

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Hugh R. Riley, Assistant City Manager 

**DATE:** January 29, 2014 (CC Meeting of 2/5/14)

**SUBJECT:** Consider Resolution Re-authorizing the Issuance of Refunding Special Tax Bonds for Community Facilities District No. 2004-1 (Moorpark Highlands)

**BACKGROUND:**

At its meeting on March 20, 2013, the City Council adopted Resolution No. 2013-3169 authorizing the issuance of refunding bonds (the "2013 Bonds") and preparation of related documents, to refund the Special Tax Bonds issued in 2006 for CFD 2004-1 (Moorpark Highlands) (the "2006 Bonds"). The Agenda Report for the March 20, 2013 meeting is attached. The issuance of the proposed 2013 Bonds was estimated to result in an annual bond debt service savings of approximately \$213,492 per year which would translate to a reduction of approximately \$332 per year. However, before the 2013 Bonds could be issued market interest rates increased and the estimated savings amount was substantially decreased, and as a result, the 2013 Bonds were not issued. Market interest rates have temporarily decreased over the past several weeks, and once again there is an opportunity to refund the existing 2006 Bonds to produce a debt service savings which will result in lower annual special tax payments for homeowners within the District.

**DISCUSSION:**

The City can now refund the Special Tax Bonds issued in 2006 for CFD 2004-1 by issuing the proposed 2014 Special Tax Refunding Bonds (the "2014 Bonds"), and generate a debt service savings which will reduce the annual debt service payments on the bonds by approximately \$63,918 per year. Based on this estimated savings amount, the average annual special tax payment for homeowners in Moorpark Highlands will decrease by approximately \$110 per year. The total projected savings to all property owners in CFD 2004-1 would be approximately \$1.89 million over the remaining life of the bonds. While this is considerably less than the \$5.42 million expected in early 2013, staff and the City's financial consultant recommend proceeding with the refunding so some savings can be realized. This action would not preclude a future refunding if the bond market improves.

The proposed 2014 Bonds will have a term of 24.5 years, to match the original final term date of the 2006 Bonds. The 2014 Bonds are anticipated to be issued in two series, Series A and Series B. The Series A bonds will correspond to the special tax payments currently being paid by individual homeowners, and the Series B bonds will correspond to the special tax payments currently being paid by Pardee Homes and Toll Brothers on vacant lots. Based on this proposed structure, it is anticipated that the Series A bonds will receive an investment grade rating from Standard & Poor's Corp. and a bond insurance commitment, and that the Series B bonds will be unrated.

The blended interest rate for the two refunding bond series is estimated to be approximately 4.85%, as compared to the average interest rate of approximately 5.25% on the existing 2006 Bonds. The final interest rate structure and interest rates for the 2014 Bonds will be determined when the bonds are priced, which is expected to occur by the end of February. The reduction of annual special tax payments for property owners in the District would then be reflected on the tax bills sent out in October of this year, for the 2014-15 tax year.

**FISCAL IMPACT:**

The proposed 2014 Bonds would not be a debt of the City, and the City's general fund would not be liable for repayment of the 2014 Bonds. Debt service payments on the proposed 2014 Bonds would be secured by the Special Tax revenues generated from CFD 2004-1. All costs of issuance for the proposed 2014 Bonds will be funded from bond proceeds. The Bond Counsel, Jones Hall; Financial Consultant, Urban Futures; and the Underwriter, Jeffries, Inc., have agreed to reduce their fees by 10%:

<u>Consultant</u>	<u>2013 Approved Fee</u>	<u>Adjusted Fee</u>
Bond Counsel	\$ 127,000	\$ 114,300
Financial Advisor	\$ 75,000	\$ 67,500
Underwriter	\$ 225,587(Approx.)	\$ 182,808 (Approx.)*

\*This also includes a reduction due to an "11<sup>th</sup> hour" Bond Prepayment by the Developer

**STAFF RECOMMENDATION:**

Adopt Resolution No. 2014-\_\_\_\_\_.

ATTACHMENT 1    Agenda Report- March 20, 2013  
ATTACHMENT 2    Resolution No. 2014-\_\_\_\_\_

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Hugh R. Riley, Assistant City Manager 

**DATE:** March 8, 2013 (CC Meeting of 3/20/13)

**SUBJECT:** Consider Resolution Authorizing the Issuance of Refunding Special Tax Bonds and Approving and Authorizing Related Documents and Actions for Community Facilities District No. 2004-1 (Moorpark Highlands)

**BACKGROUND:**

At its meeting on March 6, 2013, the City Council authorized the refunding bonds (the "2013 Bonds") and preparation of related documents. The issuance of the proposed 2013 Bonds will result in an estimated reduction of the average special tax payment for homeowners in Moorpark Highlands by approximately \$332 per year.

**DISCUSSION:**

Interest rates for tax-exempt bonds are currently at all-time lows. The City can refund the Special Tax Bonds issued in 2006 (the "2006 Bonds") for CFD 2004-1 by issuing the proposed 2013 Bonds and generate a debt service savings which will reduce the annual debt service payments on the bonds by approximately 13.4%, or \$213,492 per year. The estimated Net Present Value savings is approximately \$1,059,000, which represents approximately 4.73% of the principal amount of the 2006 Bonds being refunded.

The proposed 2013 Bonds will have a term of 25.5 years, to match the original final term date of the 2006 Bonds. The 2013 Bonds are anticipated to be issued in two series, Series A and Series B. The Series A bonds will correspond to the special tax payments currently being paid by individual homeowners, and the Series B bonds will correspond to the special tax payments currently being paid by Pardee Homes and Toll Brothers. Based on this proposed structure, it is anticipated that the Series A bonds will receive an investment grade rating from Standard & Poor's Corp., and that the Series B bonds will be unrated.

**ATTACHMENT 1**

The blended interest rate for the two refunding bond series is estimated to be approximately 4.50%, as compared to the average interest rate of approximately 5.25% on the existing 2006 Bonds. The final bond structure and interest rates for the 2013 Bonds will be determined when the bonds are priced, which is expected to occur by the end of April, with bond closing anticipated in May. The estimated reduction of the annual special tax payments for property owners could then be reflected on the tax bill sent out in October of this year, for the 2013-14 fiscal year.

The forms of the Fiscal Agent Agreements (Senior Lien and Junior Lien), Bond Purchase Agreement, and Preliminary Official Statement are on file with the City Clerk.

**FISCAL IMPACT:**

The proposed 2013 Bonds would not be a debt of the City, and the City's general fund would not be liable for repayment of the 2013 Bonds. Debt service payments on the proposed 2013 Bonds would be secured by the Special Tax revenues generated from CFD 2004-1. All costs of issuance for the proposed 2013 Bonds will be funded from bond proceeds.

**STAFF RECOMMENDATION:**

Adopt Resolution No. 2013-\_\_\_\_\_, authorizing the issuance of Refunding Special Tax Bonds and approving and authorizing related documents and actions for Community Facilities District No. 2004-1(Moorpark Highlands).

Attachment 1 – Resolution No. 2013-\_\_\_\_\_

RESOLUTION NO. 2013- \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA AUTHORIZING THE ISSUANCE OF REFUNDING SPECIAL TAX BONDS AND APPROVING AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS FOR COMMUNITY FACILITIES DISTRICT NO. 2004-1 (MOORPARK HIGHLANDS)

WHEREAS, this Council has conducted proceedings under and pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311 of the California Government Code (the "Act"), to form Community Facilities District No. 2004-1 (Moorpark Highlands) (the "CFD"), and, for the CFD authorized the levy of special taxes upon the land within the CFD, and to issue bonds secured by such special taxes the proceeds of which were used to finance certain public facilities (the "Facilities"), all as described in those proceedings; and

WHEREAS, this Council heretofore in 2006 authorized, issued, sold and delivered its \$38,030,000 City of Moorpark, Community Facilities District No. 2004-1 (Moorpark Highlands) Special Tax Bonds (the "Prior Bonds") to finance facilities necessary for development of property within the CFD; and

WHEREAS, this Council now wishes to provide for the issuance of special tax refunding bonds (the "Refunding Bonds") in two series for the CFD to refund, in advance of their stated maturities, the Prior Bonds, and which refunding will result in a savings on the interest costs levied on properties in the CFD as part of the special taxes, and there have been submitted to this Council certain documents described below providing for the issuance of the Refunding Bonds and the use of the proceeds of those bonds, and this Council with the aid of its staff, has reviewed the documents and found them to be in proper order; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Refunding Bonds and the levy of the special taxes as contemplated by this resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES RESOLVE AS FOLLOWS:

SECTION 1. Finding. This Council finds and determines that it would be prudent in the management of its fiscal affairs to issue the Refunding Bonds to refund the Prior Bonds and that such refunding will result in a lower overall interest cost to payers of special taxes of the CFD and reductions in scheduled annual special taxes.

SECTION 2. Law Applicable. For the purposes of these proceedings in and for the CFD, the Act shall be the authority for the issuance of the Refunding Bonds.

**SECTION 3. Bonds Authorized.** Pursuant to the Act, this Resolution and the Fiscal Agent Agreements, (as hereafter defined) two series of the bonds of the City for the CFD designated "City of Moorpark, Community Facilities District No. 2004-1 (Moorpark Highlands), Special Tax Refunding Bonds, Senior Series A" and "Junior Series B" (together, the "Refunding Bonds") in an aggregate principal amount not to exceed \$22,600,000 are hereby authorized to be issued on the earliest date from the date hereof as the City Manager, Assistant City Manager or Finance Director of the City determines appropriate. The Refunding Bonds shall be dated and executed in the forms, be in the denominations, mature, be payable at the place and in the priorities and bear interest at the rates as set forth in and otherwise as provided in the Fiscal Agent Agreement (defined below) and the designated costs of issuing the Refunding Bonds (as defined in Section 53363.8 of the Act) shall not exceed the amount authorized therein. The Council hereby finds that the Refunding Bonds constitute "refunding bonds" within the meaning of the Act because the proceeds thereof will be used to refund the Prior Bonds. For the purposes of these proceedings for the issuance of the Refunding Bonds, the Council hereby preliminarily determines that the projected total net interest cost to maturity on such Refunding Bonds plus the principal portion thereof will be less than the total net interest cost to maturity of the Prior Bonds plus the principal amount thereof; the Refunding Bonds shall not be issued unless an interest rate minimum is obtained such that the parameter projected herein can actually be met upon issuance of the Refunding Bonds and the maturity dates of the Refunding Bonds shall not exceed the latest maturity date of the Prior Bonds.

**SECTION 4. Authorities Granted.** The City Manager, Assistant City Manager, Finance Director or such other official of the City as may be designated by any such official (each an "Authorized Officer") are hereby separately authorized and directed to execute and deliver the documents and instruments herein specified in substantially the forms on file with the City Clerk, with such additions thereto or changes therein as are approved by the Authorized Officer upon consultation with City's bond counsel, including such additions or changes as are necessary or advisable to permit the timely issuance, sale and delivery of the Refunding Bonds, provided, however, that no additions or changes shall: (a) authorize an aggregate principal amount of Refunding Bonds in excess of \$22,600,000; (b) result in a total interest cost not to exceed 4.95% per annum or such greater amount permitted by applicable law at the time of the sale of the Refunding Bonds; or (c) result in an underwriter's discount in excess of 1.25% of the aggregate principal amount of the Refunding Bonds; or (d) result in a maturity of the Refunding Bonds in excess of the remaining term of the Prior Bonds. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery of the documents and instruments herein specified by the Authorized Officer.

**SECTION 5. Fiscal Agent Agreements.** The proposed forms of the Fiscal Agent Agreement between the City and The Bank of New York Mellon Trust Company, N.A., as fiscal agent, (the "Agreements") with respect to each series of the Refunding Bonds, in the form on file with the City Clerk is hereby approved. The date, manner of payment, interest rate or rates, interest payment dates, denominations, form, registration

privileges, manner of execution, place of payment, terms of redemption and other terms of the Refunding Bonds shall be as provided in the Agreements as finally executed. The terms and provisions of the Agreements, as finally executed, are incorporated herein by this reference as if fully set forth herein. The Authorized Officer is hereby authorized and directed to execute the Agreements on behalf of the City, subject to the savings parameter described in Section 3 hereof and subject to terms of Section 4 hereof.

SECTION 6. Sale of Bonds. The form of agreement for the purchase of the Refunding Bonds (the "Bond Purchase Agreement") between the City and Piper Jaffray & Co. (the "Underwriter") substantially in the form currently on file with the City is hereby approved. The Authorized Officer is hereby authorized and directed to execute the Bond Purchase Agreement for the City, subject to the provisions of Section 3 hereof, with such additions thereto and changes therein as may be approved by such Authorized Officer upon consultation with the City's bond counsel. Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Council hereby finds and determines that the sale of the Refunding Bonds at negotiated sale as contemplated by the Bond Purchase Agreement will result in a lower overall cost to the City than would a competitively bid sale.

SECTION 7. Bond Preparation and Delivery. Upon completion of the sale thereof, the Refunding Bonds shall be prepared, executed and delivered to the Fiscal Agent for authentication, all in accordance with the terms of the executed Bond Purchase Agreement. The Fiscal Agent, the Authorized Officers and other responsible officers of the City are hereby authorized and directed to take such actions as are required under the executed Bond Purchase Agreement and the Agreement to cause the delivery of the Refunding Bonds upon receipt of the purchase price thereof from the Underwriter.

SECTION 8. Official Statement. The Council hereby approves the Official Statement describing the financing for the Refunding Bonds, in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the Authorized Officer. The Council approves and authorizes the distribution by the Underwriter of the Official Statement to prospective purchasers of the Refunding Bonds, and authorizes and directs an Authorized Officer on behalf of the City to deem "final," pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the Official Statement prior to its distribution to prospective purchasers of the Refunding Bonds (the Official Statement, as so deemed final, being referred to as the "Preliminary Official Statement"). The execution of the final Official Statement, which shall include such changes and additions to the Preliminary Official Statement as may be permitted by the Rule and deemed advisable by the Authorized Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule (the "Official Statement"), shall be conclusive evidence of the approval of the Official Statement by the City.

SECTION 9. Continuing Disclosure. The Council hereby approves the form of the City's Continuing Disclosure Agreement with respect to the Refunding Bonds in substantially the form thereof attached to the Preliminary Official Statement. The Authorized Officer is hereby authorized and directed to complete and execute the Agreement on behalf of the City with such changes, additions, deletions as may be approved by an Authorized Officer in consultation with the City's bond counsel.

SECTION 10. Actions Authorized. All actions heretofore taken by the officers, employees and agents of the City with respect to the establishment of the CFD and the sale and issuance of the Refunding Bonds are hereby approved, confirmed and ratified, and the Authorized Officers of the City are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Refunding Bonds in accordance with this resolution, and any certificate, agreement, and other document described in the documents herein approved. All actions to be taken by a specified Authorized Officer as specified herein, may be taken by the Authorized Officer or any designee, with the same force and effect as if taken by such Authorized Officer. This Council hereby determines and directs to be made any reductions in the annual levy of special taxes for the CFD in a manner consistent with that prescribed in the Act as a result of the savings achieved through the issuance of the Refunding Bonds.

SECTION 11. Effectiveness. This resolution shall take effect from and after its adoption. Any previous resolutions in any way inconsistent with the provisions hereof in and for the issuance of the Refunding Bonds as herein described are hereby repealed.

SECTION 12. Certification. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be tiled in the book of original Resolutions.

