



## Legislation Text

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**File #:** 07-0706, **Version:** 1

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Recommendation to adopt 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)

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.

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.

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.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS FOR IMPROVEMENT AREA A OF THE CITY OF LONG BEACH COMMUNITY FACILITIES DISTRICT NO. 2007-1 (DOUGLAS PARK - COMMERCIAL AREA), AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS

MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT

APPROVED:

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GERALD R. MILLER  
CITY MANAGER