



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

March 21, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution authorizing the issuance and sale of lease revenue bonds to refund the 1999 Rainbow Harbor Refinancing Bonds and to refund the 1997 Certificates of Participation (Queensway Bay Parking Facility "Aquarium"), in an amount not to exceed \$55,000,000, and authorize the City Manager to execute all necessary documents. (Citywide)

DISCUSSION

In continuance of staff's efforts to reduce debt service costs, attached for City Council review and adoption is the resolution authorizing the issuance and sale of the Long Beach Bond Finance Authority's (Authority) Lease Revenue Bonds to refund the Authority's Rainbow Harbor Lease Revenue Bonds (1999 Bonds) and to refund the City's 1997 Certificates of Participation (Queensway Bay Parking Facility "Aquarium") (1997 COPs), and fund the cost of issuance. This action to refund the remaining \$46,280,000 of the 1999 Bonds and to refund the remaining \$4,315,000 of the 1997 COPs is anticipated to result in a reduction of annual debt payments of \$184,000, without extending the term of the 1999 Bonds or the 1997 COPs. Please see the attached June 15, 1999 City Council letter authorizing the issuance of the 1999 Bonds (Attachment A) and the April 22, 1997 City Council letter authorizing the delivery of the 1997 COPs (Attachment B). This refunding opportunity is available due to the low long-term interest rates.

In 1999, the Authority issued the 1999 Bonds to repay a 1995 loan from the United States Department of Housing and Urban Development (HUD), which funded the dredging and expansion of Rainbow Harbor, Pine Avenue Pier, Esplanade, Rainbow Harbor area landscaping, and utility buildings. The annual payments for the 1999 Bonds are paid by the Tidelands Fund and average approximately \$3,883,000. This action is anticipated to result in lowering the debt payments to approximately \$3,739,000.

The 1997 COPs were delivered to finance a portion of the costs of a 1,471-space parking structure at 200 Shoreline Drive adjacent to the Aquarium of the Pacific. The annual payments for the 1997 COPs are paid solely from revenue generated by the parking structure, and average approximately \$490,000. This action is anticipated to result in lowering the debt payments to approximately \$450,000.

HONORABLE MAYOR AND CITY COUNCIL

March 21, 2006

Page 2

This item was reviewed by Assistant City Attorney Heather A. Mahood on March 6, 2006 and Budget Management Officer David Wodynski on March 10, 2006.

TIMING CONSIDERATIONS

Long-term interest rates continue to be relatively low, but are expected to continue rising. City Council action on this item is requested on March 21, 2006, 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, these Bonds may not be issued at all.

FISCAL IMPACT

It is anticipated that the refinancing of the 1999 Bonds will reduce debt payments for the Tidelands Fund (TF) by approximately \$184,000 each year. Refinancing the 1997 COPs will reduce debt payments for the parking structure by approximately \$40,000, and will accrue to the Tidelands Fund (TF) in support of the Aquarium of the Pacific bond payments.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT

MAK:DN:AG
T:\COUNCIL LETTERS\COUNCIL LETTER - 2006 RAINBOW HARBOR REFUNDING 022306.DOC

ATTACHMENTS

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER