



AGENDA REPORT

Meeting Date: March 4, 2008

Item Number: D-1

To: Honorable Mayor & City Council

From: Scott G. Miller, Director of Administrative Services/CFO
Noel Marquis, Assistant Director of Administrative Services - Finance

Subject: **Item A. RESOLUTION OF THE CITY OF BEVERLY HILLS APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN FINANCING DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN CONNECTION WITH FINANCING AND REFINANCING CERTAIN IMPROVEMENTS TO THE CITY'S WATER SYSTEM**

Item B. RESOLUTION OF THE CITY OF BEVERLY HILLS APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN FINANCING DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN CONNECTION WITH REFINANCING CERTAIN IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM

Item C. RESOLUTION OF THE CITY OF BEVERLY HILLS APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN FINANCING DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN CONNECTION WITH FINANCING CERTAIN PUBLIC CAPITAL IMPROVEMENTS

Attachments:

1. Resolutions (3)
2. Bond Documents

RECOMMENDATION

Staff recommends that the City Council of the City of Beverly Hills approve, authorize and execute certain bond (financing) documents and direct related actions in connection with financing and refinancing certain improvements to the City's water system in an amount not-to-exceed \$35,000,000, refinancing certain improvements to the City's

wastewater system in an amount not-to-exceed \$20,000,000 and financing certain public capital improvements in an amount not-to-exceed \$45,000,000.

INTRODUCTION

As discussed with the City Council at the February 8, 2008 Study Session the City's financial policies suggest that long-term financing be considered for one-time large capital projects for both governmental funds and the City's proprietary enterprise funds. After careful analysis, staff is recommending moving forward with Phase II of the proposed capital projects program which includes three bond issues that provide the funding for the buyout of the Water Treatment Plant, refunding 1998 Water and Wastewater debt issues and the 331 Foothill building. In addition, the City once again has an opportunity to refund portions of two earlier debt issues at much lower interest rates that would save the City substantial costs over the remaining lives of those issues.

DISCUSSION

The City has been under an ambitious capital revitalization and improvement effort for the last several years. Phase I of this plan began in fiscal year 2006/2007 with the issue of the Lease Revenue and Water Revenue bonds. Since then, a number of additional major capital projects identified as Phase II have been conceptually developed and were listed in the FY 2007/2008 Capital Improvement Budget. As indicated at the City Budget Hearings in May and June, 2007 some of these projects will require debt financing to be constructed and/or implemented. After careful analysis and research, staff has estimated the exact costs of each project (both hard and soft costs) and staff is seeking Council's approval for using debt financing for these projects.

The recommended capital projects fall into three categories. One is Water Enterprise Funded Projects, one is Wastewater Enterprise Funded refinancing and the third is General Fund or officially called Lease Revenue Funded Projects. Since the funding sources and the use sources for each category are different, we have separated like a typical public bond official statement would. The description of each project and the updated total amount of the hard and soft costs are listed below:

Water Enterprise Projects

1. **Buyout of Water Treatment Plant and Public Works Office** – The City intends to exercise its option to buyout the lease for the Water Treatment Plant and Public Works Facility from Earth Tech, Inc., pursuant to the exercise of an option granted under the Design, Build, Operate and Finance Agreement dated as of February 21, 2001, between the City and Earth Tech, Inc. Under this agreement, the earliest date this option can be exercised is April 2008.

The current lease term has 15 years remaining. Staff recommends that the bonds be issued with a term of 16 years. Because the required debt reserve fund is used to make the final debt service payment, a 16 year debt service schedule will keep the same 15 year payment schedule for the City. Under this financing scenario and the current interest rates the City would save approximately \$66,500 annually.

2. **Refund the 1998 City of Beverly Hills Public Financing Authority Water Revenue Refunding Bonds, Series 1998A** – Due to the current favorable interest rates in the bond market we are recommending refinancing \$10,790,000

of our 1998 Water Revenue Refunding Bonds. This refinancing will result in a net present value savings of approximately \$575,000.

