

# CITY OF LONG BEACH

DEPARTMENT OF DEVELOPMENT SERVICES

# R-4

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January 18, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to amend certain existing loan agreements between the City of Long Beach and the Redevelopment Agency of the City of Long Beach for the Downtown, Central and Poly High Redevelopment Project to update their repayment provisions. (Districts 1, 2, 4, 6 and 7)

## DISCUSSION

At various times during the implementation of the Redevelopment Plans for the Poly High, Central Long Beach and Downtown Redevelopment Projects, the City of Long Beach has loaned the Long Beach Redevelopment Agency (Agency) funds to assist with projects for the eradication of blight. As of October 1, 2010, the total outstanding balance of the loans is \$102.3 million. These agreements have various provisions for their repayment. It is recommended that the repayment provisions of these agreements be standardized to include specified amortization schedules. The proposed schedules are attached as Exhibits A through C.

This letter was reviewed by Chief Assistant City Attorney Heather A. Mahood on January 16, 2011, and by Budget and Performance Management Bureau Manager Lou Palmer on January 16, 2011.

## TIMING CONSIDERATIONS

City Council action is requested on January 18, 2011, in order to ensure that the proposed changes may be implemented as soon as possible.

## FISCAL IMPACT

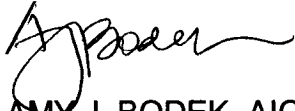
The proposed changes update the repayment provisions of existing loans between the City and the Agency and do not represent new revenue sources. The proposed changes will provide the City's General Fund nearly \$10.3 million during the period from Fiscal Year 2011 (FY 11) through FY 17. Starting in FY 17, debt repayment from the Downtown and Poly High Redevelopment Project Areas will accelerate significantly. The annual payment will be approximately \$9.2 million in FY 18 through FY 31, of which approximately \$2.3

million has been identified to pay for debt service on the 2006 Open Space Bonds. The total debt repayment is approximately \$154 million by FY 33. The majority of these funds are loans from non-General Funds including Community Development Block Grants (CDBG), Urban Development Action Grants (UDAG) and Title 9 of the Public Works and Economic Development Act of 1965 funds.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,



AMY J. BODEK, AICP  
DIRECTOR OF DEVELOPMENT SERVICES

AJB:LAF:DLH

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Attachments: Exhibit A: Amortization Schedule – Central  
Exhibit B: Amortization Schedule – Poly High  
Exhibit C: Amortization Schedule - Downtown

APPROVED:



PATRICK H. WEST  
CITY MANAGER

**Exhibit A**  
**Amortization Schedule for Repayment of Outstanding Debt to City**  
**Central Long Beach Redevelopment Project Area**  
**(Agreement CT#5, 12/14/1993)**

Due Date	Interest	Principal	Annual Payment	Remaining Balance
				4,313,280.67
5/1/2011	0	2,300,000.00	2,300,000.00	2,013,280.67
5/1/2012	0	2,013,280.67	2,013,280.67	-
			<u>4,313,280.67</u>	

**Exhibit B**  
**Amortization Schedule for Repayment of Outstanding Debt to City**  
**Poly High Redevelopment Project Area**  
**(Agreements NDP #1 and #2, 07/19/1972)**

Due Date	Interest	Principal	Annual Payment	Remaining Balance
				3,140,260.43
10/1/2011	\$0	\$25,000	25,000.00	3,115,260.43
10/1/2012	\$0	\$50,000	50,000.00	3,065,260.43
10/1/2013	\$0	\$50,000	50,000.00	3,015,260.43
10/1/2014	\$0	\$50,000	50,000.00	2,965,260.43
10/1/2015	\$0	\$50,000	50,000.00	2,915,260.43
10/1/2016	\$0	\$50,000	50,000.00	2,865,260.43
10/1/2017	\$0	\$200,000	200,000.00	2,665,260.43
10/1/2018	\$0	\$200,000	200,000.00	2,465,260.43
10/1/2019	\$0	\$200,000	200,000.00	2,265,260.43
10/1/2020	\$0	\$200,000	200,000.00	2,065,260.43
10/1/2021	\$0	\$200,000	200,000.00	1,865,260.43
10/1/2022	\$0	\$200,000	200,000.00	1,665,260.43
10/1/2023	\$0	\$200,000	200,000.00	1,465,260.43
10/1/2024	\$0	\$200,000	200,000.00	1,265,260.43
10/1/2025	\$0	\$200,000	200,000.00	1,065,260.43
10/1/2026	\$0	\$200,000	200,000.00	865,260.43
10/1/2027	\$0	\$200,000	200,000.00	665,260.43
10/1/2028	\$0	\$200,000	200,000.00	465,260.43
10/1/2029	\$0	\$200,000	200,000.00	265,260.43
10/1/2030	\$0	\$200,000	200,000.00	65,260.43
10/1/2031	\$0	\$65,260	65,260.43	0.00
		<u>\$3,140,260</u>		

**Exhibit C**  
**Amortization Schedule for Repayment of Outstanding Debt to City**  
**Downtown Redevelopment Project Area**  
**(Agreements 12255 [09/11/1974], 23670 [10/20/1992], and 27982 [10/2/2002])**

Due Date	Annual Payment	Remaining Balance	Compounded Interest 3% of Remaining Balance*
		94,838,615.49	
10/1/2011	1,000,000.00	96,683,773.95	2,845,158.46
10/1/2012	750,000.00	98,834,287.17	2,900,513.22
10/1/2013	750,000.00	101,049,315.79	2,965,028.62
10/1/2014	750,000.00	103,330,795.26	3,031,479.47
10/1/2015	750,000.00	105,680,719.12	3,099,923.86
10/1/2016	750,000.00	108,101,140.69	3,170,421.57
10/1/2017	750,000.00	110,594,174.91	3,243,034.22
10/1/2018	9,000,000.00	104,912,000.16	3,317,825.25
10/1/2019	9,000,000.00	99,059,360.17	3,147,360.00
10/1/2020	9,000,000.00	93,031,140.97	2,971,780.81
10/1/2021	9,000,000.00	86,822,075.20	2,790,934.23
10/1/2022	9,000,000.00	80,426,737.46	2,604,662.26
10/1/2023	9,000,000.00	73,839,539.58	2,412,802.12
10/1/2024	9,000,000.00	67,054,725.77	2,215,186.19
10/1/2025	9,000,000.00	60,066,367.54	2,011,641.77
10/1/2026	9,000,000.00	52,868,358.57	1,801,991.03
10/1/2027	9,000,000.00	45,454,409.32	1,586,050.76
10/1/2028	9,000,000.00	37,818,041.60	1,363,632.28
10/1/2029	9,000,000.00	29,952,582.85	1,134,541.25
10/1/2030	9,000,000.00	21,851,160.34	898,577.49
10/1/2031	9,000,000.00	13,506,695.15	655,534.81
10/1/2032	9,000,000.00	4,911,896.00	405,200.85
10/1/2033	6,520,763.63	-1,461,510.75	147,356.88
<b>Total Payments</b>	<b><u>147,020,763.63</u></b>		

\*Interest is capitalized on an annual basis based upon average annualized investment pool rate for the most recent fiscal year.