

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 21, 2021

CAO File No. 0220-05291-0928

Council File No. 13-1646-S7

Council District: 15

To: The Council
The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer



Reference: Council File 13-1646-S1

Council File 13-1646-S2

Mello-Roos and Assessment Financing Program Application dated October 4, 2018

Subject: **AUTHORIZING RESOLUTION, ORDINANCE, AND OTHER ACTIONS
NECESSARY TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 11,
PONTE VISTA (FORMERLY KNOWN AS THE HIGHPARK PROJECT)**

RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. Accept the certified results of the Special Election of the qualified electors of Community Facilities District No. 11 (Ponte Vista), to be transmitted in a separate correspondence by the City Clerk, on or before February 3, 2021;
2. Adopt the attached Resolution Declaring the Results of Special Election and Directing Recording of Special Tax Lien for Community Facilities District No. 11 (Ponte Vista) (Attachment A);
3. Adopt the attached Ordinance Levying Special Taxes within Community Facilities District No. 11 (Ponte Vista) (Attachment B);
4. Instruct the City Clerk to record the Notice of Special Tax Lien, to be provided by the Office of the City Administrative Officer, within 15 days of adoption of the Resolution Declaring the Results of the Special Election; and,
5. Authorize the Office of the City Administrative Officer to make technical adjustments as necessary and to file any documents required under the Mello-Roos Act to implement the intent of the Mayor and Council actions.

SUMMARY

On December 1, 2020, the City Council considered the City Administrative Officer's (CAO) report and adopted the three accompanying ordinances relative to the establishment of Community Facilities District (CFD) No. 11 (Ponte Vista) in San Pedro (CFD 11). CFD 11 is being formed pursuant to the Mello-Roos Community Facilities Act of 1982 (Act) in order to finance the construction or acquisition of certain public facilities. The developer for this residential project and applicant for CFD 11 is SoCal San Pedro SPV 1, LLC (SoCal).

The Ordinance of Formation for CFD 11 (Ordinance No. 186856), authorized the levy of a special tax in an amount sufficient to pay for the facilities within the CFD and established an appropriations limit for the CFD, provided the Rate and Method of Apportionment of the special tax on the properties within the CFD and required that the question of levying the special tax and establishment of the appropriations limit be submitted to the qualified electors (i.e. landowners) within the CFD pursuant to a special election to be conducted by the City Clerk.

The Ordinance Deeming it Necessary to Incur Bonded Indebtedness for CFD 11 (Ordinance No. 186857), provide for the incurrence of bonded indebtedness by the CFD for the purpose of financing the proposed facilities, established the various bond terms, including the maximum amount of debt to be incurred at \$30 million, and also required that the question of incurring the bonded indebtedness be submitted to the qualified electors (i.e., the landowners) within the CFD pursuant to a special election to be conducted by the City Clerk.

The Ordinance Calling a Special Election for CFD 11 (Ordinance No. 186855), called for a special election to be conducted by the City Clerk in accordance with the Act on February 3, 2021, within the CFD so that its qualified electors (i.e., landowners) can decide, in a combined proposition, whether to incur bonded indebtedness, to levy a special tax within the CFD, and established an appropriations limit for the CFD. The Act requires that at least two-thirds of the qualified electors voting at the special election approve the proposition in order for the special tax to be imposed. The City Clerk is expected to certify the results of the special election on or before February 3, 2021.

The CAO recommends approval of the attached resolution and ordinance to complete the proceedings for the establishment of the CFD and for the incurrence of debt. These documents are necessary to certify the election results on February 3, 2021 and levy the special taxes. Pursuant to the previously approved Ordinance Calling a Special Election for CFD 11, the City Clerk has been designated as the official to conduct the special election on February 3, 2021; however, if all the qualified electors vote prior to the established date and time, the election may be closed with the concurrence of the City Clerk. It is currently anticipated that the ballots will be received before February 3, 2021. The process to issue bonds and levy the special taxes will require additional Council actions at a later date.

The following documents are required for the recommended actions:

Attachment A – Resolution Declaring the Results of Special Election for CFD No. 11 and Directing Recording of Notice of Special Tax Lien for CFD No. 11

Indicates the results of the landowner election and directs the recording of a notice of special tax lien to be recorded in the Office of the County Recorder within no later than 15 days following the adoption of this Resolution. The City Clerk will transmit the certified results of votes cast for the Special Election on or before February 3, 2021, under a separate cover. These results will accompany the final Resolution.

Attachment B – Ordinance Levying Special Taxes with CFD No. 11

Authorizes the levying of the special tax within CFD 11. This Ordinance is also being transmitted by the City Attorney's Office in a separate report.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund as a result of the recommended actions. All consultant costs associated with the formation of the Community Facilities District are paid by the developer via the terms of the Deposit and Reimbursement Agreement.

FINANCIAL POLICIES STATEMENT

Consistent with the City's Financial Policies, all consultant and City costs associated with the formation of the Community Facilities District are paid by the developer via the terms of the Deposit and Reimbursement Agreement.

DEBT IMPACT STATEMENT

This report has no debt impact on the General Fund.