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PASSED AND ADOPTED this 20th day of March, 2013

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Janice S. Parvin, Mayor

ATTEST:

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Maureen Benson, City Clerk

RESOLUTION NO. 2014- \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA RE-AUTHORIZING THE SALE OF REFUNDING SPECIAL TAX BONDS FOR COMMUNITY FACILITIES DISTRICT NO. 2004-1 (MOORPARK HIGHLANDS)

WHEREAS, this Council has conducted proceedings under and pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311 of the California Government Code to form Community Facilities District No. 2004-1 (Moorpark Highlands) (the "CFD"), and, for the CFD authorized the levy of special taxes upon the land within the CFD, and to issue bonds secured by such special taxes the proceeds of which were used to finance certain public facilities, all as described in those proceedings; and

WHEREAS, this Council heretofore in 2006 authorized, issued, sold and delivered its \$38,030,000 City of Moorpark, Community Facilities District No. 2004-1 (Moorpark Highlands) Special Tax Bonds (the "Prior Bonds") to finance facilities necessary for development of property within the CFD; and

WHEREAS, by Resolution No. 2013-3169 adopted March 20, 2013 (the "Original Resolution"), this Council authorized and approved the issuance of special tax refunding bonds (the "Refunding Bonds") in one or more series for the CFD to refund, in advance of their stated maturities, the Prior Bonds, to provide savings of interest costs levied on properties in the CFD as part of the special taxes, and approved the execution of certain documents providing for the issuance of the Refunding Bonds; and

WHEREAS, by Resolution 2013-3169 adopted June 5, 2013, this Council amended the Original Resolution for the purpose of appointing Jefferies & Company, Inc. as underwriter (the "Underwriter") for the Refunding Bonds (the Original Resolution and such amendment resolution are referred to herein as the "Prior Resolutions"); and

WHEREAS, due to increases in interest rates subsequent to the adoption of the Prior Resolutions, the City was not able to timely issue the Refunding Bonds to achieve savings; and

WHEREAS, as of the date hereof, the City has been advised by the Underwriter and its financial advisor that current market conditions are favorable for issuance of the Refunding Bonds at an interest rate sufficient to provide savings of interest costs levied on properties in the CFD, and that if interest rates rise such savings would likely not be achievable; and

WHEREAS, this Council finds that it is in the best interest of the City to reaffirm its prior approval for the issuance of the Refunding Bonds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES RESOLVE AS FOLLOWS:

SECTION 1. Finding. This Council finds and determines that it would be prudent in the management of its fiscal affairs and beneficial to owners of property in the CFD to issue the Refunding Bonds to refinance the Prior Bonds and that such refunding will result in a lower overall interest cost to payers of special taxes of the CFD through reductions in scheduled annual special taxes.

SECTION 2. Bonds Authorized. This Council reaffirms its approvals contained in the Prior Resolutions and ratifies its authorization issue the Refunding Bonds as provided therein, on the earliest date from the date hereof as the City Manager, Assistant City Manager or Finance Director of the City determines appropriate to achieve interest cost savings.

SECTION 3. Actions Authorized. The City Manager, Assistant City Manager or Finance Director of the City, (each, an "Authorized Officer") are hereby authorized to execute and deliver on behalf of the City, and to execute and deliver the documents approved in the Prior Resolutions, with such changes as are necessary to reflect the delayed issuance of the Refunding Bonds, on terms which the Authorized Officer deems appropriate, which such Authorized Officer, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Refunding Bonds in accordance with the Prior Resolutions, this resolution, and any certificate, agreement, and other document described in the documents approved herein and in the Prior Resolutions. All actions to be taken by a specified Authorized Officer as specified herein or in the Prior Resolutions, may be taken by the Authorized Officer or any designee, with the same force and effect as if taken by such Authorized Officer.

SECTION 4. Interest Cost Savings. This Council hereby determines and directs to be made any reductions in the annual levy of special taxes for the CFD in a manner consistent with that prescribed in the Act as a result of the savings achieved through the issuance of the Refunding Bonds, such savings to be reflected on property tax bills of owners of property in the CFD.

SECTION 5. Effectiveness. This resolution shall take effect from and after its adoption.

SECTION 6. Certification. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original Resolutions.

PASSED AND ADOPTED this 5th day of February, 2014

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Janice S. Parvin, Mayor

ATTEST:

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Maureen Benson, City Clerk