



AGENDA REPORT

Meeting Date: May 23, 2013

Item Number: E-1

To: Honorable Chair & Public Financing Authority Directors

From: Don Rhoads, Treasurer

Subject: **RESOLUTION OF THE CITY OF BEVERLY HILLS PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF LEASE REVENUE BONDS IN THE INITIAL PRINCIPAL AMOUNT OF NOT TO EXCEED \$20,000,000 IN CONNECTION WITH THE REFINANCING OF CERTAIN LEASE REVENUE BONDS, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE, A PROPERTY LEASE, A SITE AND FACILITY LEASE, AND CERTAIN OTHER DOCUMENTS, AUTHORIZING THE NEGOTIATION FOR THE SALE OF BONDS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OTHER RELATED ACTIONS**

Attachments:

1. **Resolution**
2. **Bond Documents**
3. **Estimated Debt Service Schedule**

RECOMMENDATION

Staff recommends the Board of Directors of the City of Beverly Hills Public Financing Authority adopt the above-referenced Resolution which approves the issuance of the City of Beverly Hills Public Financing Authority 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) in the total principal amount not to exceed \$20,000,000 (the "2013 Bonds"), approves the form of certain bond (financing) documents, and authorizes the Executive Director and the Treasurer of the Authority to execute the related bond documents and to take any direct related actions necessary in order to issue the 2013 Bonds.

INTRODUCTION

As part of the City's ongoing effort to control costs, staff explored the benefits of refinancing eligible City bonds. In order to realize debt service savings based on current market conditions, Staff recommends issuing the 2013 Bonds, the proceeds of which will be used to refinance the outstanding principal amount of the City of Beverly Hills Public Financing Authority Lease Revenue Bonds, 2003 Refunding Series A (the "2003 Bonds"). The 2003 Bonds refinanced bonds issued in 1993, the proceeds of which were used to fund seismic retrofitting and other improvements to City Hall in 1993.

The 2003 Bonds were not previously callable without incurring a prepayment penalty prior to June 1, 2013.

The current amount of outstanding 2003 Bonds is \$19.5 million with an interest rate of 5.25%. The 2003 Bonds will mature in two years, on June 1, 2015.

Based on current market conditions, the City projects the interest rate on the 2013 Bonds will be 1.16% less than the 2003 Bonds, without extending the maturity, resulting in significant savings to the City over the next two years.

DISCUSSION

In order to proceed with the refinancing, certain actions of the Board of Directors are required.

Adoption of the proposed resolution by the Board of Directors of the City of Beverly Hills Public Financing Authority will authorize and approve the following documents:

- Indenture
- Property Lease
- Site & Facility Lease
- Memorandum of Assignment
- Irrevocable Refunding Instructions
- Termination Agreement (related to the 2003 Lease)
- A Preliminary Official Statement
- A Final Official Statement
- Bond Purchase Agreement

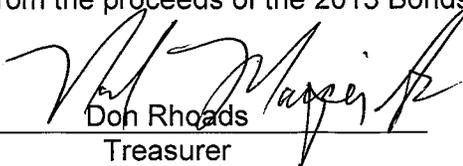
The principal amount of the City of Beverly Hills Public Financing Authority 2013 Lease Revenue Refunding Bonds, Series A (2003 Refunding Project) will not exceed \$20,000,000.

The 2013 Bonds will refund the 2003 Bonds, which refunded bonds initially issued in 1993 to fund capital improvement projects, most significantly the seismic retrofitting and general updating of the City Hall facilities. This refinancing is projected to save the City an estimated a net present value of \$1,167,000.

FISCAL IMPACT

The proposed refinancing of the 2003 Lease Revenue Bonds, Series A is projected to save the City 6%, which equates to a net present value amount of \$1,167,000.

The cost of issuance of the 2013 Bonds in the estimated amount of \$248,000 will be paid from the proceeds of the 2013 Bonds.



Don Rhoads
Treasurer