



CITY OF BEVERLY HILLS STAFF REPORT

Meeting Date: January 24, 2013
To: Honorable Mayor & City Council
From: Noel Marquis, Acting Chief Financial Officer / Director,
Administrative Services
Mark A. Brower, Senior Budget & Financial Analyst
Subject: Update on the Outreach Results for the Refinancing of the
Community Facilities District (CFD) Bonds
Attachments: 1. Map of the CFD
2. Letters sent to CFD members

INTRODUCTION

On December 4, 2012, Staff presented the City Council with two options for the use of the savings that will result from refunding bonds that were issued for the CFD in 2002.

Option 1 utilized a portion of the savings to fund enhancements to the CFD and transferred the remaining savings to members of the CFD through reduced Special Tax rates for the remaining life of the bonds.

Option 2 transferred the entire savings to members of the CFD through reduced Special Tax rates for the remaining life of the bonds.

Outreach

On December 4, 2012, the Council directed Staff to conduct outreach to the CFD members to determine their preference for Option 1 or Option 2.

Letters outlining the refunding options were mailed to CFD members on December 12, 2012, December 26, 2012 and January 10, 2013. Four information sessions were held to ensure CFD members had the opportunity to be fully educated on their options. Two of the information sessions were held in-person in Beverly Hills, one in the early morning and one in the late afternoon. The third information session was held online through the use of a webinar. The webinar was recorded and made available to anyone who wasn't

able to attend one of the three live information sessions. Finally, in collaboration with the Chamber of Commerce Government Affairs Committee, a fourth meeting was held to review the summary of the feedback received from CFD members.

Additionally, CFD members had the opportunity to contact City Staff directly with questions and members were provided the opportunity to express their option preference by completing a simple printed or online feedback form.

Outreach Results

In total, 27 CFD members or their representatives, representing 45 separate parcels attended at least one information session.

In total, 40 of the 45 parcels submitted their Option preference. 33 of the 40 (82.5%) parcels preferred Option 2: transfer the entire savings to members of the CFD directly through reduced Special Tax rates for the remaining life of the bonds.

Staff collected member feedback throughout the outreach process. Specific feedback from CFD members included:

- The tax reduction could be passed on as savings for tenants over the remaining life of the bond (which may help keep businesses in Beverly Hills);
- Additional capital improvements should be funded by the community as a whole, not by a specific group of property owners;
- Some felt 'overtaxed' by the current assessment;
- Since the savings cannot be used for project operational/maintenance costs there was a concern about these costs translating into more taxes for the property owners/tenants in the future; and
- City should have allowed more time (90 days minimum) to get as many owners input as possible.

Recommendation

Based on the feedback received from the CFD members, Staff recommends Option 2: transfer the entire savings to members of the CFD directly through reduced Special Tax rates for the remaining life of the bonds.

DISCUSSION

Overview

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 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 1.

The current average interest rate on the outstanding Bonds is 4.9%. Staff recommends refunding the outstanding Bonds to take advantage of historically low interest rates. After refunding, the interest rate for the bonds 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.

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 collection of 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.

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 cost to issue the 2013 Bonds will be paid from the proceeds of the 2013 Bonds. The City incurs no direct costs related to this refinancing.

RECOMMENDATION

Based on the feedback received from the CFD members, Staff recommends Option 2: transfer the entire savings to members of the CFD directly through reduced Special Tax rates for the remaining life of the bonds.

With City Council approval, Staff will present the required refinancing resolution and documents for Council consideration at the formal Council meeting on January 24, 2013.



Noel Marcuis
Approved By

Attachment 1

Attachment 2

December 12, 2012



Property Name
Property Address
City, State Zip Code

Dear Property Owner,

In October of 2002, the City of Beverly Hills ("City"), in concert with the property owners within the area known as the Business Triangle, authorized the levy of a Special Tax by Community Facilities District ("CFD") No. 2002-A to fund street and public area improvements. Following this authorization, CFD No. 2002-A generated \$13.5 million to complete a number of projects, including the renovation of streets, sidewalks, and medians and the installation of parking meters and street lights through the issuance of the Special Tax Bonds, Series 2002 ("2002 Bonds").

As a result of a historically low interest rate environment, the City now has the opportunity to refund the 2002 Bonds and save approximately \$3,000,000 in interest costs over the next 16 years. You are receiving this letter because you are the owner of record of the following property within the boundaries of CFD No. 2002-A:

Assessor's Parcel Number:

Address:

Fiscal Year 2012/2013 Special Tax Obligation:

The City is currently considering one of the following options to apply the interest savings:

- (i) Maintain your current annual Special Tax and reinvest the interest savings into the Business Triangle by funding approximately \$2.5 million of additional improvements. Possible improvements include:
 - Expanding the Community Security Enhancements (CCTV) program;
 - Upgrading electronic signage for City parking structures;
 - Improving sidewalks and crosswalks (i.e. branding sidewalk and crosswalk pavement with the Beverly Hills shield);
 - Improving signage;
 - Expanding the municipal wireless program;
 - Enhancing the landscaping throughout the district (i.e. installing hanging planter baskets);
 - Installing additional benches and trashcans;
 - Installing bike racks; and
 - Replacing tree well plantings with tree grates.

- (ii) Reduce the annual Special Tax assessed by CFD No. 2002-A by approximately 16%.

You are invited to provide your preference, feedback, and suggestions. The following meetings have been scheduled for you to learn more about the two options and provide input:

Meeting Date and Time	Meeting Format	Meeting Location
Friday, January 4, 2013 8:00 AM	Town Hall	City Hall Municipal Gallery, 2 nd Floor 455 North Rexford Drive Beverly Hills, CA 90210
Wednesday, January 9, 2013 3:30 PM		
Monday, January 7, 2013 11:30 AM	Online Webinar	Receive registration information by sending an email to: CityofBeverlyHills@Dolinkagroup.com

The City must make a final determination on this issue no later than January 24, 2012 so that the refunding can be completed prior to March 1, 2013. The next opportunity to refund the 2002 Bonds will not be until September 1, 2013 and there is no guarantee that interest rates will remain at the current level.

If you have any questions and/or cannot attend one of the opportunities listed above, please contact Dolinka Group, the City's CFD Administrator, at (949) 250-8300 or by email at CityofBeverlyHills@dolinkagroup.com.

Sincerely,



Noel Marquis
Acting Director of Administrative Services, City of Beverly Hills



December 26, 2012

Property Name
Property Address
City, State Zip Code

Dear Property Owner,

This letter serves as a follow up to a previous correspondence from the City of Beverly Hills ("City") mailed on December 14, 2012, requesting input from taxpayers regarding the refunding of bonds.

As a reminder, in June 2002, the City established its intention to form Community Facilities District No. 2002-A ("CFD") in order to finance local improvements within the area known as the Business Triangle through the levy of a Special Tax. Subsequently, on October, 22, 2002, property owners within the CFD voted to authorize the levy of a Special Tax through Fiscal Year 2027/2028 and authorized the CFD to issue up to \$20 million in bonds. Following this authorization, the CFD generated \$13.5 million to complete a number of projects, including the renovation of streets, sidewalks, and medians and the installation of street lights through the issuance of the Special Tax Bonds ("2002 Bonds").

As a result of a historically low interest rate environment, the City now has the opportunity to refund the 2002 Bonds and save approximately \$3,000,000 in interest costs over the next 16 years. You are receiving this letter because you are the owner of record of the following property within the boundaries of the CFD:

Assessor's Parcel Number:

Address:

Fiscal Year 2012/2013 Special Tax Obligation:

The City is currently considering one of the following options:

- (i) Maintain or reduce your current annual Special Tax and reinvest the interest savings into the District by funding up to \$2.5 million of additional improvements.

Possible improvements include:

- Improving sidewalks and crosswalks;
- Improving signage;
- Enhancing the landscaping throughout the district;
- Installing additional benches and trashcans;
- Installing bike racks and bollards; and
- Enhancement of Public Gardens

- (ii) Reduce the annual Special Tax assessed by CFD No. 2002-A by approximately 16% without funding new improvements.

Please note that, under either of the above options, the duration and amount of the Special Tax levied on your property will not exceed those required to meet the annual debt service obligations of the 2002

Bonds. Additionally, the Special Tax will be levied through Fiscal Year 2027/2028 irrespective of the direction the City elects to pursue.

The City would like to solicit your preference, feedback, and suggestions. The following meetings have been scheduled for you to learn more about the two options and provide input:

Meeting Date and Time	Meeting Format	Meeting Location
Friday, January 4, 2013 8:00 AM	Town Hall	City Hall Municipal Gallery, 2 nd Floor 455 North Rexford Drive Beverly Hills, CA 90210
Wednesday, January 9, 2013 3:30 PM		
Monday, January 7, 2013 11:30 AM	Online Webinar	Receive registration information by sending an email to: CityofBeverlyHills@Dolinkagroup.com

If you cannot attend one of the opportunities listed above, please complete the attached survey form and send via email to CityofBeverlyHills@dolinkagroup.com or mail to the address below prior to January 7, 2013:

Dolinka Group, LLC
Attn: Jesse Landre
20 Pacifica, Suite 900
Irvine, CA 92618

The City must make a final determination on this issue no later than January 24, 2013 so the refunding can be completed prior to March 1, 2013. After March 1, the next opportunity to refund the 2002 Bonds will not be until September 1, 2013 and there is no guarantee that interest rates will remain at the current level.

If you have any questions, please contact Dolinka Group, the CFD Administrator, at (949) 250-8300 or by email at CityofBeverlyHills@dolinkagroup.com.

Sincerely,



Noel Marquis
Acting Director of Administrative Services, City of Beverly Hills
(310) 285-2429

CFD No. 2002-A Taxpayer Survey Form

The City would appreciate your input regarding the refunding of the 2002 Bonds. Please check one of the following options and provide any additional comments below. Please send the completed survey form via email to CityofBeverlyHills@dolinkagroup.com or mail to the address below prior to January 7, 2013:

Dolinka Group, LLC
Attn: Jesse Landre
20 Pacifica, Suite 900
Irvine, CA 92618

Option 1:

Maintain or reduce your current annual Special Tax and reinvest the interest savings into the Business Triangle by funding up to \$2.5 million of additional improvements.

