



# CITY OF LONG BEACH

# R-21

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6<sup>th</sup> Floor • Long Beach, CA 90802 •

October 21, 2008

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt a Resolution to declare results of a special election within the City of Long Beach Community Facilities District (CFD) No. 2007-2 (Belmont Shore).

Conduct the first reading of an Ordinance levying special taxes in City of Long Beach CFD No. 2007-2 (Belmont Shore).

Adopt a Resolution authorizing the issuance of special tax bonds for the City of Long Beach CFD No. 2007-2 (Belmont Shore). (District 3)

## DISCUSSION

On August 5, 2008, the City Council held a public hearing regarding the formation of the CFD and the incurrence of bonded indebtedness of the City for the CFD. Following the public hearing, the City Council adopted RES-08-0081 affirming the formation of the CFD, RES-08-0082 affirming the determination of the necessity to incur bonded indebtedness for the CFD, and RES-08-0083 calling for a new election of the owners of property in the CFD for October 6, 2008. The election was concluded on October 6, 2008. The City Clerk tabulated the ballots and determined that over 83 percent of the votes cast in the election were in favor of the ballot propositions.

The City Council is requested to adopt a Resolution declaring the results of the election and directing recording of (i) a notice of special tax lien on the parcels in the CFD, and (ii) a notice of cancellation of the special tax lien imposed for the prior CFD No. 1 of the City, which is being supplanted by the new CFD. The maximum special tax rate for the new CFD is the same as CFD 1 at 66¢ per square foot of commercial land; however, it is contemplated that the initial bonded debt of the new CFD will only require the same 12¢ per commercial square foot (in addition to \$200,000 of annual parking meter revenues) to service the bonds for the new parking lot and related improvements and to refinance the bonds issued in 1993.

It is also recommended the City Council conduct the first reading of an Ordinance levying special taxes in the new CFD and adopt a Resolution authorizing the issuance of bonds for the CFD. The bonds will be issued pursuant to a Fiscal Agent Agreement entered into by the City and U.S. Bank National Association.

The bonds are expected to be offered for sale in late October pursuant to a Preliminary Official Statement which describes the CFD and the terms of the bonds, and a Bond Purchase Agreement entered into by the City, for the CFD, and E.J. De La Rosa & Co., Inc.

(the bond "Underwriter") who will market the bonds to prospective investors. There is also a Continuing Disclosure Certificate which requires the City to provide certain annual and material event disclosures regarding the CFD and the bonds to investors.

The Resolution authorizes the issuance of up to \$4,000,000 in bonds for the CFD, and approves the Fiscal Agent Agreement, Preliminary Official Statement, Bond Purchase Agreement and Continuing Disclosure Certificate. The Resolution also makes various findings related to the bond issue, including that the value of the property in the CFD is at least three times the principal of the bonds, and that the District is in accordance with the City's Local Goals and Policies for Community Facilities Districts Related to Commercial Development, previously adopted by the City Council.

This item was reviewed by Assistant City Attorney Heather A. Mahood on September 25, 2008 and Budget Management Officer Victoria Bell on September 30, 2008.

TIMING CONSIDERATIONS

City Council action on this item is requested on October 21, 2008, to support the activities and formation of the CFD, so that the financing of the proposed parking improvements can occur before the end of 2008.

FISCAL IMPACT

There is no fiscal impact to the City associated with the requested action. All expenses related to the formation of the CFD will either be paid from the proceeds of bonds issued for the CFD or from amounts currently available in the Belmont Shore Parking Revenue Fund.

SUGGESTED ACTION:

Approve recommendations.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:



PATRICK H. WEST  
CITY MANAGER

ATTACHMENTS

1 RESOLUTION NO.

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH AUTHORIZING THE ISSUANCE  
5 OF SPECIAL TAX BONDS FOR THE CITY OF LONG  
6 BEACH COMMUNITY FACILITIES DISTRICT NO. 2007-2  
7 (BELMONT SHORE), AND APPROVING OTHER RELATED  
8 DOCUMENTS AND ACTIONS  
9

10 WHEREAS, this City Council has conducted proceedings under and  
11 pursuant to the provisions of the Long Beach Special Tax Financing Improvement Law,  
12 Long Beach Municipal Code Section 3.52.511 et seq. (the "Law"), to form the City of  
13 Long Beach Community Facilities District No. 2007-2 (Belmont Shore) (the "District"), to  
14 authorize the levy of special taxes upon the land within the District, and to issue bonds  
15 secured by the special taxes the proceeds of which are to be used to fund the costs of  
16 certain parking facilities and improvements (the "Facilities") and to refinance certain  
17 outstanding bonds (the "1993 Bonds"); and

