



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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

November 13, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt attached Resolution of Intention to establish the City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore); Initiate proceedings to levy special taxes; Approve boundaries and rate and method of apportionment of special taxes; Establish voting procedure and set date of public hearing for December 11, 2007. (District 3)

DISCUSSION

In 1988, the City Council formed the City of Long Beach Community Facilities District No. 1 (Belmont Shore) (CFD 1) to provide a means to finance parking improvements in the Belmont Shore area of the City. CFD 1 was authorized to levy a special tax on commercial property located within CFD 1, and the revenues from that special tax, along with revenues derived from parking meters in the Belmont Shore area, have been used to finance various parking and related improvements, as well as to pay debt service on parking meter revenue bonds issued by the City in 1993. The Parking Commission has now identified an additional parking lot located at 189 Park Avenue that it would like the City to acquire and improve in the Belmont Shore area, and alley way improvements that need to be made to enhance parking in the area, and would like to raise funds to finance those improvements. The current CFD 1 does not have the clear authority to fund these new improvements. City Staff, working with various financial and legal consultants, have determined that the most efficient and economical way to provide funds for the new improvements is for the City to form a new community facilities district (CFD) under the authority of the City's Special Tax Financing Improvement Law, with boundaries and maximum tax rates the same as for CFD 1, for the purpose of financing the identified improvements, refinancing the 1993 bonds and allowing for possible future financing of additional parking improvements.

The refinancing of the 1993 bonds, which bear interest at a rate above current market rates, will allow for additional capacity to fund the improvements from special taxes levied in the new CFD and bonds to be issued for the new CFD. It is expected that the special taxes to be levied annually in the new CFD will be at the same rate as those currently levied in CFD 1 (12¢ per commercial square foot of land), and that parking meter revenues from the Belmont Shore area in the amount of \$200,000 per fiscal year also will be used to assist in the payment of bonds to be issued for the new CFD. Once the new CFD is established, the City will take action to terminate the current CFD 1, so the property in the new CFD will only be subject to a single special tax levy. The current maximum special tax rate for CFD 1 is 66¢ per square foot of commercial land and it is proposed that the new CFD have the same

maximum special tax rate; however, it is contemplated that the initial bonded debt of the new CFD will only require the same 12¢ per commercial square foot of commercial land annual rate (in addition to \$200,000 of annual parking meter revenues) to service the bonds to be issued to finance the new parking and related improvements and to refinance the 1993 bonds.

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. On December 21, 1999, the City Council adopted Local Goals and Policies for CFDs related to commercial development (attached as Exhibit A), including which law and goals and policies will apply to the formation of the CFD and any bonded indebtedness issued by the City for the CFD. 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 and to pay for any authorized municipal services. The new CFD will not be authorized to fund any services. A consecutive City Council letter and resolution discussing the intention to incur tax-exempt bonded indebtedness for the proposed CFD is being submitted on this date under separate cover.

Adoption of the attached Resolution (Exhibit B) will declare the City Council's intention to initiate the CFD formation proceedings and set a public hearing on the proposed CFD for December 11, 2007 at 5:00 p.m. The Resolution describes the proposed boundaries of the CFD, the proposed special taxes to be levied on property within those boundaries, indicates the intention of the City Council to issue bonds for the CFD payable from the special taxes, and provides for a public hearing on the proposed CFD at the City Council meeting on December 11, 2007. The Resolution also designates the law firm of Quint & Thimmig LLP as bond counsel and disclosure counsel, the firm of E.J. De La Rosa & Co., 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 CFD 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 the CFD. The exhibits to the Resolution describe the facilities that would be eligible to be funded by the CFD, and sets forth the rate and method of apportionment of special taxes that would be authorized to be levied on property in the CFD.

The boundary map for the proposed CFD (Exhibit C) shows the parcels to be included, which are the same parcels currently located in CFD 1.