Wastewater Enterprise Projects

1. **Refund the 1998 City of Beverly Hills Public Financing Authority Wastewater Revenue Refunding Bonds, Series 1998A** – Due to the current favorable interest rates in the bond market we are recommending refinancing \$18,035,000 of our 1998 Wastewater Revenue Refunding Bonds. This refinancing will result in a net present value savings of approximately \$775,000.

General Fund (Lease Revenue Funded) Projects

331 Foothill Road Office Building - The City has immediate and long-term space requirements for which it needs to plan and is taking steps to address this through the development of this office building at 331 Foothill Road, which at the outset will house the Cable TV studio and offices. The office is also designed to accommodate a restaurant to meet the needs of the Entertainment Business District; and provide commercial office space for lease.

Because much of this buildings space will be leased to commercial tenants, at least during the first several years, this financing will be done as a combination taxable and tax exempt issue.

The following actions are necessary to approve the bond financings contemplated;

- For the purpose of raising funds necessary to finance and refinance certain improvements to the City's water system, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), to be designated as the City of Beverly Hills Public Financing Authority 2008 Water Revenue Bonds, Series A (the "Water Bonds"); and pursuant to an Installment Sale Agreement between the City and the Authority (the "Sale Agreement"), the City will purchase certain improvements to the City's water system from the Authority, and the Authority will use the installment payments paid by the City pursuant to the Sale Agreement to pay debt service on the Bonds.
- For the purpose of raising funds necessary to refinance certain obligations relating to the City's wastewater system, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), to be designated as the City of Beverly Hills Public Financing Authority 2008 Wastewater Revenue Refunding Bonds, Series A (the "Wastewater Bonds") and pursuant to an Installment Sale Agreement between the City and the Authority (the "Sale Agreement"), the City will purchase certain improvements to the City's wastewater system from the Authority, and the Authority will use the installment payments paid by the City pursuant to the Sale Agreement to pay debt service on the Bonds.
- For the purpose of raising funds necessary to finance the construction and equipping of an office building to be located at 331 Foothill Road, the Authority proposes to authorize the issuance of two series of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7

of Title 1 of the Government Code of the State of California (the "Act"), to be designated as (i) the "City of Beverly Hills Public Financing Authority 2008 Lease Revenue Bonds, Series A (Office Building Project)" (the "Series A Bonds") and (ii) the "City of Beverly Hills Public Financing Authority 2008 Lease Revenue Bonds, Taxable Series B (Office Building Project)" (the "Series B Bonds" and, together with the Series A Bonds, the "2008 Bonds"); and pursuant to a Property Lease between the City and the Authority (the "Property Lease"), the City will lease the Leased Property from the Authority, and the Authority will assign the lease payments paid by the City to the Authority under the Property Lease to the Trustee to pay debt service on the 2008 Bonds.

- Hold a duly noticed public hearing with respect to the approval by the City Council of the above described lease financing to be provided by the Authority to the City pursuant to the issuance and delivery of the bonds, and with respect to the significant public benefit to the City of such lease financing in accordance with the criteria specified in Section 6586 of the California Government Code. Based on the information provided to the City Council by City Staff and consultants, all as set forth in the proceedings and documents providing for the issuance and delivery of the Bonds, the City Council must approve the lease financing to be provided by the issuance and delivery of the Bonds, and the City Council further must determine that there will be significant public benefits accruing from such financing, consisting of demonstrable savings in effective interest rates and financing costs resulting from the lease and leaseback of the Leased Property with the Authority as a tax-exempt public entity that has the statutory powers to lease and leaseback property and to cause the issuance and delivery of the Bonds.

Adoption of the proposed resolutions by the City Council of the City of Beverly Hills will authorize and approve the documents listed in each resolution.

