



Legislation Details (With Text)

File #: 20-0344 **Version:** 1 **Name:** FM - Loan Issuance for Harbor Revenue Note \$500M

Type: Resolution **Status:** Adopted

File created: 4/9/2020 **In control:** City Council

On agenda: 4/21/2020 **Final action:** 4/21/2020

Title: Recommendation to receive supporting documentation into the record, adopt resolution authorizing the issuance by the Board of Harbor Commissioners, on behalf of the City of Long Beach, of a loan to be provided by the United States Department of Transportation, and a related Subordinate Harbor Revenue Note, in an aggregate principal amount not to exceed \$500,000,000, secured by a pledge and solely payable from Harbor Department revenues in the Harbor Fund Group; and, authorize the execution of all necessary documents. (Citywide)

Sponsors: Financial Management, Harbor

Indexes:

Code sections:

Attachments: 1. 042120-R-22sr&att.pdf, 2. RES-20-0055.pdf

Date	Ver.	Action By	Action	Result
4/21/2020	1	City Council	approve recommendation and adopt	Pass

Recommendation to receive supporting documentation into the record, adopt resolution authorizing the issuance by the Board of Harbor Commissioners, on behalf of the City of Long Beach, of a loan to be provided by the United States Department of Transportation, and a related Subordinate Harbor Revenue Note, in an aggregate principal amount not to exceed \$500,000,000, secured by a pledge and solely payable from Harbor Department revenues in the Harbor Fund Group; and, authorize the execution of all necessary documents. (Citywide)

On May 20, 2014, the City Council authorized the Board of Harbor Commissioners (Board) to incur a loan under the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) from the U.S. Department of Transportation in a principal amount of \$325 million (2014 TIFIA Loan). Since 2014, interest rates have decreased and the Board proposes to: (1) cancel the 2014 TIFIA Loan; (2) incur a new loan under TIFIA from the United States Department of Transportation at a lower interest rate and an increased principal amount of not to exceed \$500 million (New TIFIA Loan); and, (3) issue a Subordinate Harbor Revenue Note evidencing the payment obligations of the Board on the New TIFIA Loan. The proceeds of the New TIFIA Loan will be used to finance and refinance the costs of construction for the Gerald Desmond Bridge.

The TIFIA program provides federal loans for transportation projects of national significance. To qualify, a project must be eligible for existing federal ground transportation programs, be in excess of \$50 million, and must be supported from dedicated user charges. Within one year of substantial completion of the new bridge, the Harbor Department intends to draw on the New TIFIA Loan and repay the Harbor Department's Series 2018A Short-Term Notes, which

were authorized by the City Council on September 4, 2018, and the Harbor Department's Series 2020C Short-Term Notes, which were authorized by the City Council on January 14, 2020. The New TIFIA Loan will have a variable interest rate equal to the 30-year U.S. Treasury rate at the time of closing on the loan, plus one basis point (0.01 percent) and a final maturity date of 35 years.

This matter was reviewed by Deputy City Attorney Charles M. Gale on April 8, 2020 and by Budget Management Officer Rhutu Amin Gharib on April 9, 2020.

City Council approval is requested on April 21, 2020, to facilitate the Harbor Department's capital projects and improvement program, to secure the New TIFIA Loan, and to take advantage of the lower rate of interest on the New TIFIA Loan.

The New TIFIA Loan and the related Subordinate Harbor Revenue Note will be special, limited obligations of the City, secured by a pledge and solely payable from the revenues of the Harbor Fund Group in the Harbor Department. The New TIFIA Loan will be used to pay-off the Harbor Department's outstanding 2018A and 2020C Short-Term Notes. The anticipated annual payment for the New TIFIA Loan will be approximately \$18.2 million. Neither the City's credit or taxing authority, nor revenues, are pledged to the New TIFIA Loan or the related Subordinate Harbor Revenue Note. The General Fund Group will not be liable for the payment of the New TIFIA Loan or the Subordinate Harbor Revenue Note. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. The Harbor Department's capital projects and improvements would support up to 4,000 jobs in the five-county region over the next three years.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE INCURRENCE AND ISSUANCE BY THE BOARD OF HARBOR COMMISSIONERS, ON BEHALF OF THE CITY OF LONG BEACH, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$500,000,000, OF A LOAN TO BE PROVIDED BY THE UNITED STATES DEPARTMENT OF TRANSPORTATION AND A RELATED SUBORDINATE HARBOR REVENUE NOTE BOTH SECURED BY SUBORDINATE HARBOR DEPARTMENT REVENUES AND CERTAIN OTHER MATTERS

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EXECUTIVE DIRECTOR
HARBOR DEPARTMENT

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER