest Tax Payer:	\$350/year

If option 2 is chosen, this projected savings will be used to fund capital improvements within the CFD.

There are no costs to the City to refinance these Bonds.

Sharon Rabke for,

Noel Marquis
Approved By