



Legislation Details (With Text)

File #: 15-0258 **Version:** 1 **Name:** FM/Harbor - Harbor Revenue Bonds and Harbor Refunding Bonds

Type: Resolution **Status:** Adopted

File created: 3/5/2015 **In control:** City Council

On agenda: 3/24/2015 **Final action:** 3/24/2015

Title: Recommendation to receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing; and adopt resolution approving the issuance by the Board of Harbor Commissioners, on behalf of the City of Long Beach, of Series 2015 Senior Bonds, in an aggregate principal amount not to exceed \$230,000,000, consisting of Harbor Revenue Refunding Bonds, in an aggregate amount not to exceed \$80,000,000, and Harbor Revenue Bonds, in an aggregate amount not to exceed \$150,000,000, secured by Harbor Department revenues. (District 2)

Sponsors: Financial Management, Harbor

Indexes:

Code sections:

Attachments: 1. 032415-R-12sr&att.pdf, 2. 032415 R-12 2015AB Long Beach Harbor BPA.pdf, 3. 032415 R-12 2015CD Long Beach Harbor BPA.pdf, 4. 032415 R-12 POLB 2015 Certificate Required by TIFIA Loan Agreement R...-c.pdf, 5. 032415 R-12 POLB 2015AB Continuing Disclosure Certificate-c.pdf, 6. 032415 R-12 POLB 2015AB Fiscal Agent Agreement-c.pdf, 7. 032415 R-12 POLB 2015AB Trustee Services Agreement-c.pdf, 8. 032415 R-12 POLB 2015CD Continuing Disclosure Certificate-c.pdf, 9. 032415 R-12 POLB 2015CD Fiscal Agent Agreement-c.pdf, 10. 032415 R-12 POLB 2015CD Trustee Services Agreement-c.pdf, 11. 032415 R-12 POLB Redemption Notices Regarding Redemption of Refunded...-c.pdf, 12. 032415 R-12 POLB Series 2015 Escrow Agreement-c.pdf, 13. 032415 R-12 Preliminary Official Statement for Port of Long Beach -...-c.pdf, 14. RES-15-0034.pdf

Date	Ver.	Action By	Action	Result
3/24/2015	1	City Council	approve recommendation and adopt	Pass

Recommendation to receive supporting documentation into the record regarding the Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing; and adopt resolution approving the issuance by the Board of Harbor Commissioners, on behalf of the City of Long Beach, of Series 2015 Senior Bonds, in an aggregate principal amount not to exceed \$230,000,000, consisting of Harbor Revenue Refunding Bonds, in an aggregate amount not to exceed \$80,000,000, and Harbor Revenue Bonds, in an aggregate amount not to exceed \$150,000,000, secured by Harbor Department revenues. (District 2)

The Board of Harbor Commissioners (Board), acting on behalf of the City of Long Beach (City), proposed on March 23, 2015, to issue Harbor Revenue Refunding Bonds (2015 Refunding Bonds), in an aggregate principal amount not to exceed \$80,000,000. Proceeds from the 2015 Refunding Bonds will be used to refund all, or a portion of, the Harbor Revenue Refunding Bonds, Series 2005A and Series 2005B, and to fund the cost of issuing the 2015 Refunding Bonds. The 2015 Refunding Bonds will be secured and payable from certain revenues of the Harbor Department (Harbor).

The Board, acting on behalf of the City, also proposed on March 23, 2015, to issue Harbor

Revenue Bonds (2015 Revenue Bonds), in an aggregate principal amount not to exceed \$150,000,000. The 2015 Revenue Bonds will be secured and payable from Harbor Department revenues. Proceeds from the issuance of the 2015 Revenue Bonds will be used to pay or reimburse the Harbor Department for the costs of capital projects and improvements that will include, but not be limited to, terminal development projects at Piers D/E/F (Middle Harbor); various environmental projects; dredging projects; Port security and safety projects; Port mitigation projects; rail projects; Harbor Department buildings; information management projects, and related facilities and improvements (collectively, the Projects), and to pay all, or a portion of, the amounts outstanding under the Harbor Department's Subordinate Revolving Credit Agreements.

The proceeds of the 2015 Refunding Bonds and the 2015 Revenue Bonds shall also be used to pay the costs of issuance, thereof.

The City, acting on behalf of the Board, held a Tax Exempt and Fiscal Responsibility Act of 1982 (TEFRA) public hearing, in order to comply with the requirements of the Internal Revenue Code. A TEFRA public hearing notification was published in the Long Beach Press-Telegram on February 18, 2015. The TEFRA hearing was held on March 4, 2015 at 9:00 a.m. The public hearing, required by Federal tax law regulations, was conducted by the City Treasurer in the sixth floor conference room at City Hall. The purpose of the hearing was to receive public comment on the bond issuance by the City, of one or more series of senior and/or subordinate harbor revenue bonds, notes, certificates and other obligations (collectively, the Harbor Bonds), in an aggregate principal amount not to exceed \$760 million. No public comment was received.

The Harbor bonds, in an amount not to exceed \$760 million, are expected to be issued over the course of the next three years, to provide proceeds to pay or reimburse the Harbor Department for the costs of the projects; to refund all, or a portion of, the remaining outstanding Harbor bonds; to pay the costs of issuing or insuring the Harbor bonds; to fund capitalized interest on the Harbor bonds; and, to fund necessary reserves for the Harbor bonds.

The 2015 Refunding Bonds and the 2015 Revenue Bonds represent the first series of Harbor bonds to be issued pursuant to the TEFRA Hearing. The issuance of additional series of Harbor bonds will be subject to future approval by the City Council.

This matter was reviewed by Senior Deputy City Attorney Charles Gale on March 4, 2015 and by Budget Management Officer Victoria Bell on March 5, 2015.

City Council action is requested on March 24, 2015 to facilitate the Harbor Department's capital projects and improvement program and to achieve refinancing savings. The savings from this refunding is highly dependent on market conditions at the time of the closing. The City calculates the total net present value savings to be approximately \$12 million for the original remainder term of 12 years.

The 2015 Refunding Bonds and the 2015 Revenue Bonds will be special, limited obligations of the City, secured solely by a pledge of the Harbor Fund. Payment of the Series 2015 Senior Bonds and related interest shall be a charged to, payable from, and secured by, a lien upon the Harbor Department revenues and certain other Harbor funds, assets and security as described in the master resolution. The General Fund of the City is not liable for the payment of the Series 2015 Senior Bonds or related interest. The Harbor Department's capital projects and improvements are expected to create approximately 4,000 jobs in the five-county region over the next five years.

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 BONDS AND HARBOR REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$230,000,000 SECURED BY HARBOR DEPARTMENT REVENUES AND CERTAIN OTHER MATTERS

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JON SLANGERUP
CHIEF EXECUTIVE, PORT OF LONG BEACH

APPROVED:

PATRICK H. WEST
CITY MANAGER