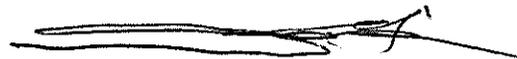
FISCAL IMPACT

This bond financing has been included within the City's long range financial planning and budget process. In addition, staff and the Public Works Commission recommended and the City Council approved actions to increase the Water Enterprise's rates to assure adequate funding for this significant project.



Noel Marquis

Finance Approval



Scott G. Miller, PHD

Approved By

Attachment 1

Resolutions (3)

RESOLUTION NO. 08-R-___

**RESOLUTION OF THE CITY OF BEVERLY HILLS APPROVING,
AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN FINANCING
DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN
CONNECTION WITH FINANCING AND REFINANCING CERTAIN
IMPROVEMENTS TO THE CITY'S WATER SYSTEM**

WHEREAS, the City of Beverly Hills (the "City") and the Parking Authority of the City of Beverly Hills (the "Agency") have entered into a Joint Exercise of Powers Agreement establishing the City of Beverly Hills Public Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its bonds to be used to finance and refinance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, for the purpose of raising funds necessary to finance and refinance certain improvements to the City's water system, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), to be designated as the City of Beverly Hills Public Financing Authority 2008 Water Revenue Bonds, Series A (the "Bonds"); and

WHEREAS, the proceeds of the Bonds will be used to (i) to refund, in part or in full, the Authority's outstanding Water Revenue Refunding Bonds, Series 1998A (the "Series 1998A Bonds"), and (ii) to finance the acquisition of certain improvements to the City's water system; and

WHEREAS, pursuant to an Installment Sale Agreement between the City and the Authority (the "Sale Agreement"), the City will purchase certain improvements to the City's water system from the Authority, and the Authority will use the installment payments paid by the City pursuant to the Sale Agreement to pay debt service on the Bonds; and

WHEREAS, in order to assist E.J. De La Rosa & Co., Inc. and Bear, Stearns & Co. Inc. (collectively, the "Underwriter"), as the underwriters of the Bonds, in complying with Rule 15c2-12 of the Securities and Exchange Commission, the City will undertake certain continuing disclosure obligations pursuant to a continuing disclosure certificate to be executed by the City (the "Continuing Disclosure Certificate"); and

WHEREAS, there has been prepared a Preliminary Official Statement containing information to be used in connection with the sale of the Bonds; and

WHEREAS, the City has duly considered such transactions and wishes at this time to approve certain matters relating to these transactions in the public interest of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS,

Section 1. Pursuant to the Act, the City Council hereby finds and determines that the issuance of the Bonds and the transactions related thereto will result in significant public benefits within the contemplation of Section 6586 of the Act.

Section 2. The City Council hereby approves the preparation of, and hereby authorizes the City Manager and the Director of Administrative Services and Chief Financial Officer of the City, or the written designee of any of them (each, a "Designated Officer"), each acting alone, to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (except for permitted omissions), the preliminary form of the Official Statement describing the Bonds (the "Preliminary Official Statement") on file with the City Clerk, together with such changes or additions as the Designated Officer may deem necessary, desirable or appropriate upon consultation with bond counsel. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final form of the Official Statement with such changes or additions as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, and the execution of the final Official Statement by the City shall be conclusive evidence of the approval of any such additions and changes. The City Council hereby authorizes the distribution of the final Official Statement.

Section 3. The City Council hereby approves the form of the Sale Agreement on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with the bond counsel, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers and all other appropriate officials of the City are hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest, as appropriate, the Sale Agreement and such other agreements, documents and certificates as may be necessary or desirable to effectuate the purposes of this resolution and the financing herein authorized, including, without limitation, such other agreements, documents and certificates as may be required by the Sale Agreement. The City Council hereby authorizes the performance by the City of its obligations under the Sale Agreement. The maximum stated term of the Sale Agreement shall not exceed 35 years.

Section 4. The City Council hereby approves the Continuing Disclosure Certificate in the form on file with the City Clerk, together with such changes thereto as the Designated Officers deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive proof of the approval thereof. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Continuing Disclosure Certificate, with such changes, insertions and omissions as may be approved by the Designated Officer executing the Continuing Disclosure Certificate.

