



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

• Long Beach, CA 90802 • (562) 570-8024 FAX (562) 570-8780

ADMINISTRATION

RECEIVED  
CITY CLERK  
LONG BEACH, CALIF  
97 JUN 19 AM 10:20

June 24, 1997

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**SUBJECT: Restructuring of City of Long Beach Assessment District 90-3  
(Earthquake Repair)**

It is recommended that the City Council (1) adopt a resolution authorizing formation of a Joint Exercise of Powers Authority between the Redevelopment Agency and the City of Long Beach; (2) adopt a resolution amending Resolution No. C-25065, providing for purchase of earthquake repair assessment bonds, and approving sale and purchase of Long Beach Bond Finance Authority Revenue Bonds; and (3) adopt a resolution amending and restating Resolution C-25065, providing for the issuance of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds.

## BACKGROUND

In 1991, the City of Long Beach issued \$17.4 million of special assessment bonds. These bonds provided funds for private property owners to make necessary structural repairs to bring buildings into compliance with the seismic requirements of the City's building code. The bonds were to be repaid from annual assessments levied upon the benefiting properties. As has been previously reported to the City Council, significant delinquencies in these annual assessments have occurred. As a result, there was a default in the payment of principal and interest to the bondholders in September 1996 and again in March 1997. Absent definitive action, a further and more significant default will occur on the next scheduled payment to bondholders on September 2, 1997.

Staff from the Department of Financial Management and Law Department, working with the City's financial advisors and outside legal counsel, have developed a strategy to address this problem. This proposed plan provides for the formation of a Joint Powers Authority (Long Beach Bond Finance Authority) between the City and the Redevelopment Agency. The Authority will issue two new series of assessment revenue bonds in an amount sufficient to call and redeem all current outstanding bonds of the assessment district and to capitalize the outstanding delinquencies.

HONORABLE MAYOR AND CITY COUNCIL

June 24, 1997

Page 2

Series A of the proposed new bonds in the approximate amount of \$5 million will be purchased by Stone and Youngberg, the City's underwriters, and re-offered to the public. These bonds represent the remaining principal of the non-delinquent parcels in the assessment district. Approximately \$7.5 million of Series B Bonds will also be issued. These bonds represent the non-performing delinquent parcels, plus cumulative outstanding delinquent assessments, penalties and interest. The Series B Bonds will be purchased by the City as an investment at an approximate discounted cost of \$5.5 million. Both the Series A Bonds and the Series B Bonds will be secured from the cash flow generated by the current remaining assessments and prior delinquencies and penalties. The City will continue to aggressively pursue collection of delinquencies, up to and including foreclosure and tax sale. This plan will provide the flexibility and time required to work out the assessment district delinquencies.

This matter has been reviewed by Principal Deputy City Attorney Heather Mahood.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

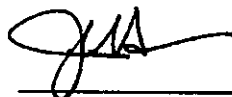
- (1) Adopt a resolution authorizing formation of a Joint Exercise of Powers Authority with the Redevelopment Agency of the City of Long Beach;
- (2) Adopt a resolution amending Resolution No. C-25065, providing for purchase of earthquake repair assessment bonds, and approving sale and purchase of Long Beach Bond Finance Authority Revenue Bonds; and
- (3) Adopt a resolution amending and restating Resolution No. C-25065, providing for the issuance of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds.

Respectfully submitted,

  
Robert S. Torrez  
Director of Financial Management

RST:RGH:pb

APPROVED:



JAMES C. HANKLA  
CITY MANAGER

RESOLUTION NO. C- 26196

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH AUTHORIZING FORMATION OF A  
JOINT EXERCISE OF POWERS AUTHORITY WITH THE  
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

WHEREAS, the City of Long Beach (the "City") is  
considering proceedings for the refinancing of its City of Long  
Beach Earthquake Repair Assessment District No. 90-3 Limited  
Obligation Improvement Bonds, and in connection with such  
proceedings the City desires to form a joint exercise of powers  
authority with the Redevelopment Agency of the City of Long Beach  
(the "Agency") pursuant to Article 1 (commencing with Section 6500)  
of Chapter 5 of Division 7 of Title 1 of the California Government  
Code to exercise the powers of the Agency and the City and to  
establish a vehicle to assist the City in connection with the  
refinancing; and

WHEREAS, a form of joint exercise of powers agreement  
between the Agency and the City creating the Long Beach Bond  
Finance Authority (the "Joint Powers Agreement"), has been filed  
with the City Clerk, and the members of this City Council now  
desire to approve said agreement and authorize its execution in  
order to complete the refinancing.

