

# CITY OF LONG BEACH

# R-23

DEPARTMENT OF FINANCIAL MANAGEMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

February 19, 2008

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Adopt attached Resolution of Consideration to Alter the Facilities Authorized to be financed by Community Facilities District No. 5 (Long Beach Towne Center), and set date of public hearing for March 4, 2008. (District 5)

## DISCUSSION

The Long Beach Municipal Code, Division V, Chapter 3.52, contains the Long Beach Special Tax Financing Improvement Law, which governs the formation by the City Council of community facilities districts. The Special Tax Financing Improvement Law, which is broader than the State's Mello Roos Law, provides a mechanism to form community facilities districts and to finance public capital facilities and services. Once formed, a community facilities district can finance facilities and provide services through payment of a special tax levied against the owners of land in the community facilities district. These special taxes are then used to make bond payments.

In 1999, under the provisions of the 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, and 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 to finance public improvements required for the development of the shopping center.

Due to interest rates in the current public debt market, City Staff have determined that the City can issue bonds for CFD 5 (the "Refunding Bonds") to refund the outstanding bonds issued in 2000, as well as to provide funds to finance additional public improvements, without an increase in the annual debt service on the bonded indebtedness of the City for CFD 5 paid by means of special taxes levied on property in the CFD 5.

HONORABLE MAYOR AND CITY COUNCIL

February 19, 2008

Page 2

City Staff, working with representatives of the current lessee of the shopping center site, CREA/PPC Long Beach Towne Center PO, LLC, have negotiated that the savings that can be achieved by the issuance of refunding bonds be split 50-50 by the City (for use in funding certain public improvements identified by the Public Works Department), and by the lessee (in the form of a rent credit against rent paid by the lessee under the ground lease with the City), with the total net savings currently projected to be in excess of \$750,000. The final amount of the net savings is subject to market conditions in effect at the time the Refunding Bonds are issued.

Adoption of the attached Resolution (Exhibit A) will declare the City Council's intention to authorize CFD 5 to finance additional public improvements, and will set a public hearing on the proposed additional facilities for March 4, 2008 at 5:00 p.m. or as soon thereafter as the matter may be heard. The Resolution describes the proposed additional facilities, provides for a public hearing on the proposed additional facilities at the City Council meeting on March 4, 2008 and designates the law firm of Quint & Thimmig LLP as bond counsel and disclosure counsel, the firm of UBS Securities LLC, Inc. as underwriter, the firm of NBS Government Finance Group as special tax consultant, and the firm of Gardner, Underwood & Bacon LLC as financial advisor to the City for the proposed issuance of refunding bonds for CFD 5, and authorizes the City Attorney and the City Manager or designee, as applicable, to enter into agreements with said firms for their services related to CFD 5.

Immediately following the public hearing called for by the Resolution on March 4, 2008, it is expected that an election will be called, at which the lessee of the property in CFD 5 will vote to approve the funding of the additional facilities. The results of this election would then be announced at the March 4, 2008 City Council meeting. It is also expected that, following the election, the City Council will consider a resolution authorizing the issuance of the Refunding Bonds and related documents, with a bond sale to then occur in the middle of March 2008.

This item was reviewed by Assistant City Attorney Heather A. Mahood on January 28, 2008 and Budget Management Officer Victoria Bell on January 29, 2008.

TIMING CONSIDERATIONS

City Council action on this item is requested on February 19, 2008, so that the Refunding Bonds can be issued by the City for CFD 5 in March of 2008.

FISCAL IMPACT


There is no fiscal impact to the City associated with the requested action. However, if the additional facilities for CFD 5 are approved at the March 4, 2008 City Council meeting and the Refunding Bonds are approved and issued, the City is expected to receive at least \$375,000. The FY 08 Adopted Budget assumes these funds will be used to support a one-time capital project.

HONORABLE MAYOR AND CITY COUNCIL  
February 19, 2008  
Page 3

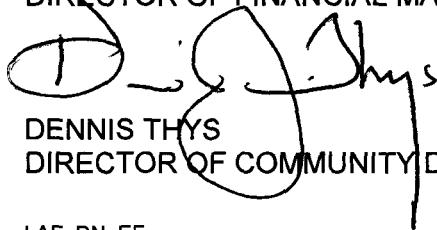
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO



DENNIS THYS  
DIRECTOR OF COMMUNITY DEVELOPMENT

LAF: DN: EF  
T:\Council Letters\Council Letter-CFD 5 Towne Center-1.doc

Attachment

APPROVED:



PATRICK H. WEST  
CITY MANAGER

1 RESOLUTION NO.

2  
3 A RESOLUTION OF THE CITY COUNCIL OF THE  
4 CITY OF LONG BEACH OF CONSIDERATION TO ALTER  
5 THE FACILITIES AUTHORIZED TO BE FINANCED BY  
6 COMMUNITY FACILITIES DISTRICT NO. 5 (LONG BEACH  
7 TOWNE CENTER)

8  
9 WHEREAS, on September 28, 1999, this City Council adopted Resolution  
10 No. C-27586 (the "Resolution of Intention") declaring its intention to establish Community  
11 Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach (the  
12 "District") pursuant to the Long Beach Special Tax Financing Improvement Law,  
13 constituting Section 3.52.511 et seq. of the Long Beach Municipal Code (the "Law"), for  
14 the purpose of financing the acquisition and construction of certain public improvements,  
15 as further provided in said Resolution; and

16 WHEREAS, on May 4, 2000, the City of Long Beach (the "City") issued  
17 \$15,385,000 principal amount of 2000 Special Tax Bonds (the "2000 Bonds") for the  
18 District to provide financing for the public improvements authorized to be funded by the  
19 District; and

20 WHEREAS, due to interest rates in the current public debt market, the City  
21 can issue bonds for the District (the "Refunding Bonds") to refund the outstanding 2000  
22 Bonds, as well as to provide funds to finance additional public improvements, without an  
23 increase in the annual debt service on bonded indebtedness of the City for the District  
24 paid by means of special taxes levied in the District; and

25 WHEREAS, in anticipation of the possible issuance of the Refunding  
26 Bonds, the City now desires that the District be authorized to finance additional public  
27 improvements not described in the Resolution of Intention, as further provided below; and

28 WHEREAS, in order to authorize the District to finance such additional

1 public improvements, it is necessary to alter the description of the facilities authorized to  
2 be financed by the District, and the City Council desires to commence proceedings to so  
3 alter the description of the facilities authorized to be financed by the District.

4

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

7 Section 1. The City Council hereby finds and determines that public  
8 convenience and necessity require that the description of the public facilities authorized  
9 to be financed by the District be altered.

10 Section 2. The name of the District is "Community Facilities District No. 5  
11 (Long Beach Towne Center) of the City of Long Beach," and the territory included in the  
12 District is as shown on the boundary map of the District recorded on September 30,  
13 1999, in Book 186 of Maps of Assessment and Community Facilities Districts at Pages 6  
14 and 7 (instrument number 99-1872729), in the Office of the County Recorder for the  
15 County of Los Angeles, State of California.

16 Section 3. It is proposed that the public facilities authorized to be  
17 financed by the District be altered to include, in addition to those public improvements  
18 described in the Resolution of Intention, the public facilities described in Exhibit B  
19 attached hereto and by this reference incorporated herein, subject to the issuance by the  
20 City of bonds for the District to fully refund the 2000 Bonds.

21 Section 4. Tuesday, March 4, 2008, at 5:00 p.m., in the regular meeting  
22 place of this City Council, Council Chambers, City Hall, 333 West Ocean Boulevard, Long  
23 Beach, California, be, and the same are hereby appointed and fixed as the time and  
24 place when and where this City Council, as legislative body for the District, will conduct a  
25 public hearing on the proposed alteration of the public facilities authorized to be financed  
26 by the District and consider and finally determine whether the public interest,  
27 convenience and necessity require the alteration.

28 Section 5. The City Clerk is hereby directed to cause notice of said

1 public hearing to be given by publication one time in a newspaper of general circulation  
2 circulated within the District. The publication of said notice shall be completed at least  
3 seven (7) days before the date herein set for said public hearing. Said notice shall  
4 substantially in the form of Exhibit A hereto.

5 Section 6. The law firm of Quint & Thimmig LLP is hereby designated as  
6 Bond Counsel to the City for the proceedings to alter the facilities eligible to be funded by  
7 the District and as Bond Counsel and Disclosure Counsel to the City for the Refunding  
8 Bonds. The City Attorney is hereby authorized to execute an agreement with said firm for  
9 its services related to the District, in a form acceptable to the City Attorney.

10 Section 7. The firms of Gardner, Underwood & Bacon LLC and the firm  
11 of UBS Securities LLC are hereby designated as financial advisor and underwriter,  
12 respectively, to the City for the Refunding Bonds.

13 Section 8. The firm of NBS Government Finance Group is hereby  
14 confirmed as Special Tax Consultant to the City for the District. The execution by the  
15 City Treasurer of an agreement with said firm for its services in connection with the  
16 District is hereby ratified and confirmed.