Immediately following the public hearing called for by the Resolution on December 11, 2007, it is expected that an election will be called for March 3, 2008, at which the landowners in the proposed CFD will vote on the establishment of the CFD and the levy of the special tax. The results of this election would then be announced at the March 4, 2008 City Council meeting.

This item was reviewed by Assistant City Attorney Heather A. Mahood on October 31, 2007 and Budget Management Officer Victoria Bell on November 1, 2007.

TIMING CONSIDERATIONS

City Council action on this item is requested on November 13, 2007, to support the activities and formation of the CFD, so that the financing of the proposed parking improvements can occur in the late Spring of 2008.

FISCAL IMPACT

There is no fiscal impact to the City associated with the requested action. All bond proceeds and revenue from the CFD will be collected in, and expended from, CFD trust accounts. All expenses related to the formation of the CFD will either be paid from the proceeds of bonds issued for the CFD or from amounts currently available in the Belmont Shore Parking Revenue Fund.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

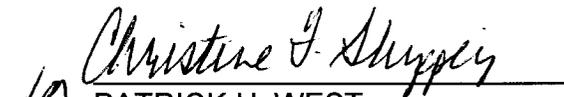


~~for~~ MICHAEL CONWAY
ACTING DIRECTOR OF COMMUNITY DEVELOPMENT

T:\COUNCIL LETTERS\COUNCIL LETTER - CFD 2007-2 FORMATION.DOC

ATTACHMENT

APPROVED:


PATRICK H. WEST
CITY MANAGER

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

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH DECLARING ITS INTENTION TO
ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO
AUTHORIZE THE LEVY OF SPECIAL TAXES THEREIN –
BELMONT SHORE AREA

WHEREAS, this City Council may commence proceedings for the
establishment of a community facilities district to finance various public improvements
and to eliminate liens on property under either the Mello-Roos Community Facilities Act
of 1982, as amended (the "Act") or under the Long Beach Special Tax Financing
Improvement Law, constituting Section 3.52.511 et seq. of the Long Beach Municipal
Code (the "Law"); and

WHEREAS, on August 2, 1988, this City Council adopted Resolution No. C-
24569 declaring and establishing the formation of the City of Long Beach Community
Facilities District No. 1 (Belmont Shore) ("CFD No. 1") pursuant to the Act in order to
finance various parking facilities in the Belmont Shore area of the City of Long Beach (the
"City"), and on December 22, 1988, a Notice of Special Tax Lien (the "Tax Lien Notice")
was recorded in the office of the County Recorder for the County of Los Angeles as
document number 88-2048579 imposing a lien on property in CFD No. 1 to secure the
payment of special taxes levied for CFD No. 1; and

WHEREAS, special taxes levied in CFD No. 1 may be used to make debt
service payments on the City of Long Beach 1993 Parking Meter Revenue Bonds (the
"1993 Bonds"), the proceeds of which 1993 Bonds were used to finance parking facilities
in the Belmont Shore area that were eligible to be funded by CFD No. 1; and

WHEREAS, Section 3.52.517 of the Law allows a community facilities
district established under the law to finance any facilities which the City is authorized by

1 law to construct, own or operate, such as parking facilities, and to repay or defease any
2 indebtedness secured by any tax levied within the area of a community facilities district;
3 and

4 WHEREAS, in order to finance additional parking and related facilities and
5 improvements in the Belmont Shore area of the City, and to repay the 1993 Bonds and
6 thereby allow for additional financing capacity not currently available from CFD No. 1, this
7 City Council now desires to establish a new community facilities district under the Law
8 (the "District") to have boundaries that are the same as those of CFD No. 1 and with
9 maximum special tax rates for the property to be included therein which are the same as
10 the maximum special tax rates currently in effect for CFD No. 1, and, following the
11 formation and voter approval (by the owners of more than two-thirds of the property to be
12 included in the District) of the District, to release the lien imposed by the Tax Lien Notice
13 and otherwise terminate CFD No. 1; and

14 WHEREAS, on December 21, 1999, this City Council adopted Resolution
15 No. C-27626 adopting local goals and policies for community facilities districts related to
16 commercial development (the "Goals and Policies"); and

17 WHEREAS, under the Law, this City Council is the legislative body for the
18 proposed District and is empowered with the authority to establish the District and levy
19 special taxes within the District; and

20 WHEREAS, this City Council now desires to proceed with the actions
21 necessary to consider the establishment of the District.

