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August 4, 2014

Rick Bishop
Executive Director
Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor MS1032
Riverside, CA 92501-3609

Re: WRCOG v. Beaumont: Interest Rate for Judgment

Dear Rick:

You have asked what interest rate will apply to WRCOG's approximately \$43 Million judgment against the City of Beaumont. The answer to that question is found in Article XV, section 1 of the California Constitution, which establishes the legal rate on judgments as seven (7) percent.¹ Under the Court's Statement of Decision, the pre-judgment interest accrues from October 2009 to the date of the judgment, May 22, 2014. At seven percent, the total pre-judgment interest is approximately \$14 Million. Post-judgment interest will continue to accrue at seven percent from May 23, 2014 until the City pays the judgment.

We note that the City has publicly represented that the interest rate on the judgment will accrue at the much lower "weekly average one year constant maturity United States Treasury yield" under Civil Code section 3287, subdivision (c). (See the City's website found at <http://www.ci.beaumont.ca.us/index.aspx?NID=890>). This is untrue. Section 3287, subdivision (c) only applies to "a tax or fee claim against a public entity...." WRCOG's lawsuit against Beaumont is a writ of mandate and not a claim for fees or taxes and therefore the judgment interest rate is not set by section 3287(c). In fact, the trial court, in its Statement of Decision,

¹ We note that under the Constitution the legislature can establish interest rates up to 10%. However, several cases have held that the interest rate for judgment against public entities is 7%.



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specifically found that the judgment against the City was not based on a claim for fees or taxes and therefore not subject to the lower interest in found in 3287(c). I have attached the applicable page of the Court's Statement of Decision setting forth the Judge Chaffee's finding conclusion that Section 3287, subdivision (c) does *not* apply here.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Steven C. DeBaun', written over a horizontal line.

Steven C. DeBaun
Partner

of BEST BEST & KRIEGER LLP

Encl.
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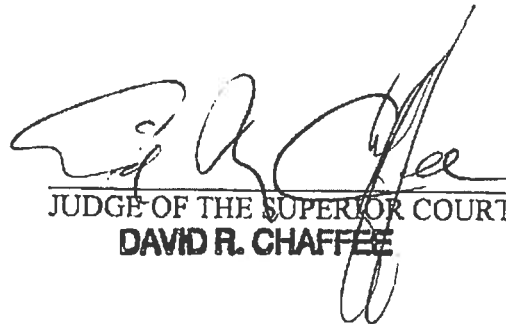
Muñoz's Statement of Decision is consistent with all aspects of this Statement of Decision.

P. WRCOG Is Entitled to Interest at the Statutory and Legal Rate from October 2009 to The Present.

As stated above, the total amount of TUMF required to be remitted by Beaumont to WRCOG is \$42,994,879. Beaumont shall also pay interest on that sum at the statutory and legal rate from October 2009 to May 22, 2014. Petitioner shall submit a declaration accompanying a proposed judgment showing the amount of interest and how it is calculated.

The Court finds and determines that this proceeding is not on "a tax or fee claim against a public entity," pursuant to Civil Code § 3287(c) (effective January 1, 2014) and *City of Clovis v. County of Fresno* (2014) 222 Cal. App. 4th 1469, 1485-1486.) "In Assembly Bill 748 the phrases 'tax or fee claim' and 'tax or fee judgment' mean claims arising from the levy, collection or charge of a tax or fee. They do not include the distribution or allocation of those revenues between public entities." (*Id.* at 1485.) In addition, the new language of Civil Code section 3287(c) would not apply in any event to interest accruing between January 1, 2014 and May 22, 2014. (*Id.* at 1486.)

Dated: JUL 17 2014



JUDGE OF THE SUPERIOR COURT
DAVID R. CHAFFEE

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