Section 5. The City Council hereby approves the form of the Bond Purchase Agreement on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the City shall be conclusive evidence of the approval of any such additions or changes; provided that no such addition or change shall increase the principal amount of Bonds to be in excess of \$35,000,000, or shall provide for a net interest cost in excess of 6.00% or an underwriter's discount (exclusive of any original issue discount) of greater than 0.75%%, provided that the Authority shall refund the Series 1998A Bonds only if such refunding results in present value savings, as determined by the Designated Officers, of at least 3.00% of the Series 1998A Bonds being refunded. The Designated Officers, each acting

Series 1998A Bonds (the "Refunding Instructions"), on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Refunding Instructions for and in the name of and on behalf of the City.

Section 7. The Designated Officers, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein, including, without limitation, refunding instructions and such other documents, assignments, certificates and agreements as may be required by any of the documents approved herein.

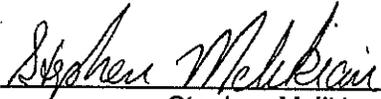
Adopted and approved this 4th day of March, 2008.

Jimmy Delshad, Mayor

ATTEST:

Byron Pope, City Clerk

Approved as to form:



Stephen Melikian
Jones Hall, APLC
Bond Counsel

Approved as to content:

Roderick J. Wood, City Manager

Scott G. Miller, Director of Administrative
Services and Chief Financial Officer

alone, are hereby authorized and directed to execute the Bond Purchase Agreement and to take all actions necessary to fulfill the City's obligations thereunder.

Section 6. The City Council hereby approves the form of the Irrevocable Refunding Instructions from the Authority and the City to U.S. Bank National Association, as trustee for the Series 1998A Bonds (the "Refunding Instructions"), on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Refunding Instructions for and in the name of and on behalf of the City.

Section 7. The Designated Officers, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein, including, without limitation, refunding instructions and such other documents, assignments, certificates and agreements as may be required by any of the documents approved herein.

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Scott G. Miller, Director of Administrative
Services and Chief Financial Officer

RESOLUTION NO. 08-R-___

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AUTHORIZING AND DIRECTING EXECUTION OF CERTAIN FINANCING
DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN
CONNECTION WITH REFINANCING CERTAIN IMPROVEMENTS TO THE
CITY'S WASTEWATER SYSTEM**

WHEREAS, the City of Beverly Hills (the "City") and the Parking Authority of the City of Beverly Hills (the "Agency") have entered into a Joint Exercise of Powers Agreement establishing the City of Beverly Hills Public Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its bonds to be used to finance and refinance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, for the purpose of raising funds necessary to refinance certain obligations relating to the City's wastewater system, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), to be designated as the City of Beverly Hills Public Financing Authority 2008 Wastewater Revenue Refunding Bonds, Series A (the "Bonds"); and

WHEREAS, the proceeds of the Bonds will be used to refund, in part or in full, the Authority's outstanding Wastewater Revenue Refunding Bonds, Series 1998A (the "Series 1998A Bonds"); and

WHEREAS, pursuant to an Installment Sale Agreement between the City and the Authority (the "Sale Agreement"), the City will purchase certain improvements to the City's wastewater system from the Authority, and the Authority will use the installment payments paid by the City pursuant to the Sale Agreement to pay debt service on the Bonds; and

WHEREAS, in order to assist E.J. De La Rosa & Co., Inc. and Bear, Stearns & Co. Inc. (collectively, the "Underwriter"), as the underwriters of the Bonds, in complying with Rule 15c2-12 of the Securities and Exchange Commission, the City will undertake certain continuing disclosure obligations pursuant to a continuing disclosure certificate to be executed by the City (the "Continuing Disclosure Certificate"); and

WHEREAS, there has been prepared a Preliminary Official Statement containing information to be used in connection with the sale of the Bonds; and

WHEREAS, the City has duly considered such transactions and wishes at this time to approve certain matters relating to these transactions in the public interest of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS,

Section 1. Pursuant to the Act, the City Council hereby finds and determines that the issuance of the Bonds and the transactions related thereto will result in significant public benefits within the contemplation of Section 6586 of the Act.