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

Section 1. Formation of Joint Powers Authority. The  
City Council hereby authorizes the officers and staff members of

John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
(562) 570-2200

John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
(562) 570-2200

1 the City to assist in the organization of a joint exercise of  
2 powers authority by the City and the Agency, to be known as the  
3 "Long Beach Bond Finance Authority." The City Council hereby  
4 approves and authorizes the City Manager to execute and deliver and  
5 the City Clerk to attest the Joint Powers Agreement forming said  
6 joint exercise of powers authority, in the form on file with the  
7 City Clerk together with any changes therein deemed advisable by  
8 the City Attorney, the approval of such changes to be conclusively  
9 evidenced by the execution and delivery by the City of the Joint  
10 Powers Agreement.

11           Sec. 2. Investment in Authority Bonds. The City  
12 Treasurer is hereby authorized to purchase bonds issued by the Long  
13 Beach Bond Finance Authority as an investment for any special fund  
14 administered by the City Treasurer for which such bonds otherwise  
15 represent a lawful investment.

16           Sec. 3. Official Action. The Mayor, City Manager, City  
17 Clerk and all other officers of the City are hereby authorized and  
18 directed to take all actions and do all things necessary or  
19 desirable hereunder with respect to the formation of said joint  
20 exercise of powers authority, including but not limited to the  
21 execution and delivery of any and all agreements, certificates,  
22 instruments and other documents which they, or any of them, may  
23 deem necessary or desirable and not inconsistent with the purposes  
24 of this Resolution.

25           Sec. 4. Effective Date. This resolution shall take  
26 effect immediately upon its adoption by the City Council, and the  
27 City Clerk shall certify to the vote adopting this resolution.

28           I hereby certify that the foregoing resolution was

1 adopted by the City Council of the City of Long Beach at its  
2 meeting of June 24, 1997, by the following vote:

3 Ayes: Councilmembers: Oropeza, Lowenthal, Drummond,  
4 Roosevelt, Robbins, Donelon,  
5 Shultz, Topsy-Elvord.

6 Noes: Councilmembers: None.

7  
8 Absent: Councilmembers Kellogg.

9  
10  
11   
12 City Clerk

13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4684  
(562) 570-2200

27 PJT:HAM:vmh  
6/3/97  
28 c:\wpwin61\docs\cc-reso\90-3.1

1 RESOLUTION NO.

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH APPROVING THE ISSUANCE OF  
5 REFUNDING BONDS OF THE LONG BEACH BOND  
6 FINANCE AUTHORITY AND APPROVING RELATED  
7 AGREEMENTS AND ACTIONS  
8

9 WHEREAS, the Long Beach Bond Finance Authority (the "Authority") has  
10 heretofore issued its Long Beach Bond Finance Authority 1997 Limited Obligation  
11 Revenue Bonds, Series A (Assessment District No. 90-3 Refinancing) (the "Prior Series  
12 A Bonds") and its Long Beach Bond Finance Authority 1997 Limited Obligation  
13 Subordinate Revenue Bonds, Series B (Assessment District No. 90-3 Refinancing) (the  
14 "Prior Series B Bonds" and, collectively with the Prior Series A Bonds, the "Prior  
15 Bonds"), the proceeds of which Prior Bonds were used to purchase the City of Long  
16 Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation  
17 Improvement Bonds (the "Assessment Bonds"); and

18 WHEREAS, in 1997, the City of Long Beach (the "City") purchased the  
19 Prior Series B Bonds from the Authority, to facilitate the refinancing of the Assessment  
20 Bonds and the workout of defaulted assessments; and

21 WHEREAS, City staff has determined that it is in the best financial  
22 interests of the City and the Authority that the Authority refinance the Prior Bonds at this  
23 time; and

24 WHEREAS, in order to refinance the Prior Bonds on advantageous terms  
25 and conditions, the Authority proposes to issue two series of its limited obligation  
26 revenue refunding bonds in the maximum aggregate initial principal amount of  
27 \$5,600,000 (the "Bonds") under Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5  
28 of the California Government Code (the "Refunding Law"), and to use the proceeds

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 thereof to refund and defease the Prior Bonds; and

2 WHEREAS, the City Council wishes at this time to approve the issuance  
3 of the Bonds by the Authority and the purchase of the Series B Bonds (as defined  
4 below) by the City, and to approve the execution and delivery by the City of certain  
5 agreements and documents relating thereto;

6 NOW, THEREFORE, the City Council of the City of Long Beach resolves  
7 as follows:

8 Section 1. ISSUANCE OF BONDS. The City Council hereby approves  
9 the issuance of the Bonds by the Authority, in the maximum initial principal amount of  
10 \$5,600,000, comprised of the Long Beach Bond Finance Authority 2005 Limited  
11 Obligation Revenue Refunding Bonds, Series A (Assessment District No. 90-3) (the  
12 "Series A Bonds"), and the Long Beach Bond Finance Authority 2005 Limited  
13 Obligation Subordinate Revenue Refunding Bonds, Series B (Assessment District No.  
14 90-3) (the "Series B Bonds"), under the Refunding Law and an Indenture of Trust dated  
15 as of June 1, 2005 (the "Indenture") by and between the Authority and The Bank of  
16 New York Trust Company, N.A., as trustee (the "Trustee") in the form on file with the  
17 City Attorney, together with any changes therein or additions thereto approved by the  
18 City Attorney, and the execution thereof by the Authority shall be conclusive evidence of  
19 the approval of any such changes or additions.

20 Sec. 2. ASSIGNMENT OF ASSESSMENT BONDS. The City Council  
21 hereby authorizes and approves the assignment of the Assessment Bonds from the  
22 trustee for the Prior Bonds (the "Prior Trustee") to the Trustee pursuant to and in  
23 accordance with the provisions of the Assignment Agreement by and among the City,  
24 the Authority, the Prior Trustee and the Trustee (the "Assignment Agreement"). The  
25 City Council hereby approves the Assignment Agreement in the form on file with the  
26 City Attorney, and hereby authorizes and directs the Director of Financial Management  
27 to execute the Assignment Agreement for and in the name of the City in such form,  
28 together with any changes therein or additions thereto approved by the City Attorney,

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 and the execution thereof by the Director of Financial Management shall be conclusive  
2 evidence of the approval of any such changes or additions. .

3           Sec. 3.        **SALE OF BONDS.** The City Council hereby approves the  
4 sale of the Series A Bonds by negotiation with Stone & Youngberg LLC (the  
5 "Underwriter"). The Series A Bonds shall be sold pursuant to a Bond Purchase  
6 Agreement (the "Bond Purchase Agreement") by and among the Authority, the City and  
7 the Underwriter in the form on file with the City Attorney, together with any changes  
8 therein or additions thereto approved by the City Attorney, and the execution thereof by  
9 the Director of Financial Management shall be conclusive evidence of his approval of  
10 any such additions and changes. The Bond Purchase Agreement shall be executed in  
11 the name and on behalf of the City by the Director of Financial Management upon  
12 submission of a proposal by the Underwriter to purchase the Series A Bonds; provided,  
13 however, that such proposal is acceptable to the Director of Financial Management and  
14 is consistent with the requirements of this Resolution. The amount of Underwriter's  
15 discount shall be not more than three percent (3.0%) of the par amount of the Series A  
16 Bonds and the true interest cost of the Series A Bonds shall not exceed nine percent  
17 (9.0%) per annum.