18 WHEREAS, on October 6, 2008 an election was held within the District and  
19 the then qualified electors approved the propositions of the incurrence of the bonded debt  
20 by the City of Long Beach (the "City") for the District, the establishment of an  
21 appropriations limit for the District and the levy of special taxes in the District by more  
22 than two-thirds of the votes cast at said special election; and

23 WHEREAS, there have been submitted to this City Council certain  
24 documents providing for the issuance of bonds of the City for the District and the use of  
25 the proceeds of those bonds to finance the Facilities and to refinance the 1993 Bonds  
26 and this City Council, with the aid of City staff, has reviewed said documents and found  
27 them to be in proper order; and

28 WHEREAS, on December 21, 1999, this City Council adopted Resolution

1 No. C-27626 approving Local Goals and Policies for Community Facilities Districts  
2 Related to Commercial Development (the "Goals and Policies"); and

3 WHEREAS, the proposed bond financing program approved by this  
4 Resolution is consistent with the Goals and Policies; and

5 WHEREAS, following the adoption of this Resolution, all conditions, things  
6 and acts required to exist, to have happened and to have been performed precedent to  
7 and in the issuance of said bonds and the levy of said special taxes as contemplated by  
8 the Law, this Resolution and the documents referred to herein exist, will have happened  
9 and will have been performed in due time, form and manner as required by the laws of  
10 the State of California, including the Law.

11 NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
12 follows:

13 Section 1. Pursuant to the Law, this Resolution and the Fiscal Agent  
14 Agreement (hereafter defined), special tax bonds of the City for the District designated as  
15 the "City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore) 2008  
16 Special Tax Bonds" in an aggregate principal amount not to exceed \$4,000,000 (the  
17 "Series 2008 Bonds"), are hereby authorized to be issued and sold as provided below.  
18 The Series 2008 Bonds shall be executed in the form set forth in and otherwise as  
19 provided in the Fiscal Agent Agreement.

20 In connection with the authorization, sale and issuance of the Series 2008  
21 Bonds, the City Council hereby makes the following determinations: (a) pursuant to the  
22 Goals and Policies, (i) based upon the current assessed value of the parcels in the  
23 District, satisfactory land value to lien ratios exist, (ii) the rate and method of  
24 apportionment of special taxes for the District is in compliance with the Goals and  
25 Policies, and (iii) the structure of the proposed financing is consistent with the applicable  
26 sections of the Goals and Policies; (b) the proposed financing satisfies the requirements  
27 of a minimum 3:1 value to lien ratio required by the Goals and Policies; and (c) the sale of  
28 the Series 2008 Bonds at a negotiated sale as contemplated by the Purchase Contract

1 (defined below) will result in a lower overall cost.

2           Section 2.    The fiscal agent agreement (the "Fiscal Agent Agreement")  
3 with respect to the Bonds, in the form on file in the City Attorney's office, is hereby  
4 approved. The City Manager, Director of Financial Management or City Treasurer (each  
5 being a "Designated Officer" and, collectively, the "Designated Officers"), each acting  
6 alone, are hereby authorized to execute and deliver the Fiscal Agent Agreement in said  
7 form, together with such additions thereto or changes therein as are approved by the  
8 Designated Officer executing such document upon consultation with the City Attorney  
9 and Bond Counsel, including such additions or changes as are necessary or advisable in  
10 accordance with Section 8 hereof, the approval of such additions or changes to be  
11 conclusively evidenced by the execution and delivery of the Fiscal Agent Agreement by a  
12 Designated Officer. The date, manner of payment, interest rate or rates, interest  
13 payment dates, denominations, form, registration privileges, manner of execution, place  
14 of payment, terms of redemption and other terms of the Series 2008 Bonds shall be as  
15 provided in the Fiscal Agent Agreement as finally executed.

16           Section 3.    The bond purchase agreement for the Series 2008 Bonds (the  
17 "Purchase Contract") between the City and E.J. De La Rosa & Co., Inc. (the  
18 "Underwriter"), in the form on file in the City Attorney's office, is hereby approved. The  
19 Designated Officers, each acting alone, are hereby authorized to accept the offer of the  
20 Underwriter to purchase the Series 2008 Bonds contained in the Purchase Contract  
21 (provided that the aggregate principal amount of the Series 2008 Bonds sold thereby is  
22 not in excess of \$4,000,000, the net interest cost of the Series 2008 Bonds is not in  
23 excess of 7.00%, and the underwriters discount is not in excess of 2.00% of the  
24 aggregate principal amount of the Series 2008 Bonds), and to execute and deliver the  
25 Purchase Contract in said form, with such additions thereto or changes therein as are  
26 recommended or approved by the Designated Officer executing such document upon  
27 consultation with the City Attorney and Bond Counsel, the approval of such additions or  
28 changes to be conclusively evidenced by the execution and delivery of the Purchase