Section 2. The City Council hereby approves the preparation of, and hereby authorizes the City Manager and the Director of Administrative Services and Chief Financial Officer of the City, or the written designee of any of them (each, a "Designated Officer"), each acting alone, to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (except for permitted omissions), the preliminary form of the Official Statement describing the Bonds (the "Preliminary Official Statement") on file with the City Clerk, together with such changes or additions as the Designated Officer may deem necessary, desirable or appropriate upon consultation with bond counsel. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final form of the Official Statement with such changes or additions as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, and the execution of the final Official Statement by the City shall be conclusive evidence of the approval of any such additions and changes. The City Council hereby authorizes the distribution of the final Official Statement.

Section 3. The City Council hereby approves the form of the Sale Agreement on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with the bond counsel, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers and all other appropriate officials of the City are hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest, as appropriate, the Sale Agreement and such other agreements, documents and certificates as may be necessary or desirable to effectuate the purposes of this resolution and the financing herein authorized, including, without limitation, such other agreements, documents and certificates as may be required by the Sale Agreement. The City Council hereby authorizes the performance by the City of its obligations under the Sale Agreement. The maximum stated term of the Sale Agreement shall not exceed 35 years.

Section 4. The City Council hereby approves the Continuing Disclosure Certificate in the form on file with the City Clerk, together with such changes thereto as the Designated Officers deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive proof of the approval thereof. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Continuing Disclosure Certificate, with such changes, insertions and omissions as may be approved by the Designated Officer executing the Continuing Disclosure Certificate.

Section 5. The City Council hereby approves the form of the Bond Purchase Agreement on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the City shall be conclusive evidence of the approval of any such additions or changes; provided that no such addition or change shall increase the principal amount of Bonds to be in excess of \$20,000,000, or shall provide for a net interest cost in excess of 6.00% or an underwriter's discount (exclusive of any original issue discount) of greater than 0.75, provided that the Authority shall refund the Series 1998A Bonds only if such refunding results in present value savings, as determined by the Designated Officers, of at least 3.00% of the Series 1998A Bonds being refunded. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Bond Purchase Agreement and to take all actions necessary to fulfill the City's obligations thereunder.

Section 6. The City Council hereby approves the form of the Irrevocable Refunding Instructions from the Authority and the City to U.S. Bank National Association, as trustee for the Series 1998A Bonds (the "Refunding Instructions"), on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Refunding Instructions for and in the name of and on behalf of the City.

Section 7. The Designated Officers, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein, including, without limitation, refunding instructions and such other documents, assignments, certificates and agreements as may be required by any of the documents approved herein.

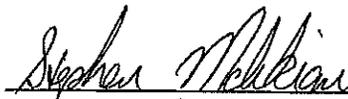
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Roderick J. Wood, City Manager

Scott G. Miller, Director of Administrative
Services and Chief Financial Officer

Section 6. The City Council hereby approves the form of the Irrevocable Refunding Instructions from the Authority and the City to U.S. Bank National Association, as trustee for the Series 1998A Bonds (the "Refunding Instructions"), on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Refunding Instructions for and in the name of and on behalf of the City.

Section 7. The Designated Officers, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein, including, without limitation, refunding instructions and such other documents, assignments, certificates and agreements as may be required by any of the documents approved herein.