18           The City Council hereby approves the purchase of the Series B Bonds by  
19 the City for a purchase price of not more than par but not less than the amount needed,  
20 together with the proceeds of the Series A Bonds, to refinance in full the Prior Bonds,  
21 with the purchase price to otherwise be determined by the City Treasurer following  
22 consultation with the Underwriter and consultation with the Executive Director of the  
23 Authority. The Series B Bonds shall be issued as zero coupon compound interest  
24 bonds and shall mature as set forth in the Indenture. The City Council hereby waives  
25 any and all applicable provisions of the City's investment policy as necessary to allow  
26 for (a) any use of City general funds to effect an investment in the Prior Series B Bonds  
27 on or before the date the Prior Series B Bonds are to be redeemed with proceeds of the  
28 Bonds, and (b) the purchase by the City of the Series B Bonds in accordance with this



Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 Resolution and the documents herein approved.

2                   Sec. 4.       OFFICIAL STATEMENT. The City Council hereby  
3 approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the  
4 Securities Exchange Act of 1934, the preliminary Official Statement describing the  
5 Series A Bonds (the "Preliminary Official Statement") in the form on file with the City  
6 Attorney. The Director of Financial Management is hereby authorized to execute an  
7 appropriate certificate stating the City's determination that the Preliminary Official  
8 Statement has been deemed nearly final within the meaning of such Rule. Distribution  
9 of the Preliminary Official Statement in connection with the sale of the Series A Bonds  
10 is hereby approved. The Director of Financial Management is hereby authorized and  
11 directed to approve any changes in or additions to a final form of said Official  
12 Statement, and the execution thereof by the Director of Financial Management shall be  
13 conclusive evidence of his approval of any such changes and additions. The City  
14 Council hereby authorizes the distribution of the final Official Statement by the  
15 purchaser of the Series A Bonds. The final Official Statement shall be executed in the  
16 name and on behalf of the City by the Director of Financial Management.

17                   Sec. 5.       OFFICIAL ACTIONS. The Mayor, the City Manager, the  
18 Director of Financial Management, the City Treasurer, the City Clerk, the City Attorney  
19 and any and all other officers of the City are hereby authorized and directed, for and in  
20 the name and on behalf of the City, to do any and all things and take any and all  
21 actions, including execution and delivery of any and all assignments, certificates  
22 (including the Continuing Disclosure Certificate referenced in the Official Statement),  
23 requisitions, agreements, notices, consents, instruments of conveyance, warrants and  
24 other documents (including a Continuing Disclosure Certificate referenced in the Official  
25 Statement, and an agreement with the Authority for the purchase of the Series B  
26 Bonds), which they, or any of them, may deem necessary or advisable in order to  
27 consummate the issuance and sale of the Bonds and the refunding of the Prior Bonds,  
28 and any of the other transactions contemplated by the documents approved pursuant to

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 this Resolution. Whenever in this Resolution any officer of the City is authorized to  
2 execute or countersign any document or take any action, such execution,  
3 countersigning or action may be taken on behalf of such officer by any person  
4 designated by such officer to act on his or her behalf in the case such officer shall be  
5 absent or unavailable.

6 Sec. 6. This resolution shall take effect immediately upon its  
7 adoption by the City Council, and the City Clerk shall certify the vote adopting this  
8 resolution.

9 I hereby certify that the foregoing resolution was adopted by the City  
10 Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2005, by  
11 the following vote:

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

13 \_\_\_\_\_  
14 \_\_\_\_\_  
15 \_\_\_\_\_  
16 Noes: Councilmembers: \_\_\_\_\_

17 \_\_\_\_\_  
18 Absent: Councilmembers: \_\_\_\_\_

19 \_\_\_\_\_  
20 \_\_\_\_\_  
21 \_\_\_\_\_  
22 City Clerk  
23  
24  
25

26 HAM:fl  
27 6/2/05  
28 L:\APPS\CityLaw32\WPDOCS\D002\IP004\00074988.WPD  
#05-02462