



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-23

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570 -5836

April 2, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record related to the debt issuance by the Finance Authority of Long Beach; adopt a Resolution authorizing the issuance of the Lease Revenue Bonds Series 2019A (Public Safety Parking Garage), in a principal amount not to exceed \$13,300,000; and,

Adopt a Resolution authorizing the issuance of the Lease Revenue Refunding Bonds Series 2019B (Open Space Refinancing Project), in a principal amount not to exceed \$15,350,000; and, authorize the execution of all necessary related documents and actions. (Citywide)

DISCUSSION

On December 11, 2018, the City Council adopted Plans and Specification No. RFP PW18-058 for the design and build of a public safety parking garage. The City Council also expressed its intent to issue a bond to finance up to \$13.3 million, for the costs of construction, project management, relocation of the fuel station, preliminary design of a police fleet maintenance facility, and costs associated with issuing a bond.

Additionally, on September 19, 2006, the City Council approved the issuance of the Long Beach Bond Finance Authority Lease Revenue Bonds, Series 2006B (Open Space Refinancing Project). The Series 2006B Bonds were issued to finance the acquisition of land and construction of park improvements. The Series 2006B Bonds are payable from the General Fund and are scheduled to mature in FY 31.

The City proposes to issue the Finance Authority of Long Beach Lease Revenue Bonds Series 2019A (Public Safety Garage). The principal amount of the Series 2019A Bonds will not exceed \$13.3 million and will be payable from the General Fund through FY 39. The bond proceeds will be used to finance the cost of the Public Safety Parking Garage, fund a debt service reserve, and pay the costs of issuance. The City estimates that the Series 2019A Bonds will generate: (1) a true interest cost of 3.20 percent, (2) finance charges of \$275,000, (3) project fund amount of \$10.2 million, and (4) total debt service of \$15.4 million that will begin in FY 20.

The City also purposes to issue the Lease Revenue Refunding Bonds Series 2019B (Open Space Refinancing Project) to refund the Series 2006B Bonds. It is anticipated that refunding the Series 2006B Bonds will save the General Fund approximately \$1.2 million in interest cost savings through the life of the loan. The principal amount of the Series 2019B Bonds will not exceed \$15.35 million and will be payable from the General Fund through FY 31. The bond proceeds will be used to refund the outstanding principal amount of the Series 2006B Bonds and pay the cost of issuance. The City estimates that the Series 2019B Bonds will generate: (1) a true interest cost of 2.71 percent, (2) finance charges of \$295,000, (3) escrow deposit of \$15.1 million, and (4) total debt service of \$17.8 million that will begin in FY 20.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 4, 2019 and by Budget Management Officer Rhutu Amin Gharib on March 15, 2019.

TIMING CONSIDERATIONS

City Council action is requested on April 2, 2019 to avoid delays in construction or potential reduction of refunding savings from adverse market conditions.

FISCAL IMPACT

The Series 2019A Bonds will be used to finance a public safety parking garage and will be secured by lease payment payable by the General Fund through the Debt Service Fund. The annual net cost to the General Fund, beginning in FY 20 through FY 39, will be approximately \$650,000 due to an existing appropriation of approximately \$150,000 currently included in the Police Department budget for parking needs. The annual debt service payment of approximately \$800,000 will be made from the Debt Service Fund (DS 600) by a transfer from the General Fund (GF). The debt service costs will be included as part of the FY 20 budget development process.

The Series 2019B Bonds will also be secured by lease payment payable by the General Fund through the Debt Service Fund. The Series 2019B Bonds will be used to pay-off the Series 2006B Bonds. It is anticipated that refunding the Series 2006B Bonds will generate approximately \$1.2 million in interest cost savings. The annual debt service payment for the Series 2006B Bonds is budgeted in FY 19. The annual debt service payments for the Series 2019B Bonds will be approximately \$1.0 million in FY 20, \$2.1 million from FY 21 through FY 26, and \$870,000 from FY 27 through FY 31.

