REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 25, 2013

CAO File No. 0670-00024-0000
Council File No. New
Council District: 11

To: The Mayor
The Council

From: Miguel A. Santana, City Administrative Officer

Reference: Infrastructure Financing for Playa Vista Community Facilities Districts

Subject: **ACTIONS NECESSARY TO DISSOLVE COMMUNITY FACILITIES DISTRICTS NO. 5 AND NO. 6**

SUMMARY

The City Administrative Officer (CAO) is in receipt of correspondence from Playa Vista LLC (Developer) dated January 31, 2013 wherein the developer requests changes to Community Facilities Districts No. 5 (Playa Vista – Master Plan) and No. 6 (The Campus at Playa Vista). The Developer requested that the City commence the necessary proceedings to amend Community Facilities District No. 5 (CFD 5) so as to delete Special Tax A, delete the concept of the acquisition of facilities by CFD 5 and amend the Rate and Method of Apportionment (RMA) so as to only apply Special Tax B. The Developer also requested the dissolution of CFD No. 6 (CFD 6). The Developer subsequently requested the dissolution of CFD 5. The City is in receipt of Written Requests for Dissolution from all of the landowners in CFD 5 and the majority of the landowners in CFD 6. The Developer indicates that the remaining landowners concur with the proposed dissolutions and are in the process of submitting Written Requests to the City. The CAO recommends approval of the attached Ordinances to dissolve CFDs 5 and 6 (Attachments A and B).

The Playa Vista development has undergone various changes throughout the years. CFD No. 2 was originally formed in 1995 (C.F. 94-2246) and included all phases of development. In 1999, CFD No. 2 was dissolved and CFD Nos. 4, 5 and 6 were created in its place (C.F. 99-0385) to coincide with the anticipated phases of development. In 2003, Mello-Roos bonds were issued on behalf of CFD No. 4 to fund infrastructure. The Developer has now determined that there is no longer a need for CFD 5 or 6 as they intend to either finance the previously-planned projects using other methods or have modified the projects so that the CFD mechanism is no longer warranted.

Since the formation of CFDs 5 and 6, the Developer has been purchased by Brookfield Residential and portions of CFDs 5 and 6 have been purchased by other entities. The property owners of CFD 5 include: Playa Villas LLC, 775 KB Development LLC, 1250 KB Development

LLC, Playa Capital Company LLC, Brookfield PV 725 LLC, Brookfield PV 1350, JHA West 16 LLC, Playa Runway LP, and Tri-Pointe Homes LLC. The property owners of CFD 6 include: Horizon PH I Office Holdings LLC, PV Campus Parcel 1 LP, PV Campus Parcel 2 LP, PV Campus Parcel 4 LP, PV Campus Parcel 5 LP, CRP Pacifica Plaza LP, The Hercules Campus LLC, Playa Phase 1 Commercial Land Company LLC, Playa Vista Parcel 10 LLC, Lincoln ASB Playa Vista LLC, Playa Vista Phase 2 LLC, Hines Global Reit Campus Playa Vista LP, The Campus at Playa Vista Corp., and The Sterling Family Trust Dated August 13, 1998.

Although the City formed CFDs 5 and 6, bonds were never issued and special taxes were never levied. Upon adoption of the Ordinances dissolving CFDs 5 and 6, an Addendum to Notice of Special Tax Lien will need to be recorded with the County Assessor to record the dissolution of the CFDs and any associated liens.

These recommendations are in compliance with the City's Financial Policies.

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. ADOPT the attached Ordinance to Dissolve City of Los Angeles Community Facilities District No. 5 (Playa Vista - Master Plan);

2. ADOPT the attached Ordinance to Dissolve City of Los Angeles Community Facilities District No. 6 (The Campus at Playa Vista); and

3. AUTHORIZE the City Administrative Officer to make technical changes to implement the intent of the Council and Mayor.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund as a result of the recommended actions. All administrative costs associated with the dissolution of Community Facility District Nos. 5 and 6 are paid for by the Developer.

DEBT IMPACT STATEMENT

There is no debt impact to the City's General Fund from the approval of the recommendations in this report. No Mello-Roos bonds will be issued or special taxes levied upon the dissolution of Community Facilities Districts Nos. 5 and 6.

MAS:SMB:09140092

Attachments

ATTACHMENT A

ORDINANCE TO DISSOLVE CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 5 (PLAYA VISTA – MASTER PLAN)

MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R13-0272
SEP 12 2013

REPORT RE:

TWO DRAFT ORDINANCES TO DISSOLVE CITY OF LOS ANGELES COMMUNITY FACILITITES DISTRICT NO. 5 (PLAYA VISTA - MASTER PLAN) AND CITY OF LOS ANGELES COMMUNITY FACILITITES DISTRICT NO. 6 (THE CAMPUS AT PLAYA VISTA)

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration two enclosed draft ordinances, approved as to form and legality, in connection with the dissolution of two Community Facilities Districts previously formed pursuant to the Mello-Roos Community Facilities Act of 1982. The owners of 100% of the land in both Districts have submitted written requests to the City Council requesting that the Districts be dissolved because the owners have identified alternate financing for the improvements that would otherwise be financed with the special taxes imposed by the Districts.

If you have any questions regarding this matter, please contact Assistant City Attorney Marilyn L. Garcia at (213) 978-7782. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By
DAVID MICHAELSON
Chief Assistant City Attorney

PBE:MLG:sl
Transmittals

ORDINANCE NO. _____

An ordinance dissolving City of Los Angeles Community Facilities District No. 5 (Playa Vista - Master Plan).