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

24 Section 1. This City Council proposes to begin the proceedings
25 necessary to establish the District pursuant to the Law. Formation of the District shall be
26 subject to the Goals and Policies, unless specifically waived by this City Council in its
27 proceedings to form the District.

28 Section 2. The name proposed for the District is "City of Long Beach

1 Community Facilities District No. 2007-2 (Belmont Shore).”

2 Section 3. The proposed boundaries of the District are as shown on the
3 map of the District on file with the City Clerk, which boundaries are hereby preliminarily
4 approved. The City Clerk is hereby directed to record, or cause to be recorded, the map
5 of the boundaries of the District in the office of the Los Angeles County Recorder as soon
6 as practicable after the adoption of this Resolution.

7 Section 4. The types of public facilities and improvements proposed to
8 be eligible for funding by the District and pursuant to the Law shall consist of those items
9 listed on Exhibit A hereto under the heading “Facilities” (the “Facilities”), which Exhibit is
10 by this reference incorporated herein. It is also proposed that the District be authorized
11 to repay and defease the 1993 Bonds currently outstanding, as also described in Exhibit
12 A, in order to eliminate the lien imposed by the Tax Lien Notice.

13 Section 5. Except to the extent that funds are otherwise available to the
14 District to pay costs of the Facilities, and to pay the principal and interest as it becomes
15 due on bonds of the District issued to pay costs of the Facilities and/or to repay and
16 defease the 1993 Bonds, a special tax sufficient to pay the costs thereof, secured by
17 recordation of a continuing lien against all non-exempt real property in the District, will be
18 levied annually within the District and collected in the same manner as ordinary ad
19 valorem property taxes or in such other manner as this City Council or its designee shall
20 determine, including direct billing of the affected property owners. The proposed rate and
21 method of apportionment of the special tax among the parcels of real property within the
22 District, in sufficient detail to allow each landowner within the proposed District to
23 estimate the maximum amount such owner will have to pay and which otherwise
24 complies with applicable provisions of the Law is described in Exhibit B attached hereto
25 which Exhibit is by this reference incorporated herein.

26 Section 6. It is the intention of this City Council, acting as the legislative
27 body for the District, to cause bonds of the City to be issued for the District pursuant to
28 the Law to finance costs of the Facilities and to repay and defease the 1993 Bonds. If so

1 issued, the bonds shall be in the aggregate principal amount of not to exceed
2 \$5,800,000, shall bear interest payable semi-annually or in such other manner as this
3 City Council shall determine, at a rate not to exceed the maximum rate of interest as may
4 be authorized by applicable law at the time of sale of such bonds, and shall mature not to
5 exceed 40 years from the date of the issuance thereof.

6 Section 7. The levy of said proposed special tax in the District shall be
7 subject to the approval of the qualified electors of the District at a special election. The
8 proposed voting procedure shall be by mailed or hand-delivered ballot among the
9 landowners in the proposed District, with each owner having one vote for each acre or
10 portion of an acre of land such owner owns in the District.

11 Section 8. Except as may otherwise be provided by law or the rate and
12 method of apportionment of the special tax for the District, all lands owned by any public
13 entity, including the United States, the State of California and/or the City, or any
14 departments or political subdivisions of any thereof, as of the date of formation of the
15 District, shall be omitted from the levy of the special tax to be made to cover the costs
16 and expenses of the Facilities and of the District, and to repay any bonds issued by the
17 City for the District. If any such entity subsequently acquires land in the District that is
18 subject to the levy of the special tax, the land shall continue to be subject to the special
19 tax as provided in Section 3.52.5113 of the Law.

