



CITY OF LONG BEACH

CH-2

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 •

March 11, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION

Receive supporting documentation into the record and open the public hearing to receive public comment.

Adopt attached resolution calling for a special election regarding public improvements authorized to be financed by Community Facilities District No. 5 (Long Beach Towne Center).

Adopt attached resolution declaring the results of the special election and directing recording of an amendment to the notice of special tax lien for Community Facilities District No. 5 (Long Beach Towne Center).

Adopt attached resolution authorizing the issuance of special tax bonds for Community Facilities District No. 5 (Long Beach Towne Center), and approving related documents. (District 5)

DISCUSSION

In 1999, under the provisions of the Long Beach Special Tax Financing Improvement Law, the City Council formed Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach (CFD 5) to provide a means to finance public improvements in connection with the development of the Towne Center Shopping facility. CFD 5 is authorized to levy a special tax on the leasehold interest of the shopping center owner in the land on which the shopping center is located. The revenues from that special tax have been used to pay the debt service on \$15,385,000 of bonds issued in May of 2000 by the City for CFD 5 (the "2000 Bonds") to finance public improvements required for the development of the shopping center. All of the original capital projects associated with the development of the Long Beach Towne Center have been completed.

Due to lower interest rates in the public debt market, City staff have determined that the City can issue bonds for CFD 5 (the "Refunding Bonds") to refund the outstanding 2000 Bonds, as well as to provide funds to finance additional public improvements, without an increase in the annual debt service for CFD 5.

Bond Counsel, working with City staff and representatives of the current lessee, CREA/PPC Long Beach Towne Center PO, LLC, has approved a 50/50 split of the savings that can be achieved by refunding the bonds. The total net savings are projected to be approximately \$750,000. The final amount of the net savings is subject to market conditions in effect at the time the Refunding Bonds are issued.

The estimated savings from this refunding are included in the FY 2008 budget as one of the many pooled revenue sources that will be used to fund in whole or in part projects in the FY 2008 Capital Improvement Plan. As the original infrastructure improvements for CFD 5 have been completed, the leasehold owner has cooperated with the City to expand the CFD's infrastructure authorization. To comply with the CFD 5 requirement for identifying specific projects, a project of sufficient size to fully utilize the savings, and a backup project to ensure utilization were identified from the City's Capital Improvement Plan for FY 2008.

On February 19, 2008, the City Council adopted a resolution of consideration to add these public improvements to be financed by the City's share of estimated savings. That resolution called for a public hearing on the matter by the City Council on March 4, 2008. On March 4, 2008, the hearing was opened and continued to March 11, 2008, to take testimony of any person desiring to speak on the matter.

Following the conduct of the public hearing, it is recommended that the City Council adopt a resolution calling for a special election regarding the authorization for CFD 5 to finance the capital improvements. The City is the voter in the election since it owns the fee title to the property in CFD 5. The resolution authorizes and directs the City Clerk to hold the election and the Director of Financial Management to cast the ballot for the City in the election. The ballot for the election has already been prepared, and it is expected that the election will be held and canvassed immediately following the adoption of the resolution calling for the election.

Following the canvass of the election, it is recommended that the City Council adopt a resolution declaring the results of the election and directing recording of an amendment to the Notice of Special Tax Lien for CFD 5. The amendment to the Notice of Special Tax Lien will place the public on notice of the authority of CFD 5 to fund additional capital improvements.

As a final action for CFD 5, it is recommended that the City Council adopt a resolution authorizing the City to issue the Refunding Bonds, so long as the bond issue provides approximately \$750,000 in bond proceeds to fund the public improvements. The resolution also approves a fiscal agent agreement specifying the terms of the Refunding Bonds, an escrow agreement with respect to the payment of the 2000 Bonds, a bond

purchase agreement whereby the City will sell the Refunding Bonds to the selected underwriter, an official statement in preliminary form which describes the financing transaction for potential bond investors, and a continuing disclosure agreement which requires the City to provide periodic information to the bond market during the time the Refunding Bonds are outstanding.