1 Contract by a Designated Officer.

2           Section 4. The official statement relating to the Series 2008 Bonds (the  
3 "Official Statement"), in the form on file in the City Attorney's office, is hereby approved.  
4 The Designated Officers each acting alone, are hereby authorized to execute the Official  
5 Statement in said form, with such additions thereto or changes therein as are  
6 recommended or approved by the Designated Officer executing such document upon  
7 consultation with the City Attorney and Bond Counsel, the approval of such additions or  
8 changes to be conclusively evidenced by the execution and delivery of said Official  
9 Statement by a Designated Officer. The Underwriter is hereby authorized to distribute  
10 copies of the Official Statement to persons who may be interested in the purchase of the  
11 Series 2008 Bonds and is directed to deliver such copies to all actual purchasers of the  
12 Series 2008 Bonds. Distribution of a preliminary official statement relating to the Series  
13 2008 Bonds is hereby approved and authorized.

14           The Director of Financial Management and the City Treasurer, each acting  
15 alone, are hereby authorized to execute a certificate or certificates to the effect that the  
16 Official Statement and such preliminary official statement were deemed "final" as of their  
17 respective dates for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934, as  
18 amended, and each are authorized to so deem such statements final.

19           Section 5. The Series 2008 Bonds, when executed by a Designated  
20 Officer, each of which are hereby authorized to so execute the Series 2008 Bonds, shall  
21 be delivered to the Fiscal Agent for authentication. The Fiscal Agent is hereby requested  
22 and directed to authenticate the Series 2008 Bonds by executing the Fiscal Agent's  
23 certificate of authentication and registration appearing thereon, and to deliver the Series  
24 2008 Bonds, when duly executed and authenticated, to the Underwriter in accordance  
25 with written instructions executed on behalf of the City by the Director of Financial  
26 Management or the City Treasurer, which instructions each such officer is hereby  
27 authorized to execute and deliver to the Fiscal Agent. Such instructions shall provide for  
28 the delivery of the Series 2008 Bonds to the Underwriter upon payment of the purchase

1 price therefore as specified in the Purchase Contract.

2           Section 6. The Continuing Disclosure Agreement, in the form attached  
3 as an appendix to the Preliminary Official Statement, is hereby approved. The  
4 Designated Officers, each acting alone, are hereby authorized to execute and deliver the  
5 Continuing Disclosure Agreement in said form, with such additions thereto or changes  
6 therein as are deemed necessary, desirable or appropriate by the Designated Officer  
7 executing such documents upon consultation with the City Attorney and Bond Counsel,  
8 the approval of such changes to be conclusively evidenced by the execution and delivery  
9 by a Designated Officer of the Continuing Disclosure Agreement.

10           Section 7. The City hereby covenants, for the benefit of the Bond  
11 owners, to commence and diligently pursue to completion any foreclosure action  
12 regarding delinquent installments of any amount levied as a special tax for the payment  
13 of interest or principal of the Bonds, said foreclosure action to be commenced and  
14 pursued as more completely set forth in the Fiscal Agent Agreement.

15           Section 8. The firm of NBS Government Finance Group ("NBS") is  
16 hereby designated as administrator for the District. The City Manager or his designee is  
17 hereby authorized and directed to execute an agreement with NBS for its services in  
18 connection with the District, in the form on file with the City Treasurer.

19           Section 9. All actions heretofore taken by the officers and agents of the  
20 City with respect to the establishment of the District and the sale and issuance of the  
21 Series 2008 Bonds are hereby approved, confirmed and ratified, and the proper officers  
22 of the City, including the Designated Officers, are hereby authorized and directed to do  
23 any and all things and take any and all actions and execute any and all certificates,  
24 agreements and other documents, which they, or any of them, may deem necessary or  
25 advisable in order to consummate the lawful issuance and delivery of the Series 2008  
26 Bonds in accordance with this Resolution and the Fiscal Agent Agreement, and any  
27 certificate, agreement, and other document described in the documents herein approved.

28           Section 10. This resolution shall take effect immediately upon its adoption

OFFICE OF THE CITY ATTORNEY  
ROBERT E. SHANNON, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

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by the City Council, and the City Clerk shall certify the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 20\_\_ by the following vote:

Ayes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

City Clerk