

City of South Gate

WALK-ON

City Council

RECEIVED

FEB 23 2010

AGENDA BILL

For the Regular Meeting of February 23, 2010

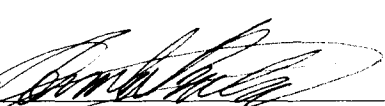
CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

Originating Department: Administration

Asst. to the C.M.


Bryan Cook


City Manager


Ronald Bates

SUBJECT: RESOLUTIONS AUTHORIZING AND DIRECTING THE SUBMISSION OF AN APPLICATION TO THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

ACTION: Adopt:

- a. Resolution authorizing and directing the submission of an application to the California Debt Limit Allocation Committee for Recovery Zone Economic Development Bonds; and
- b. Resolution authorizing and directing the submission of an application to the California Debt Limit Allocation Committee for Recovery Zone Facility Bonds.

FISCAL IMPACT: A non-refundable application fee of \$1,200 is required to apply for the program. The application fee is being paid for with funds from the UDAG account. 

REPORT SUMMARY: The Federal Stimulus package approved in early 2009 included a program where State, County and Local governments could issue bonds for the purposes of construction loans for economic development activities. This effort was in response to the financial crisis which froze lending for even the most viable commercial projects. Currently, many States have utilized this program and have been able to issue bonds for economic development projects at interest rates far below what would otherwise be realized in the private market.

The City of South Gate was not eligible for the initial bond allotment prescribed by the Federal Government in early 2009, due to the fact that its 2000 Census population was under 100,000. Therefore, cities with populations of under 100,000 must apply to be eligible for bond allotments through the State and or the County. The State of California finalized the program for local governments in December 2009.

The City's requests are to the two available programs, the economic development bond program, and the facilities bonds program. The City will ask for allotments of \$25 million and \$27 million in bond capacity, respectively. Applying for this bond allotment will enable the City to have the option to issue bonds, but does not require that the City issue bonds. The issuance of bonds will only occur with the authorization of the City Council. In addition, this application if approved, will expired on December 31, 2010, meaning that if authorized by the City Council, and bonds are not issued by December 31, 2010, the authority to participate in the program expires.

In July 14, 2009, the City of South Gate designated the areas within the boundaries of the South Gate-Lynwood Enterprise Zone as a recovery zone for the purpose of participating in Federal Stimulus programs such as the Recovery Zone bond program.

The State of California's application process is more formalize than the County and requires that the City Council take formal action to submit an application. Staff was not aware that formal action was needed by the City Council before an application can be deemed complete.

The application submittal deadline is February 23, 2010, but the State will not consider the application complete until the City Council adopts the two resolutions.

ATTACHMENTS: Proposed Resolution for the Recovery Zone Economic Development Bonds
Proposed Resolution for the Recovery Zone Facility Bonds

RESOLUTION NO. _____

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE
AUTHORIZING AND DIRECTING THE SUBMISSION OF AN APPLICATION TO
THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR RECOVERY
ZONE ECONOMIC DEVELOPMENT BONDS**

WHEREAS, the City of South Gate (“City”) may desire to finance off-site and on-site public improvements adjacent to the South Gate Gateway Retail Project, on an approximately 6.08 acre site located at the northwest corner of Firestone Boulevard and Atlantic Avenue in the City of South Gate; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (“ARRA”) provides authority for a category of Build America bonds called Recovery Zone Economic Development Bonds (“Recovery Zone Bonds”); and

WHEREAS, the City Council adopted Resolution No. 7327 designating areas within the boundaries of the South Gate-Lynwood Enterprise Zone as conditionally designated by the California Department of Housing and Community Development on November 3, 2006 and also exclusively within the City of South Gate as a recovery zone for purposes of ARRA; and

WHEREAS, the City may desire to issue or cause the issuance of Recovery Zone Bonds for the purpose of financing the Project; and

WHEREAS, the Recovery Zone Bonds may be secured by the City’s general fund and/or tax increment revenues of the Community Development Commission of the City of South Gate; and

WHEREAS, the City desires to authorize a Responsible Officer (as defined hereafter) to submit an application to the California Debt Limit Allocation Committee for allocation to permit the issuance of the Recovery Zone Bonds;

[Remainder of page left blank intentionally]

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Manager and his respective designees (each, a “Responsible Officer”), are hereby authorized and directed, individually and collectively, to prepare or cause to be prepared an application to the California Debt Limit Allocation Committee in connection with the Project and the Recovery Zone Facility Bonds. All final transaction authority and issuance of bonds are subject to the approval of the City Council.

SECTION 2. The City Council agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

SECTION 3. The City Clerk shall certify to the adoption of this resolution which shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED the 23rd day of February, 2010.

CITY OF SOUTH GATE:

HENRY C. GONZALEZ, Mayor

ATTEST:

CARMEN AVALOS, City Clerk

(SEAL)

APPROVED AS TO FORM:



RAUL F. SALINAS, City Attorney

RESOLUTION NO. _____

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE
AUTHORIZING AND DIRECTING THE SUBMISSION OF AN APPLICATION TO
THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE FOR RECOVERY
ZONE FACILITY BONDS**

WHEREAS, the City of South Gate (“City”) may desire to finance a retail shopping and entertainment center known as the South Gate Gateway Retail Project, on an approximately 6.08 acre site located at the northwest corner of Firestone Boulevard and Atlantic Avenue in the City of South Gate; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (“ARRA”) provides authority for a new category of tax-exempt private activity bonds called Recovery Zone Facility Bonds (“Recovery Zone Facility Bonds”); and

WHEREAS, the City Council adopted Resolution No. 7327 designating areas within the boundaries of the South Gate-Lynwood Enterprise Zone as conditionally designated by the California Department of Housing and Community Development on November 3, 2006 and also exclusively within the City of South Gate as a recovery zone for purposes of ARRA; and

WHEREAS, the City may desire to issue or cause the issuance of Recovery Zone Bonds for the purpose of financing the Project; and

WHEREAS, the Recovery Zone Bonds may be secured by the City’s general fund and/or tax increment revenues of the Community Development Commission of the City of South Gate; and

WHEREAS, the City may consider loaning all or a portion of the Recovery Zone Facility Bonds proceeds to private developer(s) for the purpose of financing all or a portion of the Project, or in the alternative, selling or leasing all or a portion of the Project to private developer(s)/tenant(s) upon completion of the Project, or a combination thereof; and

WHEREAS, the City desires to authorize a Responsible Officer (as defined hereafter) to submit an application to the California Debt Limit Allocation Committee for allocation to permit the issuance of the Recovery Zone Bonds;

[Remainder of page left blank intentionally]

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City Manager and his respective designees (each, a “Responsible Officer”), are hereby authorized and directed, individually and collectively, to prepare or cause to be prepared an application to the California Debt Limit Allocation Committee in connection with the Project and the Recovery Zone Facility Bonds. All final transaction authority and issuance of bonds are subject to the approval of the City Council.

SECTION 2. The City Council agrees to comply with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines.

SECTION 3. The City Clerk shall certify to the adoption of this resolution which shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED the 23rd day of February, 2010.

CITY OF SOUTH GATE:

HENRY C. GONZALEZ, Mayor

ATTEST:

CARMEN AVALOS, City Clerk

(SEAL)

APPROVED AS TO FORM:



RAUL F. SALINAS, City Attorney