City of Bell
Agenda Report

DATE: 22 January 2014

TO: Honorable Mayor and City Council

FROM: Josh Betta, Finance Director

APPROVED BY: [Signature]

Doug Willmore, City Manager

SUBJECT: Status Report: City of Bell and Bell Successor Agency Debt Obligations

Recommendation:

Receive and file.

Background:

During the eleven-year period between 1998 and 2009, while the Rizzo administration was busy devising and implementing illegal strategies to enrich itself at the expense of our community, the Rizzo administration also issued $150.6 million in debt, some of it for questionable public purpose.

Cognizant that the resulting debt service obligations created a high tax burden for the residents and businesses of Bell, the new City Council and interim administrations sought strategies that would lessen future debt obligations. One important milestone was achieved in August of 2012 when the City successfully repurchased and defeased approximately half of the 2007 General Obligation Bonds (GOBs), thereby eliminating the future prospect of increased GOB property tax levies.

Another important milestone was achieved in December 2013 when the City successfully avoided a deficiency judgment with regard to the 2007 Taxable Lease Revenue Bonds — commonly referred to as the “Dexia” matter — and effectuated a land sale resulting in $15.2 million in one-time General Fund income, avoiding an economic crisis that may have forced the City into bankruptcy proceedings.

Following the resolution of these matters the City Council has requested a status report on the changes in debt obligations.

Revenue Discussion:

The attachment to this report, “Changes in Outstanding Debt,” displays the changes in outstanding debt, and serves as reference for observations below.
• City and Agency total debt obligations at January 1, 2012 were $137 million. Total debt obligations at January 1, 2014 are $75.7 million. This reduction represents a 45% decrease.

• The City’s population is 35,783. Debt per person was $3,830. It is now $2,115. (45% decrease)

• The City has 9,217 housing units. Debt per household was $14,869. It is now $8,212. (45% decrease)

• The City’s total assessed valuation in 2012 was $1,400,050,717. Debt as a percentage of assessed value was 9.8%. Total assessed valuation now is $1,466,928,827. Debt as a percentage of assessed value is now 5.2%. This reduction represents a 47% decrease.

Attachment:

Changes in Outstanding Indebtedness
## Changes in Outstanding Indebtedness

<table>
<thead>
<tr>
<th>Description</th>
<th>January 1, 2014</th>
<th>January 1, 2012</th>
<th>Original Issue Amount</th>
<th>Final Maturity Date</th>
<th>Issuer</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998 COPS</td>
<td>1,620,000</td>
<td>1,865,000</td>
<td>3,020,000</td>
<td>9/1/2023</td>
<td>PFA</td>
<td>General Fund</td>
</tr>
<tr>
<td>2003 Tax Allocation Refunding Bonds</td>
<td>19,895,000</td>
<td>21,735,000</td>
<td>27,925,000</td>
<td>11/1/2033</td>
<td>SA</td>
<td>Successor Agency</td>
</tr>
<tr>
<td>2004 GO Bonds</td>
<td>13,505,000</td>
<td>14,286,000</td>
<td>15,000,000</td>
<td>8/1/2034</td>
<td>City</td>
<td>GOB Property Tax Levy</td>
</tr>
<tr>
<td>2005 Pension Bonds</td>
<td>5,155,000</td>
<td>6,425,000</td>
<td>9,225,000</td>
<td>8/1/2019</td>
<td>PFA</td>
<td>Pension Property Tax Levy</td>
</tr>
<tr>
<td>2005 BCHA Lease Revenue Bonds</td>
<td>17,725,000</td>
<td>18,565,000</td>
<td>20,790,000</td>
<td>10/1/2036</td>
<td>BCHA</td>
<td>Mobile Home Parks Revenue</td>
</tr>
<tr>
<td>2007 GO Bonds</td>
<td>17,790,000</td>
<td>35,000,000</td>
<td>35,000,000</td>
<td>8/1/2037</td>
<td>City</td>
<td>GOB Property Tax Levy</td>
</tr>
<tr>
<td>2007 Taxable Lease Revenue Bonds</td>
<td>-</td>
<td>35,000,000</td>
<td>35,000,000</td>
<td></td>
<td>PFA</td>
<td></td>
</tr>
<tr>
<td>Promissory Note 2009</td>
<td>-</td>
<td>4,179,904</td>
<td>4,500,000</td>
<td></td>
<td>SA</td>
<td></td>
</tr>
<tr>
<td><strong>Total Indebtedness</strong></td>
<td><strong>75,690,000</strong></td>
<td><strong>137,049,904</strong></td>
<td><strong>150,560,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Changes in Indebtedness

<table>
<thead>
<tr>
<th>Outstanding Principal</th>
<th>Original Issue Amount</th>
<th>Maturity Date</th>
<th>Issuer</th>
<th>Funding Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.285,000</td>
<td>1.620,000</td>
<td>9/1/23</td>
<td>PFA</td>
<td>General Fund</td>
</tr>
<tr>
<td>21,735,000</td>
<td>19,895,000</td>
<td>11/11/23</td>
<td>SA</td>
<td>Successor Agency</td>
</tr>
<tr>
<td>14,280,000</td>
<td>13,505,000</td>
<td>8/1/34</td>
<td>City</td>
<td>GOB Property Tax Levy</td>
</tr>
<tr>
<td>6,425,000</td>
<td>5,155,000</td>
<td>8/1/19</td>
<td>PFA</td>
<td>Pension Property Tax Levy</td>
</tr>
<tr>
<td>18,565,000</td>
<td>17,725,000</td>
<td>10/1/36</td>
<td>City</td>
<td>GOB Property Tax Levy</td>
</tr>
<tr>
<td>35,000,000</td>
<td>35,000,000</td>
<td>8/1/37</td>
<td>PFA</td>
<td></td>
</tr>
<tr>
<td>35,000,000</td>
<td>35,000,000</td>
<td>4/179,904</td>
<td>SA</td>
<td></td>
</tr>
<tr>
<td>137,949,304</td>
<td>75,690,000</td>
<td>150,560,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes
- **1998 COPs**
- **2003 Tax Allocation Refunding Bonds**
- **2004 GO Bonds**
- **2005 Pension Bonds**
- **2005 BCHA Lease Revenue Bonds**
- **2007 GO Bonds**
- **2007 Taxable Lease Revenue Bonds**
- **Promissory Note 2009**
- **Total Indebtedness**
Total City & Agency Debt

137 million

75.7 million

-45%
Debt Per Bell Household

2012: $14,869
2014: $8,212

-45%
Debt Per Bell Resident

2012: $3,830
2014: $2,115

-45%
Debt as % of Assessed Value

2014
Debt: 76,000,000
Assessed Value: 1,467,000,000

2012
Debt: 137,000,000
Assessed Value: 1,400,000,000
Debt as % of Assessed Value

-47%

9.8% 5.2%