17 Section 9. This resolution shall take effect immediately upon its adoption  
18 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

19  
20 I hereby certify that the foregoing resolution was adopted by the City  
21 Council of the City of Long Beach at its meeting of \_\_\_\_\_, 2008 by the

22 ////  
23 ////  
24 ////  
25 ////  
26 ////  
27 ////  
28 ////

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

following vote:

Ayes: Councilmembers:

---

---

---

Noes: Councilmembers:

---

---

Absent: Councilmembers:

---

---

---

City Clerk

HAM:fl  
2/14/08  
#A08-00517

EXHIBIT A

NOTICE OF PUBLIC HEARING

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

Notice is hereby given that on February 12, 2008, the City Council of the City of Long Beach adopted a Resolution 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)." Pursuant to the Long Beach Special Tax Financing Improvement Law (the "Law"), the City Council of the City of Long Beach hereby gives notice as follows:

A. The text of said Resolution is as follows:

WHEREAS, on September 28, 1999, this City Council adopted Resolution No. C-27586 (the "Resolution of Intention") declaring its intention to establish Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach (the "District") pursuant to the Long Beach Special Tax Financing Improvement Law, constituting Section 3.52.511 et seq. of the Long Beach Municipal Code (the "Law"), for the purpose of financing the acquisition and construction of certain public improvements, as further provided in said Resolution; and

WHEREAS, on May 4, 2000, the City of Long Beach (the "City") issued \$15,385,000 principal amount of 2000 Special Tax Bonds (the "2000 Bonds") for the District to provide financing for the public improvements authorized to be funded by the District; and

WHEREAS, due to interest rates in the current public debt market, the City can issue bonds for the District (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 on bonded indebtedness of the City for the District paid by means of special taxes levied in the District; and

WHEREAS, in anticipation of the possible issuance of the Refunding Bonds, the City now desires that the District be authorized to finance additional public improvements not described in the Resolution of Intention, as further provided below; and

WHEREAS, in order to authorize the District to finance such additional public improvements, it is necessary to alter the description of the facilities authorized to be financed by the District, and the City Council desires to commence proceedings to so alter the description of the facilities authorized to be financed by the District.



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

Section 1. The City Council hereby finds and determines that public convenience and necessity require that the description of the public facilities authorized to be financed by the District be altered.

Sec. 2. The name of the District is "Community Facilities District No. 5 (Long Beach Towne Center) of the City of Long Beach," and the territory included in the District is as shown on the boundary map of the District recorded on September 30, 1999, in Book 186 of Maps of Assessment and Community Facilities Districts at Pages 6 and 7 (instrument number 99-1872729), in the Office of the County Recorder for the County of Los Angeles, State of California.

Sec. 3. It is proposed that the public facilities authorized to be financed by the District be altered to include, in addition to those public improvements described in the Resolution of Intention, the public facilities described in Exhibit B attached hereto and by this reference incorporated, subject to the issuance by the City of bonds for the District to fully refund the 2000 Bonds.

Sec. 4. Tuesday, March 4, 2008, at 5:00 p.m., in the regular meeting place of this City Council, Council Chambers, City Hall, 333 West Ocean Boulevard, Long Beach, California, be, and the same are hereby appointed and fixed as the time and place when and where this City Council, as legislative body for the District, will conduct a public hearing on the proposed alteration of the public facilities authorized to be financed by the District and consider and finally determine whether the public interest, convenience and necessity require the alteration.

Sec. 5. The City Clerk is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper of general circulation circulated within the District. The publication of said notice shall be completed at least seven (7) days before the date herein set for said public hearing. Said notice shall substantially in the form of Exhibit A hereto.

Sec. 6. The law firm of Quint & Thimmig LLP is hereby designated as Bond Counsel to the City for the proceedings to alter the facilities eligible to be funded by the District and as Bond Counsel and Disclosure Counsel to the City for the Refunding Bonds. The City Attorney is hereby authorized to execute an agreement with said firm for its services related to the District, in a form acceptable to the City Attorney.

Sec. 7. The firms of Gardner, Underwood & Bacon LLC and the firm of UBS Securities LLC are hereby designated as financial advisor and underwriter, respectively, to the City for the Refunding Bonds.

Sec. 8. The firm of NBS Government Finance Group is hereby confirmed as Special Tax Consultant to the City for the District. The execution by the City Treasurer



EXHIBIT B

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

ADDITIONAL FACILITIES PROPOSED TO BE 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.