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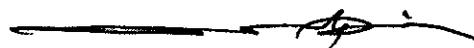
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RESOLUTION NO. 08-R-__

**RESOLUTION OF THE CITY OF BEVERLY HILLS APPROVING,
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IMPROVEMENTS**

WHEREAS, the City of Beverly Hills (the "City") and the Parking Authority of the City of Beverly Hills have entered into a Joint Exercise of Powers Agreement establishing the City of Beverly Hills Public Financing Authority (the "Authority") for the purpose, among others, of having the Authority issue its bonds to be used to finance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, for the purpose of raising funds necessary to finance the construction and equipping of an office building to be located at 331 Foothill Road (as further defined in the hereinafter mentioned Indenture, the "Improvements"), the Authority proposes to authorize the issuance of two series of its revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), to be designated as (i) the "City of Beverly Hills Public Financing Authority 2008 Lease Revenue Bonds, Series A (Office Building Project)" (the "Series A Bonds") and (ii) the "City of Beverly Hills Public Financing Authority 2008 Lease Revenue Bonds, Taxable Series B (Office Building Project)" (the "Series B Bonds" and, together with the Series A Bonds, the "2008 Bonds"); and

WHEREAS, pursuant to a Site and Facility Lease (the "Site Lease"), the City will lease to the Authority the real property located at 331 Foothill Road, Beverly Hills, California 90210 (the "Site") and the improvements to be constructed thereon (the "Facilities" and, together with the Site, the "Leased Property"); and

WHEREAS, pursuant to a Property Lease between the City and the Authority (the "Property Lease"), the City will lease the Leased Property from the Authority, and the Authority will assign the lease payments paid by the City to the Authority under the Property Lease to the Trustee to pay debt service on the 2008 Bonds; and

WHEREAS, the proceeds of the 2008 Bonds will be used by the City to construct the Improvements; and

WHEREAS, in order to assist Bear, Stearns & Co. Inc. and E. J. De La Rosa & Co., Inc., as the underwriters of the 2008 Bonds (collectively, the "Underwriter"), in complying with Rule 15c2-12 of the Securities and Exchange Commission, the City will undertake certain continuing disclosure obligations pursuant to a continuing disclosure certificate to be executed by the City (the "Continuing Disclosure Certificate"); and

WHEREAS, there has been prepared a Preliminary Official Statement containing information to be used in connection with the sale of the 2008 Bonds; and

WHEREAS, as a condition precedent to the issuance of the 2008 Bonds, Section 6586.5 of the California Government Code requires that the City approve the proposed lease financing by the Authority and that the City make certain findings with respect to such financing,

as hereinafter set forth, and said Section 6586.5 further requires that such approval be given and findings be made only after noticed public hearing thereon; and

WHEREAS, the City has duly held such public hearing after due publication of the notice of time and place of such public hearing; and

WHEREAS, the City has duly considered such transactions and wishes at this time to approve certain matters relating to said transactions in the public interest of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Beverly Hills, as follows:

Section 1. Pursuant to the Act, the City Council hereby finds and determines that the issuance of the 2008 Bonds and the transactions related thereto will result in significant public benefits within the contemplation of Section 6586 of the Act.

Section 2. The City Council hereby approves the preparation of, and hereby authorizes the City Manager and the Director of Administrative Services and Chief Financial Officer of the City, or the written designee of any of them (each, a "Designated Officer"), each acting alone, to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (except for permitted omissions), the preliminary form of the Official Statement describing the 2008 Bonds (the "Preliminary Official Statement") on file with the City Clerk, together with such changes or additions as the Designated Officer may deem necessary, desirable or appropriate upon consultation with bond counsel. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final form of the Official Statement with such changes or additions as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, and the execution of the final Official Statement by the City shall be conclusive evidence of the approval of any such additions and changes. The City Council hereby authorizes the distribution of the final Official Statement.

Section 3. The City Council hereby approves the forms of the Property Lease and the Site Lease on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with the bond counsel, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers and all other appropriate officials of the City are hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest, as appropriate, the Property Lease and the Site Lease and such other agreements, documents and certificates as may be necessary or desirable to effectuate the purposes of this resolution and the financing herein authorized, including, without limitation, such other agreements, documents and certificates as may be required by the Property Lease and the Site Lease. The City Council hereby authorizes the performance by the City of its obligations under the Property Lease and the Site Lease. The maximum stated term of the Property Lease and the Site Lease shall not exceed 40 years.

