



Legislation Text

File #: 20-0237, Version: 1

WITHDRAWN

~~Recommendation to adopt resolution authorizing issuance of the Airport Revenue Refunding Bonds Series 2020, in an aggregate principal amount not to exceed \$119,565,000, secured and solely payable from Airport revenues, and authorize the City Manager, or designee, to execute all necessary documents in connection therewith. (District 5)~~

On November 3, 2009 and October 19, 2010, the City Council approved the issuance of \$65 million Airport Revenue Bonds Series 2009 and \$70 million Airport Revenue Bonds Series 2010, respectively. The bonds were issued to finance the Airport's parking structure and Phase I of the Terminal Area Improvements.

Additionally, on February 11, 2020, the City Council expressed its intent to issue Airport revenue bonds in an amount of up to \$21 million to finance a portion of the construction costs for Phase II Terminal Area Improvements and the costs associated with issuing a bond.

The City proposes to issue the Airport Revenue Refunding Bonds Series 2020 (Series 2020 Bonds), in an aggregate principal amount not to exceed \$119,565,000. Proceeds from the issuance of the Series 2020 Bonds will be used to refund the outstanding Airport Revenue Bonds, Series 2009 and 2010 (Refunded Bonds). Additionally, the Series 2020 Bonds will include new money financing of up to \$21 million to fund Phase II Terminal Area Improvements. The Airport estimates that the Series 2020 Bonds will have: (1) a true interest cost of 2.80 percent, (2) finance charges of \$778,000, (3) escrow/project fund amount of \$125.7 million; and (4) total debt service of \$150.9 million.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 19, 2020 and by Grants and Projects Officer Arlen Crabtree on February 12, 2020.

City Council approval is requested on March 17, 2020, to take advantage of the low interest rate environment, and to facilitate the completion of Phase II Terminal Area Improvements.

The Series 2020 Bonds will be secured and solely payable from Airport revenues. It is anticipated that the refunding portion of the Series 2020 Bonds will generate approximately \$25.9 million in net present value interest cost savings over the life of the bonds compared to the Series 2009 and 2010 Bonds. The savings from the Refunded Bonds will be used to offset a portion of the construction costs of Phase II Terminal Area Improvements in an amount up to \$21 million and will result in (under current market conditions) lower aggregate annual debt service payments for the next 10 years. The Phase II Terminal Area Improvements budget is currently appropriated in the Airport Fund Group in the Airport

Department. The Series 2020 Bonds will mature in 2040 and will have an average annual debt service payment of approximately \$7.5 million. Since, the annual debt service payments for the Series 2020 Bonds will be lower than the existing debt service on the Series 2009 and 2010 combined, there is sufficient appropriation in the Airport Fund Group in the Airport Department for the new debt service payments. 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 job impact associated with this recommendation.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

CYNTHIA GUIDRY
DIRECTOR, LONG BEACH AIRPORT

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER