



## Legislation Text

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**File #:** 20-0259, **Version:** 1

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Recommendation to receive supporting documentation into the record, adopt resolution authorizing a private placement loan with Bank of America, N.A., by the Board of Harbor Commissioners, on behalf of the City of Long Beach, in an aggregate principal amount not to exceed \$145,000,000, secured and solely payable from Harbor Department revenues, and authorize the execution of all necessary documents. (Citywide)

On January 14, 2020, the City Council approved the issuance of the Harbor Revenue Short-Term Notes Series 2020C (Series 2020 Notes) through a public offering. On March 12, 2020, the financing team attempted to sell the Series 2020 Notes to the investor community. As a direct result of the worldwide outbreak of the COVID-19 virus, the municipal bond market shutdown and the City of Long Beach (City) was unable to sell the Series 2020 Notes.

As a financing alternative, the Board of Harbor Commissioners (Board), acting on behalf of the City, proposes to enter into a private placement loan with Bank of America, N.A., in an aggregate principal amount not to exceed \$145,000,000. The private placement loan will have similar terms as the previously approved Series 2020 Notes. Proceeds from the private placement loan will be used to pay and/or reimburse the Harbor Department for the costs of the development, design, and construction of the replacement for the Gerald Desmond Bridge. The proceeds will also be used to pay the cost of issuance associated with obtaining the private placement loan.

Should the private placement loan not be executed, the City will resume the sale of a public offering once the municipal bond market stabilizes as previously authorized by the City Council.

This matter was reviewed by Deputy City Attorney Lauren E. Misajon and Budget Manager Grace H. Yoon on March 19, 2020.

City Council approval is requested on March 24, 2020, to provide the Harbor Department with the necessary financial flexibility to pay for the completion of the Gerald Desmond Bridge, and to ensure adequate cash reserves during a volatile and uncertain economic environment.

The private placement loan will be a special, limited obligation of the City, secured and solely payable from Harbor Department revenues. The private placement loan will mature in approximately 1.5 years. The estimated total debt service would be approximately \$149 million and is subject to change depending on market conditions. The Harbor Department plans to payoff the private placement loan with a separate loan provided by the U.S. Department of Transportation or by issuing a long-term bond. The General Fund Group will

not be liable for the debt service payments. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local impact associated with this recommendation.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE BY THE BOARD OF HARBOR COMMISSIONERS, ON BEHALF OF THE CITY OF LONG BEACH, OF HARBOR REVENUE SHORT-TERM NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$145,000,000 SECURED BY HARBOR DEPARTMENT REVENUES AND CERTAIN OTHER MATTERS

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APPROVED:

THOMAS B. MODICA  
ACTING CITY MANAGER