

Agenda Report

August 14, 2000

TO: City Council
THROUGH: Finance Committee

FROM: Cynthia J. Kurtz, City Manager

SUBJECT: APPROVAL OF A RESOLUTION OF THE CITY COUNCIL
ACKNOWLEDGING RECEIPT OF A PETITION TO FORM A
COMMUNITY FACILITIES DISTRICT AND AUTHORIZING AND
DIRECTING ACTIONS WITH RESPECT THERETO

RECOMMENDATION

It is recommended that the City Council approve a Resolution acknowledging receipt of a petition from Legacy Partners to form a Community Facilities District involving the properties known as the Ambassador College and authorizing and directing actions with respect thereto.

BACKGROUND

Legacy Partners ("Developer") is in the process of acquiring the property known as the Ambassador College owned by the Worldwide Church of God. Included, as part of the Developer's property acquisition is the Ambassador Auditorium. The Developer has requested that the City approve the formation of a Community Facilities District (CFD), pursuant to the provisions of the Mello Roos Community Facilities District Act of 1982, as amended (constituting section 53311 et seq. of the California Government Code) (the "Act"). Generally an owner/developer of a project will petition the local jurisdiction to form the CFD pursuant to the Act in order to utilize the financing provisions in the Act. A special tax is levied on the properties within the CFD to fund public infrastructure as well as the construction/acquisition of public facilities. A series of steps and actions are required for the formation of the CFD, the levy of the special tax on property within the CFD (to pay debt service and other costs of the CFD) and the issuance of bonds (supported by the annual special tax revenues).

Before you tonight is the first step in this process. The City Council will have two additional opportunities to review this transaction before the CFD is actually formed and any bonds issued. These will be considered conduit bonds and the City will have no financial or legal obligation for debt service payments to the bondholders. Should a property owner default on any payment, the

City will be obligated to remedy that default through foreclosure proceedings. All payments will be collected as part of the property owners' property tax bill.

DISCUSSION

A petition has been made to the City by the Developer of the project to initiate the process to form the CFD. This is the resolution being considered by the City Council at this time. The petition identifies the land to be included in the CFD and the facilities to be financed by the CFD. The resolution also designates the finance team for this project and references a deposit/reimbursement agreement. This latter agreement ensures that the Developer has posted sufficient funds with the City's Director of Finance to cover the non-contingent costs of certain consultants (appraiser, etc.). Again, this resolution is the first step of the process and does not obligate the City Council to ultimately form the CFD or to issue bonds.

If this resolution passes, the Director of Finance will direct the retaining of consultants to prepare several reports and documents for the next step in the process. These next steps would center on the resolution of intention (the "ROI") to form the CFD and issue bonds and other related resolutions. This next step is currently scheduled for action on September 11, 2000. These next set of resolutions would declare the intention of the City to form the CFD, levy the special tax, issue bonds, set a time and place for a public hearing on the matter, and establish the voting procedures. For this CFD, the landowners in the CFD would be the eligible voters. A rate and method of apportionment of special tax and other related documents would also accompany the resolutions. If this next step is approved, a public hearing will be scheduled, along with other related actions. The public hearing would be set for no less than 30 days thereafter. Given the current timetable, the public hearing would take place on November 6, 2000.

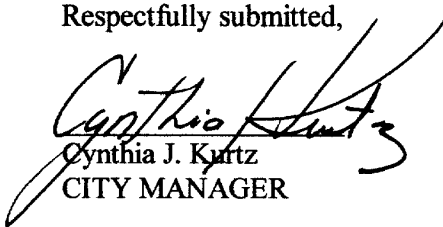
Prior to November 6, 2000, all of the financing documents and related credit documents would be prepared. On the public hearing date, if there were no majority protest from the landowners, the City Council would act to form the CFD and approve all related actions. The votes of the landowners within the CFD would be tallied and most likely the establishment of the CFD would be declared. Finally, the levy of the special tax and the authorization to issue bonds and related matters would be approved.

The proposed use of the bond proceeds would be to acquire the Ambassador Auditorium and to pay for the cost of certain public improvements within the development.

FISCAL IMPACT

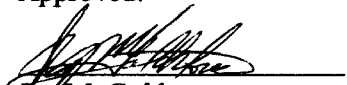
There is no fiscal impact on the City. Any costs incurred as a result of this action will be paid for by Legacy Partners.

Respectfully submitted,



Cynthia J. Kurtz
CITY MANAGER

Approved:



Jay M. Goldstone
DIRECTOR OF FINANCE