20 Section 9. The Director of Financial Management of the City is hereby
21 directed to study the proposed Facilities and repayment and defeasance of the 1993
22 Bonds and to make, or cause to be made, and file with the City Clerk a report in writing,
23 presenting the following:

24 (a) A brief description of the Facilities proposed to be eligible to be
25 financed by the District and of the 1993 Bonds to be repaid and defeased by the District.

26 (b) An estimate of the cost of providing the Facilities and repaying and
27 defeasing the 1993 Bonds, including the costs of any proposed new bond financing and
28 any City administrative costs.

1 Said report shall be made a part of the record of the public hearing provided
2 for below.

3 Section 10. Tuesday, December 11, 2007, at 5:00 p.m. or as soon
4 thereafter as the matter may be heard, in the regular meeting place of this City Council,
5 City Council Chambers, City Hall, 333 West Ocean Boulevard, Long Beach, California,
6 be, and the same are hereby appointed and fixed as the time and place when and where
7 this City Council, as legislative body for the District, will conduct a public hearing on the
8 establishment of the District and consider and finally determine whether the public
9 interest, convenience and necessity require the formation of the District and the levy of
10 said special tax within the District.

11 Section 11. The City may accept advances of funds or work in-kind from
12 any owner of property in the District, and may use those funds or that work in-kind for
13 any authorized purpose of the District, as contemplated by Section 3.52.5110 of the Law.
14 The District may repay any funds so advanced or the value or cost of the work in-kind,
15 subject to the requirements of Section 3.52.5110, on such terms and under such
16 conditions as this City Council, acting as legislative body of the District, may establish.

17 Section 12. The law firm of Quint & Thimmig LLP is hereby designated as
18 Bond Counsel and Disclosure Counsel to the City for the District. The City Attorney is
19 hereby authorized to execute an agreement with said firm for its services related to the
20 District, in a form acceptable to the City Attorney.

21 Section 13. The firms of Gardner, Underwood & Bacon LLC and the firm
22 of E.J. De La Rosa & Co., Inc. are hereby designated as financial advisor and
23 underwriter, respectively, to the City for bonds to be issued for the District.

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

28 Section 15. The City Clerk is hereby directed to cause notice of the public

1 hearing described in Section 10 above to be given by publication one time in a
2 newspaper published in the area of the District. The publication of said notice shall be
3 completed at least seven days before the date herein set for said hearing. Said notice
4 shall be substantially in the form of Exhibit C hereto.

5 Section 16. This resolution shall take effect immediately upon its adoption
6 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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

10 Ayes: Councilmembers: _____
11 _____
12 _____
13 _____

14 Noes: Councilmembers: _____
15 _____

16 Absent: Councilmembers: _____
17 _____

18 _____
19 _____
20 _____
21 _____
22 _____
23 _____
24 _____
25 _____
26 _____
27 _____
28 _____
City Clerk

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

HAM:fl
10/26/07
#07-05237

EXHIBIT A

CITY OF LONG BEACH COMMUNITY FACILITIES DISTRICT NO. 2007-2 (BELMONT SHORE)

DESCRIPTION OF FACILITIES ELIGIBLE TO BE FUNDED BY THE DISTRICT AND OF PRIOR BONDS TO BE REPAID AND DEFEASED BY THE DISTRICT

FACILITIES

The District shall be eligible to finance all or a portion of the costs of the following:

- The acquisition of land and construction of a parking lot of approximately 5800 square feet at 189 Park Avenue in the City of Long Beach, including but not limited to asphalt paving, construction of fencing and walls, the installation of signage, and any related costs of land acquisition, demolition, grading, relocation of utilities, design, construction, landscaping, architectural treatments, lighting, meter and other related costs and appurtenances.

- The resurfacing of alleyways that provide access to parking lots adjacent to and behind commercial businesses within the area depicted on Attachment A to Ordinance No. C-6219 adopted by the City Council of the City of Long Beach (the "City") on December 17, 1985 (the "Belmont Shore Parking Meter Revenue Area"), including but not limited to the removal and replacement of the surface of the alleyways and related and appurtenant costs.

