

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Hugh R. Riley, Assistant City Manager 

DATE: February 25, 2013 (CC Meeting of (3/6/13))

SUBJECT: Consider Proposed Bond Refinancing- CFD 2004-1- Moorpark Highlands (Pardee)

BACKGROUND & DISCUSSION

The City Council is being asked to consider authorizing the issuance of Special Tax (Mello Roos) Community Facilities District Bonds to refund the CFD 2004-1 -Moorpark Highlands (Pardee) outstanding Bonds. The Council will recall the City issued its \$38,030,000 Community Facilities District No. 2004-1 (Moorpark Highlands) Special Tax Bonds, Series 2006, in July Of 2006 (the "2006 Bonds"). In September 2010, \$8,395,000 of these bonds were redeemed to dispose of surplus funds that were originally available to purchase the 22-acre school site property. The result of the redemption and reallocation of debt to the additional 133 lots created on the former school site reduced the assessment to the average property owner by approximately 37%.

The current outstanding principal amount of the 2006 Bond Issue is \$22,360,000, and the interest rate on the bonds with the longest maturity (2038) is 5.125%. Based on current interest rates, the City can refund (refinance) the 2006 Bonds with a new refunding bond issue, with an interest rate (based on yield) of approximately 4.45% for the same maturity date (the new bonds would not extend the original term date of 2038).

The proposed refunding bond issue (the "2013 Bonds") would be issued in two series, Series A and Series B, with Series A based on a bond principal amount attributable to parcels owned by individual homeowners, and the Series B bonds based on the remaining parcels owned by Pardee Homes and Toll Brothers. We will obtain a lower interest rate for the principal amounts tied to the homeowners than the amounts tied to the developers. Therefore it is anticipated that the Series A Bonds would be rated by Standard & Poors, and that the Series B Bonds would be unrated as they may be less attractive to bond buyers.

Based on an estimated annual savings amount of \$213,492, the total gross debt service savings over the remaining 25 year term will be approximately \$5.3 million. The net present value of the debt service savings is approximately \$1 million, after accounting for funds on hand with the Trustee, and discounting for the time value of money.

The current average Special Tax amount paid by individual homeowners is \$2,474 per year. Based on the estimated 13.4% reduction in annual bond debt service payments (\$1,598,298 currently vs. proposed \$1,384,806), the estimated average annual special tax for homeowners would be reduced to \$2,142, a reduction of approximately \$332 per year. That would save the average homeowner a total of approximately \$8,300 over the remaining 25 year bond term. The savings represents a Net Present Value Savings (NPVS) of about 4.5%.

The savings amounts have been estimated based on current market interest rates, and are subject to change. It is anticipated that the 2013 Bonds could be issued in April of this year, and that the estimated debt service savings for homeowners would be reflected in the property tax bills that are sent out this coming October for the 2013-14 fiscal year. With interest rates beginning to increase slightly, if we do not proceed with the refinancing this spring and the NPVS falls below 3% the refinancing would not be considered feasible.

Issuance resolutions and related documents will be presented to the City Council for approval on March 20.

FISCAL IMPACT

There are no costs or obligations to the City of Moorpark. All fees are paid from bond proceeds.

STAFF RECOMMENDATION

Authorize the Refunding Bonds Series 2013 A and B and authorize the City Manager to accept and sign fee proposals from Financial Advisor, Underwriter, Bond Counsel, Disclosure Counsel, Escrow Agent, Paying Agent and Registrar and all subsequent fee proposals associated with the new Bonds subject to final language approval by the City Manager and the City Attorney.

ATTACHMENTS: Fee Proposal- Bank of New York



BNY MELLON



City of Moorpark CFD No. 2004-1, Special Tax Refunding Bonds, Series 2013

Trustee, Paying Agent, Registrar and Escrow Agent
Fee Schedule
February 15, 2013

Presented By:

Jose Matamoros
Vice President

The Bank of New York Mellon Trust
Company, N.A.

400 S. Hope Street, Suite 400

Los Angeles, CA 90071

Phone: 213-630-6457

Mobile: 562-533-3648

Jose.matamoros@BNYMellon.com

Combined Fee Schedule for Services of:

- Trustee
- Paying Agent and Registrar
- Escrow Agent



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Fee Schedule

Upon appointment of The Bank of New York Mellon Trust Company, N.A. ("BNYM Trust Company") as Trustee, Paying Agent, Registrar and Escrow Agent, the City of Moorpark shall be responsible for the payment of the fees, expenses and charges as set forth in this Fee Schedule.

General Fees

Acceptance Fee	Waived
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This one time charge is payable at the time of the closing and includes the review and execution of the Indentures and all documents submitted in support thereof; coordination of all closing logistics with the Issuer, Attorneys, Note-holders and other related parties and the establishment of the debt issues and noteholder records on our recordkeeping system.

Annual Administration Fee	\$1,500
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An annual fee is applicable and covers the duties and responsibilities related to account administration and bondholder services, which may include maintenance of accounts on various systems, collection and payment of principal and interest to bondholders, the preparation and distribution of any redemption notices and the monitoring of issuer compliance. This fee is payable in advance for the year and shall not be prorated.