Possible improvements include:

- Improving sidewalks and crosswalks;
- Improving signage;
- Enhancing the landscaping throughout the district;
- Installing additional benches and trashcans;
- Installing bike racks and bollards; and
- Enhancement of Public Gardens

Option 2:

Reduce the annual Special Tax assessed by CFD No. 2002-A by approximately 16%, without funding new improvements.

Comments:



January 10, 2013

«Owner1» «Owner2»
«MailAddress1»
«MailAddress2»

Dear Property Owner,

This letter serves as a reminder that the City of Beverly Hills ("City") is still seeking input from taxpayers regarding the refunding of bonds for Community Facilities District No. 2002-A ("CFD"). The City truly appreciates the feedback and suggestions received thus far from community members, and would like to extend the opportunity to participate in additional meetings prior to and including the January 24, 2013 City Council meeting in which the final decision will be made. Additionally, in the event you have already submitted your opinion on this matter via a survey form and would like to change your selection, please feel free to resubmit the enclosed form.

As a reminder, in June 2002, the City established its intention to form CFD No. 2002-A in order to finance local improvements within the area known as the Business Triangle through the levy of a Special Tax. Following authorization from property owners, the CFD generated \$13.5 million to complete a number of projects, including the renovation of streets, sidewalks, and medians and the installation of street lights through the issuance of the Special Tax Bonds ("2002 Bonds"). As a result of a historically low interest rate environment, the City now has the opportunity to refund the 2002 Bonds. You are receiving this letter because you are the owner of record of the following property within the boundaries of the CFD:

Assessor's Parcel Number: «APNFormat»

Address: «Situs1» «Situs2»

Fiscal Year 2012/2013 Special Tax Obligation: \$«FY_20122013_Special_Tax»

The City is currently considering one of the following options:

- (i) Maintain or reduce your current annual Special Tax and reinvest the interest savings into the District by funding up to \$2.5 million of additional improvements.
- (ii) Reduce the annual Special Tax assessed by CFD No. 2002-A by approximately 16%, without funding new improvements.

There is still opportunity for you to provide your preference, feedback, and suggestions. The final opportunity to provide feedback will be at the meeting scheduled below. At this time, the City will also be recapping the two options and conveying the results from the taxpayer surveys.

Meeting Date and Time	Meeting Format	Meeting Location
Thursday, January 17, 2013 8:00 AM	Chamber of Commerce Government Affairs Committee Meeting	Chamber of Commerce Board Room 9400 South Santa Monica Blvd. 2 nd Floor Beverly Hills, CA 90210

Lastly, the City's staff will be presenting the feedback received from CFD members to the City Council during their Study Session on Thursday, January 24, 2013 at 1:30 PM. The decision on which option will be selected will be determined at the subsequent City Council Meeting at 4:30 PM. This meeting will be held at the City Council Chambers at 455 North Rexford Drive, Beverly Hills, CA 90210. The City would like to invite all property owners within CFD No. 2002-A to attend these meetings.

Please complete the attached survey form and send via email to CityofBeverlyHills@dolinkagroup.com or mail to the address below:

Dolinka Group, LLC
Attn: Jesse Landre
20 Pacifica, Suite 900
Irvine, CA 92618

If you have any questions, please contact Dolinka Group, the CFD Administrator, at (949) 250-8300 or by email at CityofBeverlyHills@dolinkagroup.com.

Sincerely,



Noel Marquis
Acting Director of Administrative Services, City of Beverly Hills
(310) 285-2429

CFD No. 2002-A Taxpayer Survey Form

The City would appreciate your input regarding the refunding of the 2002 Bonds. Please check one of the following options and provide any additional comments below. Please send the completed survey form via email to CityofBeverlyHills@dolinkagroup.com or mail to the address below prior to January 18, 2013:

Dolinka Group, LLC
Attn: Jesse Landre
20 Pacifica, Suite 900
Irvine, CA 92618

Name: _____

Property Address(es): _____

Assessor's Parcel Number(s): _____

Please circle one: Property Owner or Tenant

Option 1:

Maintain or reduce your current annual Special Tax and reinvest the interest savings into the Business Triangle by funding up to \$2.5 million of additional improvements.

Possible improvements include:

- Improving sidewalks, alleys, and crosswalks;
- Improving signage;
- Enhancing the landscaping throughout the district;
- Installing additional benches and trashcans;
- Installing bike racks and bollards;
- Enhancement of Public Gardens; and
- Expanding Community Security Enhancements (CCTV) program

Option 2:

Reduce the annual Special Tax assessed by CFD No. 2002-A by approximately 16%, without funding new improvements.

Comments & Questions (Please provide your email address or other contact information if you would like a response to your question(s)):