- The acquisition, construction and improvement of property to provide public parking spaces and related and appurtenant facilities and work, to make parking available to commercial properties within the Belmont Shore Parking Meter Revenue Area, including but not limited to surface parking lots, parking structures, ingress and egress areas (including adjacent alleyways) and other similar facilities, and including costs of land acquisition, demolition, grading, relocation of utilities, design, construction, landscaping, architectural treatments, signage, lighting, meter and other related costs and appurtenances.

PRIOR BONDS

The District shall be eligible to repay and defease the outstanding City of Long Beach 1993 Parking Meter Revenue Bonds.

OTHER

The District may also finance any of the following:

1. Bond related expenses, including underwriter's discount, appraisal and feasibility study costs, reserve fund, capitalized interest, financial advisor, special tax

consultant, bond counsel, disclosure counsel and underwriter's counsel fees and expenses, official statement printing, and all other incidental expenses.

2. Administrative fees of the City and the Bond trustee or fiscal agent related to the District and any bonds issued for the District.

3. Reimbursement of costs related to the formation of the District advanced by the City, or any other party, as well as reimbursement of any costs advanced by the City or any other party, for facilities or other purposes or costs of the District.

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE
CITY OF LONG BEACH
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(BELMONT SHORE)

An annual special tax shall be levied on all commercial property within the boundaries of the City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore) (the "District") and collected each FISCAL YEAR commencing in FISCAL YEAR 2007-2008 according to the tax liability determined through the application of this Rate and Method of Apportionment of Special Taxes to the extent and in the manner herein provided.

The special tax hereinafter described shall be apportioned exclusively on COMMERCIAL LAND within the boundaries of the District, and no special tax will be apportioned on any portion of property in the District in RESIDENTIAL USE. Said special tax shall be applicable each year to the extent available PLEDGED REVENUE is not sufficient to pay the principal and interest on any outstanding bonded indebtedness and/or to pay for facilities eligible to be funded by the District. Said tax shall be annually levied as long as needed for the payment of any bonds issued for the District or to pay for facilities eligible to be funded by the District or any costs of the City of Long Beach related to the District.

For particulars as to the rate and method of apportionment of the special tax, see the following:

PROPERTY CATEGORIES AND TAX RATE

- I. All COMMERCIAL LAND shall be subject to an annual special tax in an amount not to exceed \$0.66 per square foot of land, subject to a RESIDENTIAL USE CREDIT in the amount of \$0.66 per square foot of land.
- II. All RESIDENTIAL LAND shall be exempt and not subject to an apportionment of the special tax.

The above-referenced COMMERCIAL LAND special tax is applicable to land with commercial zoning classification and allowance, and the RESIDENTIAL USE CREDIT is applicable for any lawful ground level residential use.

MANNER OF COLLECTION

The special tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the City of Long Beach may directly bill the special tax, may collect special taxes at a different time or in a different manner if necessary to meet the financial obligations of the District, and may covenant to foreclose and may actually foreclose on property with delinquent special taxes, as permitted by the City of Long Beach Special Tax Financing Improvement Law.

APPLICATION OF REVENUE AND TAXES

In order to make payments of principal and interest on any outstanding bonds and to annually pay the costs and expenses for the facilities authorized to be funded by the District and of administering the District and any such bonds, the special tax shall be computed annually by the Treasurer of the City of Long Beach as that amount needed to satisfy the obligations of the District in the succeeding FISCAL YEAR, including as necessary to satisfy any covenants of the City of Long Beach or the District related to any bonds issued for the District, and the annual PLEDGED REVENUE and special taxes shall be applied as follows:

FIRST, the PLEDGED REVENUE from parking meters located within the BELMONT SHORE PARKING METER REVENUE AREA and otherwise available for such purpose in the PARKING METER REVENUE FUND, shall be first applied to pay for all costs and expenses of the District, including principal and interest on any outstanding bonds.

