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Heartland Pays \$.25 on the \$1.00 for Bond Debt

Posted by [Libi Uremovic](#), June 29, 2013 at 03:59 am

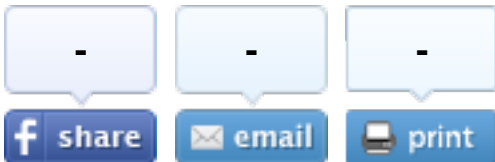
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Union Bank
 Summary of Debt Service
 September 1, 2012

Bond Issue	9/1/2012				
1994A	403,460.41				
2003A	-				
2003B	435,178.08	17A			
2004A	221,387.51		18		
2004B	272,765.58		16		
2004C	360,862.46	8A			
2004D	995,599.39	19A			
2005A	763,441.25	6A1			
2005B	387,456.15	7A			
2005C	642,241.25	6A1			
2006A	474,057.50	19C			
2006B	224,660.00	8B			
2007A	1,114,665.53		3	11	14 14B
2007B	538,983.68		8		
2007C&D	1,123,721.68		9	10A	12A 14A
2007E	219,611.25	8C			
2008A	148,287.50	19C			
2009A	-	7B	7C		
2009B	31,480.00	8D	17B		
2011A&B	-	17B			
2012A	-	8C			
2012B	-	20			
2012C	-	7B	7C		
	<u>8,357,859.22</u>				

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CFD 93-1 contains Area No. 5 known as the 'Heartland Project'. This Property is the currently the center of attention because of the Heartland Warehouse Project being proposed, but this

property has been part of bond debt since the inception.

Area No. 5 is part of the original 1994 Mello Roos Bonds. Area No. 5 received \$2,345,826 or 23% of the original \$10 Million Bond Debt and was also assigned another \$266,569 for 'Facility Design'.

In the 1994 bond debt agreement the ten developers/owners of the property agreed to pay the bond debt themselves if there was not enough

property tax revenue derived from the homeowners. Page 22 states:

"The District (will) levy in each Fiscal Year the Special Taxes in each Improvement Area in an amount sufficient to pay the debt service on the applicable series of District Bonds and the cost of providing certain Administrative Expenses of the District, Authority, and City."

The reason the City has to fill out bond debt tax forms every year is because the property owners are supposed to pay for the cost of the bond debt each year.

The Rate and Method of Appropriations for Area No. 5 lists the steps to collect the Special Taxes as:

First: The Special Tax shall be levied in equal percentages on each Assessor's Parcel of Developed Property up to 91% of the applicable Assigned Special Tax for such Assessor's Parcel.

Second: If additional monies are needed after the first step has been completed, the Special Tax shall be levied in equal percentages on each Assessor's Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for Undeveloped Property.

The Property Owners of Area No. 5 and every other original property owner were responsibility for the Bond Debt and expenses incurred.

Area No. 5 was also a \$350,000 beneficiary on the 1996 Sewer Enterprise Bond. On this bond the City is the Purchaser, is piggybacking (refunding) off the 1994 Bond Debt, and the debt is expected to be paid solely from Fee and Tax Revenue.

Page 29 states that a portion of the Sewer Fund bond will be used to refund the 1993 Bonds and specifically states: " The Purchased Securities are issued on a parity with the 1994 Bonds for Improvement Area No. 5. Currently, approximately \$2,111,000 of the 1994 bonds remain outstanding, of which approximately \$64,000 are capital appreciation bonds maturing between September 1, 1999 and September 1, 2005."

This tells us that at least for the first couple years Heartland LTD did pay the Special Taxes on their portion of the bond debt. But who is 'Heartland Beaumont LTD' ?

The 1994 Bond Debt states that Heartland Beaumont LTD is a company based Seattle, Washington with 50 employees. Heartland was established in 1984 and purchased Area No. 5 in 1987. Stephen P. Walker, III is listed as Founder and Managing Partner.

On the Warehouse Project the property owner is listed as 'LV Heartland LLC. The Signatory for LV Heartland is Anthony Barsanti - Managing Director representing Lehman Brothers.

The Sewer Fund Account lists the following checks under 'Contract Services' issued to Lehman Brothers:

Transaction # 75435 - 01/30/07 - \$2,983.94

Transaction # 85473 - 06/30/07 - \$3,050.99

Transaction # 95951 - 01/17/08 - \$3,084.52

Transaction # 106279 - 06/30/08 - \$3,042.66

The payments continue in the Sewer Fund, but in 2009 the checks are issued to Barclay's Capital, Inc.

The 1994 Bond Debt is mentioned in the Heartland Warehouse Project. Item 23 changes Section 4.2.5 of the Original Agreement to give LV Heartland free Wastewater Facilities because Area No. 5 was part of the Original 1994 Bond Debt: *"The City guarantees that the number of units of wastewater treatment plant capacity so financed shall be reserved and available to the Owner (Heartland) without further payment."*

Item 26 changes Section 4.10 to relieve Heartland of all past bond debt if they pay \$1 Million. The Contract further states the City will use the \$1 Million not to pay off the old bond debt, but to fund the Potrero Bridge Project.

The City still has another 10 years to pay on the 1994 Bond Debt with a \$9,743,000 payment due in 2023. Area No 5 portion is 23%. Payment amounts for the past two years are as follows:

September 2010 Interest + Premium = \$366,141.30

March 2011 Interests Only = \$210,045.46

September 2011 Interest + Premium = \$382,545.90

March, 2012 Interest Only = \$203,036.49

September 2012 Interest + Premium payment = \$403,460.41

In the next decade the City will pay another \$18 Million for the \$10 Million 1994 Bond Debt. Area No. 5 received 23% of the proceeds, but will walk away from the debt by paying \$1 Million cash that will be used on the Potrero Project.

Warehouses are traditionally located in areas with low property values because they pay by the square foot. It was never feasible to have warehouses on Redevelopment Property because of the additional taxes, but the City of Beaumont releases Heartland LV of past Bond Debt. Releasing LV Heartland of their 1994 Bond Obligations will result in a \$3 Million loss for the City of Beaumont.

Beaumont City Manager repeatedly tells the Citizenry that personally paying

off their bond debt is the only way to relieve themselves, yet he cuts Heartland a deal that allows them to pay \$.25 on the \$1.00 if they put the cash in his hand.

If the Warehouse Project goes through Heartland will pay the City \$1 Million and the City will spend the money in a month. But the \$4 Million Bond Debt is still be outstanding with no means to pay and no acknowledgment from the City that the debt exist.

The City's Heartland Warehouse Promotion states that Beaumont needs to 'get in now' because a warehouse boom is coming in 10 – 15 years. In 1994 the same people projected that Area No. 5 would be completely built and sold by 2010.

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 **Libi Uremovic** June 27, 2013 at 10:30 am
the attachment is a paper i received from the city showing the bond debt payments for each bond and the corresponding areas....the 1994 bond contained 1-6 and 9-12...

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 **Nancy Gall** June 29, 2013 at 02:00 pm
Warehouses will be of no use to us in a few years. It's no secret that the Panama Canal and Eastern ports are being expanded. This will make it cheaper for Asian manufacturers to ship directly to those eastern ports. Our warehouses will be empty and our land ruined. We all now of Lehman brothers contribution to the Great Recession. Why would we allow them to wreck our local economy?

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Libi Uremovic June 29, 2013 at 05:56 pm

when i saw lehman bros name on the paperwork i looked for the candid camera

....

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Larry Anderson June 30, 2013 at 02:48 pm

If the eastern ports of the U.S. and the Panama Canal are being expanded, does that mean the massive ports of Los Angeles and Long Beach are going to reduce operations or close down??? That hardly seems unlikely, too much revenue for Southern California is derived from those massive operations. I was in the area of the Los Angeles Port a couple of weeks ago and from what I saw they are not exactly in the slow mode!!!

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Banning-Beaumont Patch Editor

Renee Schiavone
renee.schiavone@patch.com

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