The resolution also approves a rent credit agreement between the City and the current lessee of the shopping center site, whereby the City agrees to provide a rent credit to the lessee under the Restated Ground Lease No. 25213 and related First Amendment for the shopping center site in an amount equal to one-half the amount of the net new bond proceeds realized from the sale of the Refunding Bonds. The resolution also makes various findings related to the bond issue, including that the value of the leasehold interest in the land in CFD 5 subject to the levy of special taxes to repay the Refunding Bonds is more than three times the principal amount of the Refunding Bonds, based upon an appraisal by Stephen G. White, MAI, which determined the leasehold estate value to be \$117,000,000. The findings also include other matters required under the Long Beach Special Tax Financing Improvement Law, and conclude that the proposed bond issue will be in compliance with the City's adopted Local Goals and Policies for Community Facilities Districts Related to Commercial Development adopted by the City Council on December 21, 1999.

If the City Council adopts the resolution authorizing the issuance of the Refunding Bonds, it is expected that the Refunding Bonds will be sold when market conditions are most favored.

This item was reviewed by Assistant City Attorney Heather A. Mahood on February 28, 2008 and Budget Management Officer Victoria Bell on February 25, 2008.

TIMING CONSIDERATIONS

City Council action on this item is requested on March 11, 2008, as the City is currently seeking to issue the Refunding Bonds for CFD 5 as soon as the market allows.

FISCAL IMPACT

Upon the issuance of the Refunding Bonds, the City is expected to receive at least \$750,000, half of which will be used to fund the cost of one-time capital improvements, and the remainder will provide a rent credit under the Restated Ground Lease No. 25213 and related First Amendment for the Long Beach Towne Center. The estimated savings from this refunding are included in the FY 2008 Capital Improvement Program as one of the revenue sources that will be used to fund the FY 2008 Capital Improvement Budget. If successful, this refunding will provide a small portion of the revenue required to fund these capital projects in FY 2008.

SUGGESTED ACTION

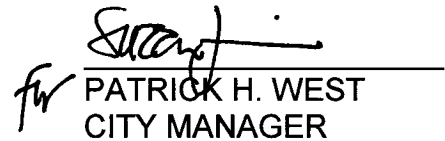
Approve recommendations.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Loriann Farrell' with a small 'FW' to the right.

LORIANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

A handwritten signature in black ink, appearing to be 'Patrick H. West' with a horizontal line underneath. A small 'fw' is written to the left of the signature.

PATRICK H. WEST
CITY MANAGER

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH DECLARING RESULTS OF
5 SPECIAL ELECTION IN COMMUNITY FACILITIES
6 DISTRICT NO. 5 (LONG BEACH TOWNE CENTER),
7 DETERMINING THAT ALTERATION OF THE FACILITIES
8 TO BE FINANCED BY THE DISTRICT IS LAWFULLY
9 AUTHORIZED, AND DIRECTING RECORDING OF AN
10 AMENDMENT TO NOTICE OF SPECIAL TAX LIEN
11

12 WHEREAS, in proceedings heretofore conducted by this City Council
13 pursuant to the Long Beach Special Tax Financing Improvement Law, constituting
14 Section 3.52.511 et seq. of the Long Beach Municipal Code (the "Law"), on this date this
15 City Council adopted a resolution entitled "A Resolution of the City Council of the City of
16 Long Beach Calling Special Election Regarding Alteration of the Facilities Authorized to
17 be Financed by Community Facilities District No. 5 (Long Beach Towne Center)" (the
18 "Resolution Calling Election"), calling for a special election of the qualified electors within
19 Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach
20 (the "District"); and

21 WHEREAS, pursuant to the terms of the Resolution Calling Election, which
22 are by this reference incorporated herein, said special election was held on this date, and
23 the City Clerk has on file a Canvass and Statement of Results of Election, a copy of
24 which is attached hereto as Attachment A; and

25 WHEREAS, this City Council has reviewed said canvass and hereby
26 approves it;

27 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
28 follows:

1 Section 1. The issue presented at said special election was the alteration
2 of the facilities authorized to be financed by the District, as described in the Resolution
3 Calling Election.

