

**CITY OF NEWPORT BEACH  
FINANCE COMMITTEE STAFF REPORT**

June 11, 2012

**TO:** HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
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**SUBJECT: UPDATE ON ASSESSMENT DISTRICTS REFINANCING**

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**ABSTRACT:**

At the meeting of May 7, 2012, the Finance Committee provided concurrence for the Financing Team to move forward with the solicitation of bids from banks for a direct placement bond purchase to be considered by City Council on June 26, 2012. The City received, opened, and reviewed all bids on May 30, 2012.

**OVERVIEW:**

The solicitation for direct placement bond purchase was sent out to eleven banks. The City received a total of five separate proposals. Upon review of these proposals, BBVA Compass provided the most favorable terms and was selected by the Financing Team for the direct placement. The City has executed an agreement with BBVA to lock in a financing rate of 2.26% for 30 days, pending Council approval of the reassessment district on June 26, 2012.

The initial Assessment District refunding analysis brought to Finance Committee on May 7, 2012 suggested refunding the following twelve existing Assessment Districts: No. 68, 69, 70, 74, 75, 78, 79, 82, 86, 92, 99-2, and 101. However, due to BBVA's favorable proposal based on recent changes in market conditions, the Financing Team determined that the City could experience additional savings by including Assessment Districts No. 100 and 103 in the refinancing. Therefore, the number of Districts to be refinanced and consolidated into one Reassessment District has increased from twelve to fourteen and includes 1,915 properties.

## INTEREST SAVINGS

The current outstanding principal for all fourteen Districts is \$16.09 million. These bonds carrying interest rates ranging up to 5.75% can be refinanced at 2.26%. At this rate, the average annual cash savings range from \$98 to \$887 per parcel. This amounts to a net present value (PV) savings of approximately \$1.1 million for the current assessed property owners.

## ADMINISTRATIVE SAVINGS

By consolidating the total number of active assessment districts from fourteen down to one, property owners also benefit from reduced administrative costs associated with district administration, annual disclosure reports, arbitrage calculations, levy preparation, delinquency management, etc.

## FINANCE COMMITTEE CONCURRENCE

With the Finance Committee's concurrence, the Financing Team will continue to move forward with BBVA Compass on the refinancing, and prepare for City Council consideration and approval on June 26, 2012.

Prepared by:

/s/Dan Matusiewicz

Dan Matusiewicz  
Deputy Finance Director