WHEREAS, the Council (City Council) of the City of Los Angeles (City) has previously established City of Los Angeles Community Facilities No. 5 (Playa Vista – Master Plan) (District) under the Mello-Roos Community Facilities Act of 1982 (Act); and

WHEREAS, the qualified electors of the District authorized the levy of special taxes (Special Taxes) within the District to finance certain public facilities (Facilities) and services (Services); and

WHEREAS, none of the Facilities and Services have been financed to date; and

WHEREAS, pursuant to the Act, a Notice of Special Tax Lien with respect to the District was recorded in the Office of the County Recorder of the County of Los Angeles on February 16, 2000 as Instrument No. 00-0248767 (Notice of Special Tax Lien); and

WHEREAS, the owners of the land in the District have determined that an adequate alternative method of financing the Facilities and Services that would otherwise be financed with the Special Taxes is available and, therefore, it is appropriate to grant the landowners' request that such Facilities and Services not be financed with the Special Taxes; and

WHEREAS, the District is not obligated to pay any outstanding debt; and

WHEREAS, if no Facilities and Services are to be financed with the Special Taxes, the District will have no authorization to levy the Special Taxes; and

WHEREAS, the City Council desires to dissolve the District pursuant to Section 53338.5 of the Act; and

WHEREAS, the City is authorized to undertake all of the above pursuant to its Charter and the Constitution and other applicable laws of the State of California;

NOW, THEREFORE,

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and the City Council so finds.

Sec. 2. The City Council hereby finds and determines that the District is not obligated to pay any outstanding debt.

Sec. 3. The City Council hereby grants the request of the owners of the land in the District not exempt from the Special Taxes that the Facilities not be financed with the Special Taxes and the City Council hereby determines that the Facilities shall not be so financed.

Sec. 4. The City Council hereby finds and determines that because no Facilities and Services will be financed with the Special Taxes, the District has no authorization to levy the Special Taxes.

Sec. 5. The District is hereby dissolved.

Sec. 6. The City Clerk of the City is hereby directed to cause to be recorded with the County Recorder of the County of Los Angeles an addendum to the Notice of Special Tax Lien, which shall state that the District and all associated liens, if any, have been dissolved.

Sec. 7. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary to accomplish the purposes of this Ordinance and not inconsistent with the provisions hereof.

Sec. 8. The City Clerk of the City shall certify to the passage of this ordinance and have it published in accordance with City Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was adopted by the Council of the City of Los Angeles at its meeting on _____.

HOLLY L. WOLCOTT, Interim City Clerk

By _____
Deputy

Approved _____

_____
Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By Marilyn L. Garcia
MARILYN GARCIA
Assistant City Attorney

Date September 12, 2013

File No. _____

M:\Econ Dev_Pub Finance\Public Finance\Marilyn Garcia\ORDINANCES- Establishing Tax Levy for No. 5 Playa Vista- Master Plan 2013-2014.doc

ATTACHMENT B

ORDINANCE TO DISSOLVE CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 6 (THE CAMPUS AT PLAYA VISTA)

ORDINANCE NO. _____

An ordinance dissolving City of Los Angeles Community Facilities District No. 6 (The Campus at Playa Vista).

WHEREAS, the Council (City Council) of the City of Los Angeles (City) has previously established City of Los Angeles Community Facilities No. 6 (The Campus at Playa Vista) (District) under the Mello-Roos Community Facilities Act of 1982 (Act); and

WHEREAS, the qualified electors of the District authorized the levy of special taxes (Special Taxes) within the District to finance certain public facilities (Facilities) and services (Services); and

WHEREAS, none of the Facilities and Services have been financed to date; and

WHEREAS, pursuant to the Act, a Notice of Special Tax Lien with respect to the District was recorded in the Office of the County Recorder of the County of Los Angeles on December 23, 1999, as Instrument No. 99-2367472 (Notice of Special Tax Lien); and

WHEREAS, the owners of the land in the District have determined that an adequate alternative method of financing the Facilities and Services that would otherwise be financed with the Special Taxes is available and, therefore, it is appropriate to grant the landowners' request that such Facilities and Services not be financed with the Special Taxes; and

WHEREAS, the District is not obligated to pay any outstanding debt; and

WHEREAS, if no Facilities and Services are to be financed with the Special Taxes, the District will have no authorization to levy the Special Taxes; and

WHEREAS, the City Council desires to dissolve the District pursuant to Section 53338.5 of the Act; and

WHEREAS, the City is authorized to undertake all of the above pursuant to its Charter and the Constitution and other applicable laws of the State of California;

NOW, THEREFORE,

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and the City Council so finds.

Sec. 2. The City Council hereby finds and determines that the District is not obligated to pay any outstanding debt.

Sec. 3. The City Council hereby grants the request of the owners of the land in the District not exempt from the Special Taxes that the Facilities not be financed with the Special Taxes, and the City Council hereby determines that the Facilities shall not be so financed.

Sec. 4. The City Council hereby finds and determines that because no Facilities and Services will be financed with the Special Taxes, the District has no authorization to levy the Special Taxes.

Sec. 5. The District is hereby dissolved.

Sec. 6. The City Clerk of the City is hereby directed to cause to be recorded with the County Recorder of the County of Los Angeles an addendum to the Notice of Special Tax Lien, which shall state that the District and all associated liens, if any, have been dissolved.

Sec. 7. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary to accomplish the purposes of this ordinance and not inconsistent with the provisions hereof.

Sec. 8. The City Clerk of the City shall certify to the passage of this Ordinance and have it published in accordance with City Council policy, either in a daily newspaper circulated in the City or by posting for ten days in three public places in the City: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was adopted by the Council of the City of Los Angeles at its meeting on _____.

HOLLY L. WOLCOTT, Interim City Clerk

By _____
Deputy City Clerk

Approved _____

_____
Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By _____
MARILYN GARCIA
Assistant City Attorney

Date September 12, 2013

File No. _____