



Legislation Text

File #: 08-0155, **Version:** 1

Recommendation to adopt 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 Tuesday, March 4, 2008 at 5:00 p.m. (District 5)

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.

City Staff, working with representatives of the current lessee of the shopping center site, CRENPPC 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.

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.

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.

Approve recommendation.

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)

Lori Ann Farrell
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TITLE

APPROVED:

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