

CITY OF LONG BEACH

R-44

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

June 19, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached resolution authorizing issuance of special tax bonds for Improvement Area A of City of Long Beach Community Facilities District (CFD) No. 2007-1 (Douglas Park – Commercial Area), approving related documents and actions; authorize City Manager or designee to execute all related bond documents; and authorize City Manager or designee to enter into an agreement with NBS, Inc., for district administrative services not to exceed \$7,200 with annual consumer price index (CPI) adjustments. (District 5)

DISCUSSION

On February 20, 2007, the City Council adopted resolution RES-07-0020 forming the CFD with two improvement areas, relating to City of Long Beach Community Facilities District No. 2007-1 (Douglas Park – Commercial Area) (the “CFD”), RES-07-0021 determining the necessity to incur indebtedness for Improvement Area A of the CFD in the maximum amount of \$16,000,000 and for Improvement Area B of the CFD in the maximum amount of \$13,500,000. The City Council also adopted RES-07-0022 calling for an election by landowners in the CFD regarding the levy of special taxes, the bonded indebtedness and appropriations limit for each of the two Improvement Areas of the CFD, the conduct and canvass of the election, and the first reading of Ordinance No. ORD-07-0009 levying special taxes in the Improvement Areas of the CFD. The second reading and adoption of Ordinance No. ORD-07-0009 subsequently occurred at the March 6, 2007 City Council meeting.

The Improvement Areas of the CFD are authorized to finance various public infrastructure improvements in the Douglas Park area of the City, to pay for the facilities, the debt service on bonds to be issued by the City for the Improvement Areas and for certain municipal services, such as roadway maintenance for the streets in the Douglas Park area. The special tax may be levied annually, in a maximum amount of \$15,047.00 per acre for facilities, administration and bond debt service, and \$1,516.50 for authorized services, in each case for fiscal year 2007-2008, and subject to annual

escalation as provided in the previously-approved Rates and Method of Apportionment of Special Taxes for the Improvement Areas.

The affected property owners have requested the City to issue \$16,000,000 of special tax bonds for CFD Improvement Area A to finance costs to construct public infrastructure, and pursuant to a Fiscal Agent Agreement to be entered into by the City and The Bank of New York Trust Company, N.A., as fiscal agent for the bonds. The Fiscal Agent Agreement provides that the bonds are to be payable solely from the special tax levies on property in CFD Improvement Area A and from amounts in certain funds established under the Fiscal Agent Agreement. The bonds are considered conduit debt of the City, meaning they are non-recourse and therefore not general obligations of the City.

The bonds are expected to be offered for sale in early July. The previously approved CFD Acquisition Agreement between the City and Boeing Realty Corporation provides the terms under which bond proceeds can be used to finance authorized facilities.

An appraisal of the CFD Improvement Area A property to be subject to the special tax levy was conducted by Stephen G. White, MAI, an independent appraiser engaged by the City. The appraiser determined that, as of April 24, 2007, the market value of the land and improvements (then in existence) in CFD Improvement Area A was \$88,370,000. The appraisal took into account a market demand study for the Improvement Area, dated March 7, 2007, conducted by Empire Economics, Inc., an independent market absorption consultant engaged by the City.

Attached is the NBS, Inc., agreement for ongoing district administrative services for the 2007-1 Douglas Park Community Facilities District. The annual amount shall not exceed \$7,200 for the first year with CPI adjustments thereafter.

This matter was reviewed by Assistant City Attorney Heather A. Mahood on June 11, 2007 and Budget and Performance Management Bureau Manager David Wodynski on June 8, 2007.

TIMING CONSIDERATIONS

City Council action on this item is requested on June 19, 2007, to support the funding of CFD Improvement Area A and the continuation of infrastructure development in Douglas Park.

FISCAL IMPACT

There is no fiscal impact to the City associated with the requested action. All bond proceeds and revenue from CFD Improvement Area A will be collected, and expended

from, CFD trust accounts. All expenses related to the bonds to be issued and the administration of CFD Improvement Area A will be paid from annual special tax levies on land in the Improvement Area.

A special tax will also be levied to pay for specified municipal services. This portion of the levy will eventually provide \$175,000 in annual funds, for certain maintenance services. All proceeds from the special tax levy for services will be deposited in the CFD trust account, and then transferred as payment for services to the appropriate City fund. CFD Improvement Area A will also provide for reimbursement of up to \$30,000 for annual CFD administrative services provided by the City, with annual CPI adjustments, and administrative consultant services.