4 Section 2. The results of said special election are as set forth in said
5 Canvass on file with the City Clerk, and attached to this Resolution as Attachment A,
6 which is incorporated herein by this reference. Pursuant to said Canvass on file with the
7 City Clerk, the issue presented at said special election was approved by the sole qualified
8 elector of the District.

9 Section 3. This City Council hereby determines that the alteration of the
10 facilities to be financed by the District, as described in the Resolution Calling Election, is
11 lawfully authorized.

12 Section 4. The City Clerk is hereby directed to execute and cause to be
13 recorded in the office of the County Recorder of the County of Los Angeles a first
14 amendment to the notice of special tax lien with respect to the District, in substantially the
15 form attached hereto as Attachment B, said recording to occur no later than fifteen days
16 following adoption by this City Council of this Resolution.

17 Section 5. It is hereby found that all prior proceedings and actions taken
18 by this City Council with respect to the District and the alteration of the facilities
19 authorized to be financed by the District were valid and in conformity with the Law.

20 Section 6. This resolution shall take effect immediately upon its adoption
21 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

22 I hereby certify that the foregoing resolution was adopted by the City
23 Council of the City of Long Beach at its meeting of _____, 2008, by the

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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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following vote:

Ayes: Councilmembers:

Noes: Councilmembers:

Absent: Councilmembers:

City Clerk

HAM:fl
2/7/08
#A08-00517

ATTACHMENT A

CANVASS OF RETURNS AND STATEMENT OF RESULT OF ELECTION

COMMUNITY FACILITIES DISTRICT NO. 5
(LONG BEACH TOWNE CENTER) OF THE CITY OF LONG BEACH

I hereby certify that on March 11, 2008, I canvassed the returns of the election held on March 11, 2008, in Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach, and that the total number of ballots cast in said District and the total number of votes cast for and against the measure are as follows, and that the totals as shown for and against the measure are full, true and correct:

	Qualified Eligible <u>Votes</u>	Votes <u>Cast</u>	<u>YES</u>	<u>NO</u>
Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach Special Election, March 11, 2008.	<u>82</u>	<u>82</u>	_____	_____

BALLOT MEASURE: Shall the facilities authorized to be financed by Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach (the "District") be altered as described in the resolution of the City Council of the City of Long Beach adopted February 19, 2008, entitled "A Resolution of the City Council of the City of Long Beach of Consideration to Alter the Facilities Authorized to be Financed By Community Facilities District No. 5 (Long Beach Towne Center)"?

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND this 11th day of March, 2008.

By: _____
City Clerk, City of Long Beach

ATTACHMENT B

**RECORDED REQUESTED BY AND
AFTER RECORDATION RETURN TO:**

City Clerk
City of Long Beach
333 West Ocean Boulevard
Long Beach, CA 90802

FIRST AMENDMENT TO NOTICE OF SPECIAL TAX LIEN

Community Facilities District No. 5
(Long Beach Towne Center)
of the City of Long Beach

Pursuant to the requirements of Section 3114.5 of the Streets and Highways Code of California and the Long Beach Special Tax Financing Improvement Law, Division V of Chapter 3.52 of Title 3 of the Long Beach Municipal Code (the "Act"), on October 27, 1999, the City Clerk of the City of Long Beach, State of California, recorded a Notice of Special Tax Lien (the "Notice") with the County Recorder of the County of Los Angeles as Instrument No. 99-2020028, for Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach (the "District"), providing notice that a lien to secure payment of a special tax was thereby imposed by the City Council of the City of Long Beach, County of Los Angeles. The special tax secured by the lien was authorized to be levied for the purpose of (i) paying principal and interest on bonds, the proceeds of which were used to finance the acquisition and construction of facilities authorized to be financed by the District, and (ii) providing funds to pay costs of a portion of such facilities without bonds, as such facilities are described on Exhibit A attached to the Notice, which is by this reference made a part hereof.