One Time Escrow Agent Fee	\$500
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This charge is payable at the time of the closing and includes the review and execution of the Agreement and all documents submitted in support thereof, acceptance of the trust, establishment of procedures and controls, set-up of trust accounts and the duties and responsibilities related to account administration for the term of the escrow. Should the term of the agreement last longer than one year we reserve the right to bill additional fees at a prorated amount.

Investment Compensation	
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With respect to investments in money market mutual funds for which The Bank of New York Mellon provides shareholder services, BNYM Trust Company (or its affiliates) may receive fees from the mutual funds (or their affiliates) for shareholder services as set forth in the Authorization and Direction to BNYM Trust Company to Invest Cash Balances in Money Market Mutual Funds. All investment maintenance fees will be charged monthly.

Investments	\$35
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BNYM Trust Company will charge a \$35 transaction fee for the purchase, sale, or maturity of commercial paper and U.S. treasuries and agencies or draws upon LAIF, CAMP, County Pools and any investment contracts or agreements.

Requisition/Disbursement Fee -Check or Wire / per transaction	\$35
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A fee of \$35 per disbursement will be assessed for each cash disbursement or requisition.



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Investment Agreement, or Repurchase/Forward Purchase Agreement

If Applicable

BNYM Trust Company will charge a one-time fee in the amount of \$500 for review and acceptance of any investment agreement or repurchase agreement. Counsel Fees (if any) associated with the review and acceptance of the above will be billed at cost not to exceed \$500. BNYM Trust Company will charge a \$35 transaction fee for principal adjustments to the Investment Agreement.

Counsel Fees

\$1,500 plus expenses

A fee covering the reasonable fees and expenses of Counsel for its services, including review of governing documents, communication with members of the closing party (including representatives of the issuer, investment banker(s), attorney(s) and BNYM Trust Company), attendance at meetings and the closing, and such other services as BNYM Trust Company may deem necessary. The Counsel fee will be the actual amount of the reasonable fees and expenses charged by Counsel and is payable at closing. Should closing not occur, you shall be responsible for payment of reasonable Counsel fees and expenses.

Miscellaneous Fees

The fees for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and will be charged in BNYM Trust Company's sole discretion. These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, tenders or sinking fund redemptions, the preparation of special or interim reports or custody of collateral. Counsel, accountants, special agents and others will be charged at the actual amount of reasonable fees and expenses billed.

FDIC or other governmental charges will be passed along to you as incurred.

Out of Pocket Expenses

At Cost

Additional out-of-pocket expenses may include, but are not limited to, telephone; facsimile; courier; copying; postage; supplies; statutory filing charges, including UCC amendments, consultations, and termination fees; and expenses of BNYM Trust Company's representative(s) and Counsel for attending special meetings. Fees and expenses of BNYM Trust Company's representatives and Counsel will be charged at the actual amount of fees and expenses charged and all other expenses will be charged at cost or in an amount equal to 6% of all expenses billed for the year, in BNYM Trust Company's discretion, and BNYM Trust Company may charge certain expenses at cost and others on a percentage basis.

Default Administration Fees and Expenses

In the event that a default occurs and is not cured within the appropriate time period required by the Indenture, BNYM Trust Company shall be paid a Default Administration Fee calculated in accordance with BNYM Trust Company's hourly rate in effect at the time of the default and as may be modified by BNYM Trust Company in its sole discretion from time to time thereafter, plus all expenses incurred by BNYM Trust Company, which expenses will include the fees and expenses of Counsel. In addition, if BNYM Trust Company is required to advance any payments, BNYM Trust Company shall be entitled to charge interest on such advances at BNYM Trust Company's (or one of its affiliate's) prime rate in effect on the date of the advance.



BNY MELLON

Terms and Disclosures

TERMS OF PROPOSAL

Final acceptance of the appointment as Trustee, Paying Agent, Registrar and Escrow Agent under the Indenture is subject to approval of authorized officers of BNYM Trust Company and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including reasonable Counsel fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

MISCELLANEOUS

The terms of this Fee Schedule shall govern the matters set forth herein and shall not be superseded or modified by the terms of the Indenture. This Fee Schedule shall be governed by the laws of the State of California without reference to laws governing conflicts. BNYM Trust Company and the undersigned agree to jurisdiction of the federal and state courts located in the State of California. **The City of Moorpark** shall be responsible for filing any applicable information returns with the U.S. Department of Treasury, Internal Revenue Service in connection with payments made by BNYM Trust Company to vendors who have not performed services for BNYM Trust Company's benefit under the various note issuances or other undertakings contemplated by this fee agreement.

CUSTOMER NOTICE REQUIRED BY THE USA PATRIOT ACT

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYM Trust Company, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.

Accepted By:

For: The Bank of New York Mellon Trust
Company, N.A.

Signature: _____

Date: _____

February 15, 2013

Name: _____

Jose Matamoros

Title: _____

Vice President