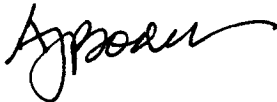
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

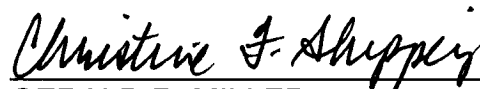


for PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

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ATTACHMENT

APPROVED:



for GERALD R. MILLER
CITY MANAGER

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH AUTHORIZING THE ISSUANCE OF
5 SPECIAL TAX BONDS FOR IMPROVEMENT AREA A OF
6 THE CITY OF LONG BEACH COMMUNITY FACILITIES
7 DISTRICT NO. 2007-1 (DOUGLAS PARK – COMMERCIAL
8 AREA), AND APPROVING OTHER RELATED DOCUMENTS
9 AND ACTIONS
10

11 WHEREAS, this City Council has conducted proceedings under and
12 pursuant to the provisions of the Long Beach Special Tax Financing Improvement Law,
13 Long Beach Municipal Code Section 3.52.511 et seq. (the "Law"), to form Improvement
14 Area A of the City of Long Beach Community Facilities District No. 2007-1 (Douglas Park
15 – Commercial Area) (the "Improvement Area"), to authorize the levy of special taxes upon
16 the land within the Improvement Area, and to issue bonds secured by the special taxes
17 the proceeds of which are to be used to finance certain public improvements (the
18 "Facilities"); and

19 WHEREAS, on February 20, 2007 an election was held within the
20 Improvement Area and the then qualified electors approved the propositions of the
21 incurrence of the bonded debt by the City of Long Beach (the "City") for the Improvement
22 Area, the establishment of an appropriations limit for the Improvement Area and the levy
23 of special taxes in the Improvement Area by more than two-thirds of the votes cast at
24 said special election; and

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

1 and

2 WHEREAS, on December 21, 1999, this City Council adopted Resolution
3 No. C-27626 approving Local Goals and Policies for Community Facilities Districts
4 Related to Commercial Development (the "Goals and Policies"); and

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

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

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

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

23 In connection with the authorization, sale and issuance of the Series 2007-
24 A Bonds, the City Council hereby makes the following determinations: (a) pursuant to the
25 Goals and Policies, (i) the appraisal, dated April 27, 2007 of Stephen G. White, MAI, of
26 the land in the Improvement Area has been prepared in a manner consistent with the
27 Goals and Policies and satisfactory land value to lien ratios exist, (ii) the rate and method
28 of apportionment of special taxes for the Improvement Area is in compliance with the

1 Goals and Policies, and (iii) the structure of the proposed financing is consistent with the
2 applicable sections of the Goals and Policies; (b) the proposed financing satisfies the
3 requirements of a minimum 3:1 value to lien ratio required by the Goals and Policies; and
4 (c) the sale of the Series 2007-A Bonds at a negotiated sale as contemplated by the
5 Purchase Contract (defined below) will result in a lower overall cost.

6 Section 2. The fiscal agent agreement (the "Fiscal Agent Agreement")
7 with respect to the Bonds, in the form on file in the City Attorney's office, is hereby
8 approved. The City Manager, Director of Financial Management or City Treasurer (each
9 being a "Designated Officer" and, collectively, the "Designated Officers"), each acting
10 alone, are hereby authorized to execute and deliver the Fiscal Agent Agreement in said
11 form, together with such additions thereto or changes therein as are approved by the
12 Designated Officer executing such document upon consultation with the City Attorney
13 and Bond Counsel, including such additions or changes as are necessary or advisable in
14 accordance with Section 8 hereof, the approval of such additions or changes to be
15 conclusively evidenced by the execution and delivery of the Fiscal Agent Agreement by a
16 Designated Officer. The date, manner of payment, interest rate or rates, interest
17 payment dates, denominations, form, registration privileges, manner of execution, place
18 of payment, terms of redemption and other terms of the Series 2007-A Bonds shall be as
19 provided in the Fiscal Agent Agreement as finally executed.

20 Section 3. The bond purchase agreement for the Series 2007-A Bonds
21 (the "Purchase Contract") between the City and Merrill Lynch, Pierce, Fenner & Smith
22 Incorporated (the "Underwriter"), in the form on file in the City Attorney's office, is hereby
23 approved. The Designated Officers, each acting alone, are hereby authorized to accept
24 the offer of the Underwriter to purchase the Series 2007-A Bonds contained in the
25 Purchase Contract (provided that the aggregate principal amount of the Series 2007-A
26 Bonds sold thereby is not in excess of \$16,000,000, the net interest cost of the Series
27 2007-A Bonds is not in excess of 6.00%, and the underwriters' discount is not in excess
28 of 2.00% of the aggregate principal amount of the Series 2007-A Bonds), and to execute

1 and deliver the Purchase Contract in said form, with such additions thereto or changes
2 therein as are recommended or approved by the Designated Officer executing such
3 document upon consultation with the City Attorney and Bond Counsel, the approval of
4 such additions or changes to be conclusively evidenced by the execution and delivery of
5 the Purchase Contract by a Designated Officer.

6 Section 4. The official statement relating to the Series 2007-A Bonds (the
7 "Official Statement"), in the form on file in the City Attorney's office, is hereby approved.
8 The Designated Officers each acting alone, are hereby authorized to execute the Official
9 Statement in said form, with such additions thereto or changes therein as are
10 recommended or approved by the Designated Officer executing such document upon
11 consultation with the City Attorney and Bond Counsel, the approval of such additions or
12 changes to be conclusively evidenced by the execution and delivery of said Official
13 Statement by a Designated Officer. The Underwriter is hereby authorized to distribute
14 copies of the Official Statement to persons who may be interested in the purchase of the
15 Series 2007-A Bonds and is directed to deliver such copies to all actual purchasers of the
16 Series 2007-A Bonds. Distribution of a preliminary official statement relating to the
17 Series 2007-A Bonds is hereby approved and authorized.

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

23 Section 5. The Series 2007-A Bonds, when executed by a Designated
24 Officer, each of which are hereby authorized to so execute the Series 2007-A Bonds,
25 shall be delivered to the Fiscal Agent for authentication. The Fiscal Agent is hereby
26 requested and directed to authenticate the Series 2007-A Bonds by executing the Fiscal
27 Agent's certificate of authentication and registration appearing thereon, and to deliver the
28 Series 2007-A Bonds, when duly executed and authenticated, to the Underwriter in

1 accordance with written instructions executed on behalf of the City by the Director of
2 Financial Management or the City Treasurer, which instructions each such officer is
3 hereby authorized to execute and deliver to the Fiscal Agent. Such instructions shall
4 provide for the delivery of the Series 2007-A Bonds to the Underwriter upon payment of
5 the purchase price therefore as specified in the Purchase Contract.

6 Section 6. The Continuing Disclosure Agreement of the City and the
7 Acquisition Agreement, in the respective forms on file in the City Attorney's office, are
8 hereby approved. The Designated Officers, each acting alone, are hereby authorized to
9 execute and deliver the Continuing Disclosure Agreement of the City and the Acquisition
10 Agreement in said forms, with such additions thereto or changes therein as are deemed
11 necessary, desirable or appropriate by the Designated Officer executing such documents
12 upon consultation with the City Attorney and Bond Counsel, the approval of such
13 changes to be conclusively evidenced by the execution and delivery by a Designated
14 Officer of the Continuing Disclosure Agreement of the City and the Acquisition
15 Agreement.

16 Section 7. The City hereby covenants, for the benefit of the Bondowners,
17 to commence and diligently pursue to completion any foreclosure action regarding
18 delinquent installments of any amount levied as a special tax for the payment of interest
19 or principal of the Bonds, said foreclosure action to be commenced and pursued as more
20 completely set forth in the Fiscal Agent Agreement.

21 Section 8. The firm of NBS Government Finance Group ("NBS") is
22 hereby designated as administrator for the Improvement Area. The City Manager or his
23 designee is hereby authorized and directed to execute an agreement with NBS for its
24 services in connection with the Improvement Area, in the form on file with the City
25 Treasurer.

26 Section 9. All actions heretofore taken by the officers and agents of the
27 City with respect to the establishment of the Improvement Area and the sale and
28 issuance of the Series 2007-A Bonds are hereby approved, confirmed and ratified, and

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

1 the proper officers of the City, including the Designated Officers, are hereby authorized
2 and directed to do any and all things and take any and all actions and execute any and all
3 certificates, agreements and other documents, which they, or any of them, may deem
4 necessary or advisable in order to consummate the lawful issuance and delivery of the
5 Series 2007-A Bonds in accordance with this Resolution and the Fiscal Agent
6 Agreement, and any certificate, agreement, and other document described in the
7 documents herein approved.

8 Section 10. This Resolution shall take effect upon its adoption by the City
9 Council, and the City Clerk shall certify the vote adopting this resolution.

10 I hereby certify that the foregoing resolution was adopted by the City
11 Council of the City of Long Beach at its meeting of _____, 2007, by the
12 following vote:

13	Ayes:	Councilmembers:	_____
14			_____
15			_____
16			_____
17	Noes:	Councilmembers:	_____
18			_____
19	Absent:	Councilmembers:	_____
20			_____
21			_____

22 _____

City Clerk

27 HAM:fl
28 4/17/07; rev. 5/23/07; rev. 6/11/07
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