SECOND, special taxes shall be levied in the District pro-rata in an amount not to exceed the maximum annual authorized special tax.

DEFINITIONS

"BELMONT SHORE PARKING METER REVENUE AREA" shall mean the area depicted in Attachment "A" to the ORDINANCE.

"COMMERCIAL LAND" shall include all land zoned for commercial use as set forth in Chapter 21.18 of the Municipal Code of the City of Long Beach or in commercial use subject to a special use permit of the City of Long Beach.

"FISCAL YEAR" shall mean the fiscal year of the City of Long Beach, currently being October 1st to the following September 30th.

"ORDINANCE" shall mean Ordinance No. C-6219 entitled "An Ordinance of the City Council of the City of Long Beach Amending Ordinance No. C-6170, known as the City Appropriations Ordinance, to Establish the Belmont Shore Parking Meter Revenue Fund," adopted by the City Council of the City of Long Beach on December 17, 1985.

"PARKING METER REVENUE FUND" means the Belmont Shore Parking Revenue Fund referenced in the ORDINANCE.

"PLEDGED REVENUE" shall mean the first \$200,000 of monies received by the City of Long Beach in any FISCAL YEAR from parking meters located within the BELMONT SHORE PARKING METER REVENUE AREA, and deposited to the PARKING METER REVENUE FUND, said monies to be made available annually, and said monies shall be pledged as long as needed to pay for facilities authorized to be funded by the District or bonds issued for the District.

"RESIDENTIAL LAND" shall include all land zoned exclusively for residential use.

"RESIDENTIAL USE" shall include all property on the ground floor level of any property in actual lawful residential use.

"RESIDENTIAL USE CREDIT" shall include and mean the actual square footage of any ground floor RESIDENTIAL USE property, which square footage shall be computed by the Treasurer of the City of Long Beach or the Treasurer's designee based upon the entirety of the area in RESIDENTIAL USE.

PROPERTY OWNER APPEALS OF SPECIAL TAX LEVIES

Any property owner claiming that the amount or application of the special tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Treasurer of the City of Long Beach not later than one calendar year after having paid the special tax that is disputed. The Treasurer of the City of Long Beach shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the special tax, and decide the appeal. If the Treasurer's decision requires that the special tax be modified or changed in favor of the property owner, a cash refund shall not be made, but an adjustment shall be made to the next special tax levy. Any dispute over the decision of the Treasurer of the City of Long Beach shall be referred to the City Council of the City of Long Beach and the decision of the City Council shall be final.

EXHIBIT C

CITY OF LONG BEACH
COMMUNITY FACILITIES DISTRICT NO. 2007-2
(BELMONT SHORE)

NOTICE OF PUBLIC HEARING

Notice is hereby given that on November 13, 2007, 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 Declaring Its Intention To Establish A Community Facilities District And To Authorize The Levy Of Special Taxes Therein - Belmont Shore Area." Pursuant to the Long Beach Special Tax Financing Improvement Law, the City Council of the City of Long Beach hereby gives notice as follows:

A. The text of said Resolution of Intention is as follows:

WHEREAS, this City Council may commence proceedings for the establishment of a community facilities district to finance various public improvements and to eliminate liens on property under either the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") or under the Long Beach Special Tax Financing Improvement Law, constituting Section 3.52.511 et seq. of the Long Beach Municipal Code (the "Law"); and

WHEREAS, on August 2, 1988, this City Council adopted Resolution No. C-24569 declaring and establishing the formation of the City of Long Beach Community Facilities District No. 1 (Belmont Shore) ("CFD No. 1") pursuant to the Act in order to finance various parking facilities in the Belmont Shore area of the City of Long Beach (the "City"), and on December 22, 1988, a Notice of Special Tax Lien (the "Tax Lien Notice") was recorded in the office of the County Recorder for the County of Los Angeles as document number 88-2048579 imposing a lien on property in CFD No. 1 to secure the payment of special taxes levied for CFD No. 1; and