This recommendation has minimal staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL
April 2, 2019
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:DN:FA
K:\FM-ADMIN\CITY COUNCIL LETTERS\TREASURY\2019\04-02-19 CCL LEASEING AND FUNDING BOND ISSUES.DOCX

ATTACHMENTS – RESOLUTIONS (2)

APPROVED:



PATRICK H. WEST
CITY MANAGER

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING PROCEEDINGS BY THE FINANCE AUTHORITY OF LONG BEACH FOR THE ISSUANCE AND SALE OF ITS FINANCE AUTHORITY OF LONG BEACH LEASE REVENUE BONDS, SERIES 2019A (PUBLIC SAFETY PARKING GARAGE FINANCING PROJECT) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$13,300,000 TO FINANCE THE COSTS OF THE NEW PUBLIC SAFETY PARKING GARAGE, APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS

WHEREAS, the City of Long Beach (the "City") proposes to provide financing the costs of the new Public Safety Parking Garage (the "Project"); and

WHEREAS, it is proposed that the Project will be financed from the proceeds of Finance Authority of Long Beach Lease Revenue Bonds, Series 2019A (Public Safety Parking Garage Financing Project) (the "Series A Bonds"), to be issued by the Authority under the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law") in an aggregate principal amount not to exceed \$13,300,000, such Series A Bonds to be issued pursuant to the terms of an indenture of trust, by and between the Authority and U.S. Bank National Association, as trustee (the "Indenture"); and

WHEREAS, in order to provide for the repayment of the Series A Bonds, the City will lease the General Office Building, located at 2400 East Spring Street, and the site thereof (the "property") to the Authority pursuant to a site and facility lease (the

1 "Site and Facility Lease") and the Authority will lease the Property back to the City
2 pursuant to a lease agreement (the "Lease Agreement") under which the City will agree
3 to make lease payments to the Authority from moneys in the City's General Fund and the
4 City will budget and appropriate sufficient amounts in each year to pay the lease
5 payments which will be equal to the scheduled principal of and interest on the Series A
6 Bonds; and

7 WHEREAS, the proposed form of a preliminary official statement (the
8 "Preliminary Official Statement") describing the Series A Bonds, to be used in connection
9 with the marketing of the Series A Bonds, has been prepared and has been presented to
10 the Authority; and

11 WHEREAS, the firm of Merrill Lynch, Pierce, Fenner & Smith Incorporated,
12 or a successor thereof (the "Underwriter"), has proposed to purchase and underwrite the
13 Series A Bonds and has presented to the Authority a form of bond purchase agreement
14 for the Series A Bonds, to be entered into among the Authority, the City and the
15 Underwriter (the "Bond Purchase Agreement"); and

16 WHEREAS, the City Council desires to make a finding of significant public
17 benefit pursuant to section 6586.5(a)(2) of the California Government Code and to
18 approve of the financing and the transactions contemplated by the Series A Bonds; and

19 WHEREAS, the City Council has duly considered such transactions and
20 wishes at this time to approve said transactions in the public interests of the City;

21 NOW, THEREFORE, the City Council of the City of Long Beach hereby
22 resolves as follows:

23 Section 1. Recitals True and Correct. The City Council hereby finds and
24 determines that the foregoing recitals are true and correct.

25 Section 2. Findings. The City Council hereby finds that significant public
26 benefits will arise from the financing contemplated by the Series A Bonds and the
27 documents related thereto, in accordance with section 6586 of the California Government
28 Code.

1 Section 3. Approval of Series A Bonds. The City Council hereby
2 approves the issuance of the Series A Bonds by the Authority for the purpose of
3 providing funds to finance the Project and to pay the costs of issuance of the Series A
4 Bonds.

5 Section 4. Approval of Site and Facility Lease. The City Council hereby
6 approves the Site and Facility Lease, in the form on file with the City Clerk, together with
7 any changes therein or additions thereto deemed advisable by the City Manager, the
8 Director of Financial Management or the City Treasurer (each, a "Designated Officer"),
9 and the execution of the Site and Facility Lease by a Designated Officer shall be
10 conclusive evidence of such approval. The Designated Officers, each acting alone, are
11 hereby authorized and directed for and in the name and on behalf of the City to execute
12 the final form of the Site and Facility Lease for and in the name of the City. The City
13 Council hereby authorizes the delivery and performance of the Site and Facility Lease.