The rate, method of apportionment, and manner of collection of the authorized special tax is as set forth in Exhibit B attached to the Notice, which is by this reference made a part hereof. Conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled are as set forth in Exhibit B to the Notice.

This First Amendment to Notice of Special Tax Lien amends the Notice to add to the facilities authorized to be funded by the District (as set forth in Exhibit A to the Notice), those facilities identified in Exhibit A attached hereto, which is by this reference made a part hereof.

The name(s) of the owner(s) of the fee title to and of the leasehold interest, and the assessor's tax parcel number(s) for the fee title and the leasehold interest, that are included within this community facilities district and not exempt from the special tax are as set forth in Exhibit B attached hereto which is by this reference made a part hereof.

ATTACHMENT B

Reference is made to the boundary map of the District recorded as Instrument No. 99-1872729 at Book 186 of Maps of Assessment and Community Facilities Districts at Pages 6 and 7, in the office of the County Recorder for the County of Los Angeles, State of California, which map is the final boundary map of the District.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property or interests therein subject to the special tax lien, interested persons should contact the City Treasurer of the City of Long Beach, 333 West Ocean Boulevard, Long Beach, California 90802, telephone number (562) 570-6845.

Dated: _____, 2008.

By: _____
City Clerk,
City of Long Beach

EXHIBIT A

COMMUNITY FACILITIES DISTRICT NO. 5
(LONG BEACH TOWNE CENTER)
OF THE CITY OF LONG BEACH

ADDITIONAL FACILITIES ELIGIBLE FOR FINANCING BY THE DISTRICT

- Terminal drain: The acquisition and construction of a below grade storm drain mainline, six lateral drains, a low flow treatment pump station, catch basin screens and a new outlet drain into Marine Stadium, all within the City of Long Beach.
- Sidewalk improvements: Removal and replacement of sidewalks at various locations throughout the City of Long Beach.

The above-described public improvements may include the acquisition of any necessary land, the costs of design, engineering and planning, the costs of environmental and other studies, surveys or reports, any appurtenant landscaping and irrigation, soils testing, permits, plan check and inspection fees, insurance and other overhead costs, coordination and supervision and any other costs or appurtenances related to any of the foregoing.

EXHIBIT B

COMMUNITY FACILITIES DISTRICT NO. 5
(LONG BEACH TOWNE CENTER)
OF THE CITY OF LONG BEACH

ASSESSOR'S PARCEL NUMBERS FOR, AND OWNERS OF LAND AND
LEASEHOLD INTERESTS IN LAND, WITHIN
COMMUNITY FACILITIES DISTRICT NO. 5
(LONG BEACH TOWNE CENTER)
OF THE CITY OF LONG BEACH

<u>Los Angeles County Assessor's Parcel Nos.</u>	<u>Name of Owner of Fee Title</u>
7075-001-930, 7075-001-931, 7075-001-932, 7075-001-933, 7075-001-935, 7075-001-937, 7075-001-938, 7075-001-939, 7075-001-940, 7075-001-941, 7075-001-942, 7075-001-943, 7075-001-945, 7075-001-947, and 7075-001-948	City of Long Beach, California 333 West Ocean Boulevard Long Beach, CA 90802 Attn: City Treasurer
<u>Los Angeles County Assessor's Parcel Nos.</u>	<u>Name of Owner of Leasehold Interest</u>

8940-190-065,
8940-190-066,
8940-190-067,
8940-190-068,
8940-190-069,
8940-190-070,
8940-190-071,
8940-190-072,
8940-190-073,
8940-190-074,
8940-190-075,
8940-190-076,
8940-190-077,
8940-190-078, and
8940-190-082

CREA/PPC Long Beach Towne Center PO, LLC
c/o Westar Property Management
7575 Carson Boulevard
Long Beach, CA 90808