WHEREAS, special taxes levied in CFD No. 1 may be used to make debt service payments on the City of Long Beach 1993 Parking Meter Revenue Bonds (the "1993 Bonds"), the proceeds of which 1993 Bonds were used to finance parking facilities in the Belmont Shore area that were eligible to be funded by CFD No. 1; and

WHEREAS, Section 3.52.517 of the Law allows a community facilities district established under the law to finance any facilities which the City is authorized by law to construct, own or operate, such as parking facilities, and to repay or defease any indebtedness secured by any tax levied within the area of a community facilities district; and

WHEREAS, in order to finance additional parking and related facilities and improvements in the Belmont Shore area of the City, and to repay the 1993 Bonds and thereby allow for additional financing capacity not currently available from CFD

No. 1, this City Council now desires to establish a new community facilities district under the Law (the "District") to have boundaries that are the same as those of CFD No. 1 and with maximum special tax rates for the property to be included therein which are the same as the maximum special tax rates currently in effect for CFD No. 1, and, following the formation and voter approval (by the owners of more than two-thirds of the property to be included in the District) of the District, to release the lien imposed by the Tax Lien Notice and otherwise terminate CFD No. 1; and

WHEREAS, on December 21, 1999, this City Council adopted Resolution No. C-27626 adopting local goals and policies for community facilities districts related to commercial development (the "Goals and Policies"); and

WHEREAS, under the Law, this City Council is the legislative body for the proposed District and is empowered with the authority to establish the District and levy special taxes within the District; and

WHEREAS, this City Council now desires to proceed with the actions necessary to consider the establishment of the District.

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

Section 1. This City Council proposes to begin the proceedings necessary to establish the District pursuant to the Law. Formation of the District shall be subject to the Goals and Policies, unless specifically waived by this City Council in its proceedings to form the District.

Sec. 2. The name proposed for the District is "City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore)."

Sec. 3. The proposed boundaries of the District are as shown on the map of the District on file with the City Clerk, which boundaries are hereby preliminarily approved. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the District in the office of the Los Angeles County Recorder as soon as practicable after the adoption of this Resolution.

Sec. 4. The types of public facilities and improvements proposed to be eligible for funding by the District and pursuant to the Law shall consist of those items listed on Exhibit A hereto under the heading "Facilities" (the "Facilities"), which Exhibit is by this reference incorporated herein. It is also proposed that the District be authorized to repay and defease the 1993 Bonds currently outstanding, as also described in Exhibit A, in order to eliminate the lien imposed by the Tax Lien Notice.

Sec. 5. Except to the extent that funds are otherwise available to the District to pay costs of the Facilities, and to pay the principal and interest as it becomes due on bonds of the District issued to pay costs of the Facilities and/or to repay and defease the 1993 Bonds, a special tax sufficient to pay the costs thereof, secured by

recordation of a continuing lien against all non-exempt real property in the District, will be levied annually within the District and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this City Council or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the District, in sufficient detail to allow each landowner within the proposed District to estimate the maximum amount such owner will have to pay and which otherwise complies with applicable provisions of the Law is described in Exhibit B attached hereto which Exhibit is by this reference incorporated herein.

Sec. 6. It is the intention of this City Council, acting as the legislative body for the District, to cause bonds of the City to be issued for the District pursuant to the Law to finance costs of the Facilities and to repay and defease the 1993 Bonds. If so issued, the bonds shall be in the aggregate principal amount of not to exceed \$5,800,000, shall bear interest payable semi-annually or in such other manner as this City Council shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds, and shall mature not to exceed 40 years from the date of the issuance thereof.

Sec. 7. The levy of said proposed special tax in the District shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed District, with each owner having one vote for each acre or portion of an acre of land such owner owns in the District.

Sec. 8. Except as may otherwise be provided by law or the rate and method of apportionment of the special tax for the District, all lands owned by any public entity, including the United States, the State of California and/or the City, or any departments or political subdivisions of any thereof, as of the date of formation of the District, shall be omitted from the levy of the special tax to be made to cover the costs and expenses of the Facilities and of the District, and to repay any bonds issued by the City for the District. If any such entity subsequently acquires land in the District that is subject to the levy of the special tax, the land shall continue to be subject to the special tax as provided in Section 3.52.5113 of the Law.