14 Section 5. Approval of Lease Agreement. The City Council hereby
15 approves the Lease Agreement, in the form on file with the City Clerk, together with any
16 changes therein or additions thereto deemed advisable by any of the Designated
17 Officers, and the execution of the Lease Agreement by a Designated Officer shall be
18 conclusive evidence of the approval of any such changes or additions, so long as the
19 term of the Lease Agreement (not including extensions, as permitted therein) does not
20 extend beyond August 1, 2039, and so long as the maximum annual lease payments to
21 be paid under the Lease Agreement do not exceed \$13,300,000. The Designated
22 Officers, each acting alone, are hereby authorized and directed for and in the name and
23 on behalf of the City to execute the final form of the Lease Agreement for and in the
24 name of the City. The City Council hereby authorizes the delivery and performance of the
25 Lease Agreement.

26 Section 6. Sale of Series A Bonds. The City Council hereby approves the
27 sale of the Series A Bonds by the Authority by negotiation with the Underwriter pursuant
28 to the Bond Purchase Agreement, in the form on file with the City Clerk, together with

1 such additions thereto and changes therein as any of the Designated Officers shall deem
2 necessary, desirable or appropriate, and the execution of which by a Designated Officer
3 shall be conclusive evidence of the approval of such additions and changes. The
4 Designated Officers, each acting alone, are hereby authorized and directed for and in the
5 name and on behalf of the City to execute the final form of the Bond Purchase
6 Agreement for and in the name of the City; provided that the amount of Underwriter's
7 discount for the Series A Bonds (excluding any original issue discount which does not
8 represent compensation to the Underwriter) shall be not more than 0.50% of the par
9 amount thereof.

10 Section 7. Official Statement. The City Council hereby approves, and
11 hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange
12 Act of 1934 (the "Rule"), the Preliminary Official Statement, in the form on file with the
13 City Clerk. The Designated Officers, each acting alone, are hereby authorized and
14 directed to execute an appropriate certificate stating the City's determination that the
15 Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution
16 of the Preliminary Official Statement in connection with the sale of the Series A Bonds is
17 hereby approved. The Designated Officers, each acting alone, are hereby authorized and
18 directed, upon consultation with Disclosure Counsel to the Authority for the Series A
19 Bonds and the City Attorney, to approve any changes in or additions to the Preliminary
20 Official Statement deemed necessary or desirable to bring it into the form of a final official
21 statement (the "Final Official Statement"), and the execution of the Final Official
22 Statement by any Designated Officer shall be conclusive evidence of approval of any
23 such changes and additions. The City Council hereby authorizes the distribution of the
24 Final Official Statement by the Underwriter. The Final Official Statement shall be
25 executed in the name and on behalf of the City by any of the Designated Officers.

26 Section 8. Official Actions. The Mayor, the City Manager, the Director of
27 Financial Management, the City Treasurer, the City Attorney, the City Clerk and all other
28 officers of the City are each authorized and directed in the name and on behalf of the City

1 to make any and all assignments, certificates, requisitions, agreements, notices,
2 consents, instruments of conveyance, warrants and other documents, which they or any
3 of them might deem necessary or appropriate in order to consummate any of the
4 transactions contemplated by the documents approved pursuant to this Resolution.
5 Whenever in this Resolution any officer of the City is authorized to execute or countersign
6 any document or take any action, such execution, countersigning or action may be taken
7 on behalf of such officer by any person designated by such officer to act on his or her
8 behalf in the case such officer shall be absent or unavailable.