ATTACHMENT A - Resolution Declaring the Results of Special Election and Directing Recording of Notice of Special Tax Lien for CFD No. 11

ATTACHMENT B - Ordinance Levying Special Taxes within CFD No. 11

ATTACHMENT A

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES DECLARING RESULTS OF SPECIAL ELECTION AND DIRECTING RECORDING OF NOTICE OF SPECIAL TAX LIEN

WHEREAS, the Council (the “City Council”) of the City of Los Angeles (the “City”), pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”), adopted an ordinance entitled “An Ordinance Calling Special Election for City of Los Angeles Community Facilities District No. 11 (Ponte Vista)” (the “Ordinance Calling Election”), calling for a special election of the qualified electors within City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”);

WHEREAS, pursuant to the terms of the Ordinance Calling Election and the provisions of the Act, the special election was held on February 3, 2021; and

WHEREAS, the City Clerk of the City (the “City Clerk”) has certified the canvass of the returns of the election and has filed a Certification of Election Results (the “Certification of Returns”), a copy of which is attached to this Resolution as Exhibit A;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Los Angeles does determine and order as follows:

Section 1. The City Council has received, reviewed and hereby accepts the Certification of Returns.

Section 2. The City Council hereby finds and declares that the ballot proposition submitted to the qualified electors of the Community Facilities District pursuant to the Ordinance Calling Election has been passed and approved by such electors in accordance with Section 53328, Section 53355 and Section 53325.7 of the Act.

Section 3. The City Clerk is hereby directed to execute and cause to be recorded in the office of the County Recorder of the County of Los Angeles a notice of special tax lien in the form required by the Act, with recording to occur no later than fifteen days following adoption by the City Council of this Resolution.

Section 4. 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 or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 5. This Resolution shall take effect from and upon its adoption.

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)**

SPECIAL ELECTION

February 3, 2021

(Pursuant to Ordinance No.186855)

THE NUMBER OF VOTES CAST IN FAVOR OF AND AGAINST THE SPECIAL TAX AND
BOND PROPOSITION WAS:

Proposition – City of Los Angeles Community Facilities District No. 11 (Ponte Vista)	Yes	
	No	
	Total	32

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)**

SPECIAL ELECTION

BALLOT TALLY

Elector	No. of Votes	Ballot cast for:		Result:	
		Yes	No	Yes	No
SoCal San Pedro SPV 1, LLC	26				
D.R. Horton VEN, Inc.	2				
KB Home Greater Los Angeles Inc.	4				
TOTAL	32				

Inspector: _____

Judge: _____

ATTACHMENT B

ORDINANCE NO. _____

An ordinance levying special taxes within City of Los Angeles Community Facilities District No. 11 (Ponte Vista)

WHEREAS, on October 28, 2020, the Los Angeles City Council (the “City Council”), pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”), adopted a resolution entitled “Resolution of the Council of the City of Los Angeles of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes” stating its intention to establish City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”) and to finance certain public facilities (the “Facilities”);

WHEREAS, on December 1, 2020, the City Council held a noticed public hearing on the establishment of the Community Facilities District, as required by the Act;

WHEREAS, subsequent to the close of the public hearing, the City Council adopted ordinances entitled “An Ordinance of Formation of City of Los Angeles Community Facilities District No. 11 (Ponte Vista), Authorizing the Levy of a Special Tax within the Community Facilities District and Establishing an Appropriations Limit for the Community Facilities District” (the “Ordinance of Formation”), “An Ordinance Deeming it Necessary to Incur Bonded Indebtedness within City of Los Angeles Community Facilities District No. 11 (Ponte Vista)” and “An Ordinance Calling Special Election for City of Los Angeles Community Facilities District No. 11 (Ponte Vista),” which ordinances established the Community Facilities District, authorized the levy of a special tax within the Community Facilities District and called an election within the Community Facilities District on the proposition of incurring indebtedness, levying a special tax within the Community Facilities District and establishing an appropriations limit for the Community Facilities District, respectively;

WHEREAS, on February 3, 2021, an election was held in which the qualified electors of the Community Facilities District approved the proposition by more than the two-thirds vote required by the Act; and

WHEREAS, the City of Los Angeles 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:**

Sec. 1. The City Council hereby authorizes and levies special taxes within the Community Facilities District pursuant to Sections 53328 and 53340 of the Act, at the rate and in accordance with the method of apportionment set forth in Exhibit B to the Ordinance of Formation (the “Rate and Method of Apportionment”). The special taxes are hereby levied commencing in fiscal year 2021-22 and in each fiscal year thereafter until the last fiscal year in which the special taxes are authorized to be levied pursuant to the Rate and Method of Apportionment.

Sec. 2. The City Council may, in accordance with subdivision (b) of Section 53340 of the Act, provide, by resolution, for the levy of the special tax in future tax years at the same rate or at a lower rate than the rate provided by this Ordinance. In no event shall the special tax be levied on any parcel within the Community Facilities District in excess of the maximum tax specified in the Rate and Method of Apportionment.

Sec. 3. The special tax shall be levied on all of the parcels in the Community Facilities District, unless exempted by law or by the Rate and Method of Apportionment.

Sec. 4. The proceeds of the special tax shall only be used to pay, in whole or in part, the cost of providing the Facilities and incidental expenses pursuant to the Act.

Sec. 5. The special tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and shall be subject to the same penalties and the same procedure, sale and lien priority in the case of delinquency as is provided for *ad valorem* taxes, unless another procedure is adopted by the City Council.

Sec. 6. If for any reason any portion of this Ordinance is found to be invalid, or if the special tax is found inapplicable to any particular parcel within the Community Facilities District, by a court of competent jurisdiction, the balance of this Ordinance and the application of the special tax to the remaining parcels within the Community Facilities District shall not be affected.

Sec. 7. The City Clerk 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.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By: _____

CHARLES HONG
Deputy City Attorney

Date _____

File No. _____

The Clerk of the City of Los Angeles
hereby certifies that the foregoing
Ordinance was passed by the Council
of the City of Los Angeles

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____