Sec. 9. The Director of Financial Management of the City is hereby directed to study the proposed Facilities and repayment and defeasance of the 1993 Bonds and to make, or cause to be made, and file with the City Clerk a report in writing, presenting the following:

(a) A brief description of the Facilities proposed to be eligible to be financed by the District and of the 1993 Bonds to be repaid and defeased by the District.

(b) An estimate of the cost of providing the Facilities and repaying and defeasing the 1993 Bonds, including the costs of any proposed new bond financing and any City administrative costs.

(a) A brief description of the Facilities proposed to be eligible to be financed by the District and of the 1993 Bonds to be repaid and defeased by the District.

(b) An estimate of the cost of providing the Facilities and repaying and defeasing the 1993 Bonds, including the costs of any proposed new bond financing and any City administrative costs.

Said report shall be made a part of the record of the public hearing provided for below.

Sec. 10. Tuesday, December 11, 2007, at 5:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this City Council, City 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 establishment of the District and consider and finally determine whether the public interest, convenience and necessity require the formation of the District and the levy of said special tax within the District.

Sec. 11. The City may accept advances of funds or work in-kind from any owner of property in the District, and may use those funds or that work in-kind for any authorized purpose of the District, as contemplated by Section 3.52.5110 of the Law. The District may repay any funds so advanced or the value or cost of the work in-kind, subject to the requirements of Section 3.52.5110, on such terms and under such conditions as this City Council, acting as legislative body of the District, may establish.

Sec. 12. The law firm of Quint & Thimmig LLP is hereby designated as Bond Counsel and Disclosure Counsel to the City for the District. 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. 13. The firms of Gardner, Underwood & Bacon LLC and the firm of E.J. De La Rosa & Co., Inc. are hereby designated as financial advisor and underwriter, respectively, to the City for bonds to be issued for the District.

Sec. 14. 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 of an agreement with said firm for its services in connection with the District is hereby ratified and confirmed.

Sec. 15. The City Clerk is hereby directed to cause notice of the public hearing described in Section 10 above to be given by publication one time in a newspaper published in the area of the District. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form of Exhibit C hereto.

Sec. 16. This Resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

B. The exhibits to the Resolution which describe the facilities eligible to be funded, the bonds to be repaid and defeased, and the rate and method of apportionment of the special taxes for, the district are on file in the office of the City Clerk.

C. The time and place established under said Resolution for the public hearing required under the Law are Tuesday, December 11, 2007, at the hour of 5:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of the City Council, City Council Chambers, City Hall, 333 West Ocean Boulevard, Long Beach, California.

D. At said hearing, the testimony of all interested persons or taxpayers for or against the establishment of the district, and the extent of the district or the furnishing of the specified types of facilities or the repayment and defeasance of the 1993 bonds will be heard. Any person interested may file a protest in writing with the City Clerk. If fifty percent or more of the registered voters, or six registered voters, whichever is more, residing in the territory proposed to be included in the district, or the owners of one-half or more of the area of land in the territory proposed to be included in the district and not exempt from the special tax file written protests against the establishment of the District and the protests are not withdrawn to reduce the value of the protests to less than a majority, the City Council shall take no further action to establish the District or levy the special taxes for a period of six months from the date of the decision of the City Council, and if the majority protests of the registered voters or the landowners are only against the furnishing of a type or types of facilities within the district, or against the repayment and defeasance of the 1993 bonds, or against levying a specified special tax in the district, those types of facilities or the repayment and defeasance of the 1993 bonds, or the specified special tax, will be eliminated from the proceedings to form the District.

E. The proposed voting procedure shall be by special mail or hand-delivered ballot to the property owners within the territory proposed to be included in the district.

/s/ Larry G. Herrera

City Clerk,
City of Long Beach