9 Section 9. This resolution shall take effect immediately upon its adoption
10 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

11 I hereby certify that the foregoing resolution was adopted by the City Council
12 of the City of Long Beach at its meeting of _____, 2019 by the
13 following vote:

14
15 Ayes: Councilmembers: _____

16 _____

17 _____

18 _____

19 Noes: Councilmembers: _____

20 _____

21 Absent: Councilmembers: _____

22 _____

23
24
25 _____
City Clerk

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING PROCEEDINGS BY THE FINANCE AUTHORITY OF LONG BEACH FOR THE ISSUANCE AND SALE OF ITS FINANCE AUTHORITY OF LONG BEACH LEASE REVENUE REFUNDING BONDS, SERIES 2019B (OPEN SPACE REFINANCING PROJECT) IN A PRINCIPAL AMOUNT NOT TO EXCEED \$15,350,000 TO REFUND THE OUTSTANDING LONG BEACH BOND FINANCE AUTHORITY LEASE REVENUE BONDS, 2006 SERIES B (PARKS/OPEN SPACE FINANCING PROJECT), APPROVING THE FORM AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS AND APPROVING RELATED OFFICIAL ACTIONS

WHEREAS, the City of Long Beach (the "City") proposes to provide financing to refund the outstanding Long Beach Bond Finance Authority Lease Revenue Bonds, 2006 Series B (Parks/Open Space Financing Project) (the "2006 Bonds"); and

WHEREAS, it is proposed that the refunding of the 2006 Bonds will be funded from the proceeds of the Finance Authority of Long Beach Lease Revenue Refunding Bonds, Series 2019B (Open Space Refinancing Project) (the "Series B Bonds"), to be issued by the Authority under the provisions of Article 4 (commencing with section 6584) of the JPA Act (the "Bond Law") in an aggregate principal amount not to exceed \$15,350,000, the Series B Bonds to be issued pursuant to the terms of an indenture of trust, by and between the Authority and U.S. Bank National Association, as trustee (the "Indenture"); and

WHEREAS, in order to provide for the repayment of the Series B Bonds,

1 the City will lease the Health Administration Building, located at 2525 Grand Avenue, and
2 the site thereof (the "Property") to the Authority pursuant to a site and facility lease (the
3 "Site and Facility Lease") and the Authority will lease the Property back to the City
4 pursuant to a lease agreement (the "Lease Agreement") under which the City will agree
5 to make lease payments to the Authority from moneys in the City's General Fund and the
6 City will budget and appropriate sufficient amounts in each year to pay the lease
7 payments which will be equal to the scheduled principal of and interest on the Series B
8 Bonds; and

9 WHEREAS, the proposed form of a preliminary official statement (the
10 "Preliminary Official Statement") describing the Series B Bonds, to be used in connection
11 with the marketing of the Series B Bonds, has been prepared and has been presented to
12 the Authority; and

13 WHEREAS, the firm of Merrill Lynch, Pierce, Fenner & Smith Incorporated
14 (the "Underwriter") has proposed to purchase and underwrite the Series B Bonds and has
15 presented to the Authority a form of bond purchase agreement for the Series B Bonds, to
16 be entered into among the Authority, the City and the Underwriter (the "Series B Bond
17 Purchase Agreement"); and

18 WHEREAS, the City Council desires to make a finding of significant public
19 benefit pursuant to section 6586.5(a)(2) of the California Government Code and to
20 approve of the financing and the transactions contemplated by the Series B Bonds; and

21 WHEREAS, the City Council has duly considered such transactions and
22 wishes at this time to approve said transactions in the public interests of the City;

23 NOW, THEREFORE, the City Council of the City of Long Beach hereby
24 resolves as follows:

25 Section 1. Recitals True and Correct. The City Council hereby finds and
26 determines that the foregoing recitals are true and correct.

27 Section 2. Findings. The City Council hereby finds that significant public
28 benefits will arise from the financing contemplated by the Series B Bonds and the

1 documents related thereto, in accordance with section 6586 of the California Government
2 Code.

3 Section 3. Approval of Series B Bonds. The City Council hereby
4 approves the issuance of the Series B Bonds by the Authority for the purpose of
5 providing funds to finance the Project and the Refunding and to pay the costs of issuance
6 of the Series B Bonds.

7 Section 4. Approval of Site and Facility Lease. The City Council hereby
8 approves the Site and Facility Lease, in the form on file with the City Clerk, together with
9 any changes therein or additions thereto deemed advisable by the City Manager, the
10 Director of Financial Management or the City Treasurer (each, a "Designated Officer"),
11 and the execution of the Site and Facility Lease by a Designated Officer shall be
12 conclusive evidence of such approval. The Designated Officers, each acting alone, are
13 hereby authorized and directed for and in the name and on behalf of the City to execute
14 the final form of the Site and Facility Lease for and in the name of the City. The City
15 Council hereby authorizes the delivery and performance of the Site and Facility Lease.

16 Section 5. Approval of Lease Agreement. The City Council hereby
17 approves the Lease Agreement, in the form on file with the City Clerk, together with any
18 changes therein or additions thereto deemed advisable by any of the Designated
19 Officers, and the execution of the Lease Agreement by a Designated Officer shall be
20 conclusive evidence of the approval of any such changes or additions, so long as the
21 term of the Lease Agreement (not including extensions, as permitted therein) does not
22 extend beyond August 1, 2031, and so long as the debt service on the Series B Bonds
23 produces net present value savings the 2006 Bonds of at least 3%. The Designated
24 Officers, each acting alone, are hereby authorized and directed for and in the name and
25 on behalf of the City to execute the final form of the Lease Agreement for and in the
26 name of the City. The City Council hereby authorizes the delivery and performance of the
27 Lease Agreement.

28 Section 6. Sale of Series B Bonds. The City Council hereby approves the

1 sale of the Series B Bonds by the Authority by negotiation with the Underwriter pursuant
2 to the Series B Bond Purchase Agreement, in the form on file with the City Clerk,
3 together with such additions thereto and changes therein as any of the Designated
4 Officers shall deem necessary, desirable or appropriate, and the execution of which by a
5 Designated Officer shall be conclusive evidence of the approval of such additions and
6 changes. The Designated Officers, each acting alone, are hereby authorized and directed
7 for and in the name and on behalf of the City to execute the final form of the Series B
8 Bond Purchase Agreement for and in the name of the City; provided that the amount of
9 Underwriter's discount for the Series B Bonds (excluding any original issue discount
10 which does not represent compensation to the Underwriter) shall be not more than 0.50%
11 of the par amount thereof.

12 Section 7. Official Statement. The City Council hereby approves, and
13 hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange
14 Act of 1934 (the "Rule"), the Preliminary Official Statement, in the form on file with the
15 City Clerk. The Designated Officers, each acting alone, are hereby authorized and
16 directed to execute an appropriate certificate stating the City's determination that the
17 Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution
18 of the Preliminary Official Statement in connection with the sale of the Series B Bonds is
19 hereby approved. The Designated Officers, each acting alone, are hereby authorized and
20 directed, upon consultation with Disclosure Counsel to the Authority for the Series B
21 Bonds and the City Attorney, to approve any changes in or additions to the Preliminary
22 Official Statement deemed necessary or desirable to bring it into the form of a final official
23 statement (the "Final Official Statement"), and the execution of the Final Official
24 Statement by any Designated Officer shall be conclusive evidence of approval of any
25 such changes and additions. The City Council hereby authorizes the distribution of the
26 Final Official Statement by the Underwriter. The Final Official Statement shall be
27 executed in the name and on behalf of the City by any of the Designated Officers.

28 Section 8. Official Actions. The Mayor, the City Manager, the Director of

1 Financial Management, the City Treasurer, the City Attorney, the City Clerk and all other
2 officers of the City are each authorized and directed in the name and on behalf of the City
3 to make any and all assignments, certificates, requisitions, agreements, notices,
4 consents, instruments of conveyance, warrants and other documents, which they or any
5 of them might deem necessary or appropriate in order to consummate any of the
6 transactions contemplated by the documents approved pursuant to this Resolution.

7 Whenever in this Resolution any officer of the City is authorized to execute or countersign
8 any document or take any action, such execution, countersigning or action may be taken
9 on behalf of such officer by any person designated by such officer to act on his or her
10 behalf in the case such officer shall be absent or unavailable.

11 Section 9. This resolution shall take effect immediately upon its adoption
12 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

13 I hereby certify that the foregoing resolution was adopted by the City Council
14 of the City of Long Beach at its meeting of _____, 2019 by the
15 following vote:

16
17 Ayes: Councilmembers: _____

18 _____

19 _____

20 _____

21 Noes: Councilmembers: _____

22 _____

23 Absent: Councilmembers: _____

24 _____

25
26
27 _____
28 City Clerk