Section 4. The City Council hereby approves the Continuing Disclosure Certificate in the form on file with the City Clerk, together with such changes thereto as the Designated Officers deem necessary, desirable or appropriate, the execution of which by the City shall be conclusive proof of the approval thereof. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Continuing Disclosure Certificate, with such

changes, insertions and omissions as may be approved by such official executing the Continuing Disclosure Certificate.

Section 5. The City Council hereby approves the form of the Bond Purchase Agreement on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers deem necessary, desirable or appropriate upon consultation with bond counsel, the execution of which by the City shall be conclusive evidence of the approval of any such additions or changes; provided that no such addition or change may increase the principal amount of 2008 Bonds to be in excess of \$45,000,000, or, (i) with respect to the Series A Bonds, may provide for a net interest cost in excess of 6.00% or an underwriters' discount (exclusive of any original issue discount) of greater than 0.75% or, (ii) with respect to the Series B Bonds, may provide for a net interest cost in excess of 7.00% or an underwriters' discount (exclusive of any original issue discount) of greater than 0.75%. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Bond Purchase Agreement and to take all actions necessary to fulfill the City's obligations thereunder.

Section 6. The City Council has duly noticed and held a public hearing with respect to the approval by the City Council of the lease financing to be provided by the Authority to the City pursuant to the issuance and delivery of the 2008 Bonds, and with respect to the significant public benefit to the City of such lease financing in accordance with the criteria specified in Section 6586 of the California Government Code. Based on the information provided to the City Council by City staff and consultants, all as set forth in the proceedings and documents providing for the issuance and delivery of the 2008 Bonds, the City Council approves the lease financing to be provided by the issuance and delivery of the 2008 Bonds, and the City Council further determines that there will be significant public benefits accruing from such financing, consisting of demonstrable savings in effective interest rates and financing costs resulting from the lease and leaseback of the Leased Property with the Authority as a tax-exempt public entity that has the statutory powers to lease and leaseback property and to cause the issuance and delivery of 2008 Bonds.

Section 7. In connection with the issuance of the 2008 Bonds, the City shall take such action as the Designated Officers deem necessary and advisable with respect to the property lease and the site and facility lease entered into between the Authority and the City with respect to the Authority's 2007 Lease Revenue Bonds (Capital Improvements Project), including amending said property lease and site and facility lease pursuant to Section 12.02 of said property lease.

Section 8. The Designated Officers, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the 2008 Bonds and the consummation of the transactions as described herein, including, without limitation, a continuing disclosure agreement or certificate and such documents, assignments, certificates and agreements as may be required by any of the documents approved herein.

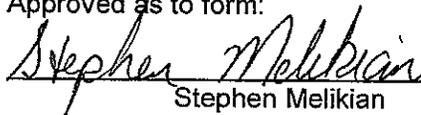
Adopted and approved this 4th day of March, 2008.

Jimmy Delshad, Mayor

ATTEST:

Byron Pope, City Clerk

Approved as to form:


Stephen Melikian
Jones Hall, APLC
Bond Counsel

Approved as to content:

Roderick J. Wood, City Manager

Scott G. Miller, Director of Administrative
Services and Chief Financial Officer

Section 8. The Designated Officers, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the 2008 Bonds and the consummation of the transactions as described herein, including, without limitation, a continuing disclosure agreement or certificate and such documents, assignments, certificates and agreements as may be required by any of the documents approved herein.

Adopted and approved this 4th day of March, 2008.

Jimmy Delshad, Mayor

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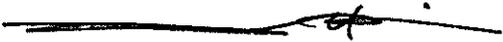
Byron Pope, City Clerk

Approved as to form:

Stephen Melikian
Jones Hall, APLC
Bond Counsel

Approved as to content:

Roderick J. Wood, City Manager



Scott G. Miller, Director of Administrative
Services and Chief Financial Officer

Attachment 2

Bond Documents