

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

August 2, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution authorizing the issuance and sale of the 2005 Long Beach Bond Finance Authority's (Authority) Lease Revenue Bonds to Refund the Authority's Outstanding 1998 Series A Lease Revenue Bonds (Temple and Willow Facility), in an amount not to exceed \$9,000,000, and authorize the City Manager to execute all necessary documents. (Citywide)

DISCUSSION

Staff recommends that the City Council adopt the attached resolution that authorizes the issuance and sale of Long Beach Bond Finance Authority's (Authority) Lease Revenue Bonds to refund the Authority's 1998 Series A Bonds, at an estimated average coupon rate of 4.53 percent, thereby reducing the Authority's cost of debt by approximately \$16,000 annually, and to fund a bond payment reserve. This refunding opportunity is available due to the low current market interest rates, which permit the City to reduce its overall cost of debt.

In 1998, the Authority issued the Lease Revenue Bonds (1998 Series A and Series B). The original bond proceeds were used to finance the costs of a new fleet services, towing and lien sales operations, and environmental services operations facility in the City of Long Beach, and to refund certain certificates issued in 1992. The Authority leased certain real property and improvements to the City pursuant to a facilities lease dated May 1, 1998. The City agreed to make semi-annual lease payments to the Authority, which pay the full amount of principal and interest on the 1998 Bonds.

This item was reviewed by Chief Assistant City Attorney Heather A. Mahood on July 21, 2005, and Budget Management Officer David Wodynski on July 25, 2005.

TIMING CONSIDERATIONS

Although interest rates continue to be at historical lows, they also remain unpredictable and can rise without notice. City Council action on this item is requested on August 2, 2005, as a delay could result in the bonds being issued at a higher interest rate causing a reduction or elimination of overall savings. If interest rates begin a long-term upward movement, the bonds may not be issued at all.

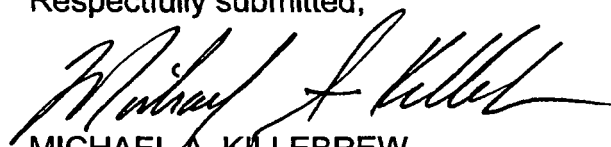
FISCAL IMPACT

It is anticipated that the refinancing of the Authority's 1998 Series A bonds will reduce debt payments by approximately \$16,000 each year, which will accrue to the Fleet Fund (IS 386) and the Department of Public Works (PW).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT



CHRISTINE F. ANDERSEN
DIRECTOR OF PUBLIC WORKS

MAK:DN:AG
K:\EXEC\COUNCIL LETTERS\TREASURY\08-02-05 CCL - 2005 TEMPLE WILLOW REFUNDING.DOC

ATTACHMENT

APPROVED:



GERALD R. MILLER
CITY MANAGER