



## Legislation Text

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**File #:** 22-0434, **Version:** 1

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Recommendation to adopt resolution approving proceedings by the Finance Authority of Long Beach for the issuance and sale of its Finance Authority of Long Beach Lease Revenue Bonds, Series 2022, to finance and refinance various capital projects, approving the form and authorizing execution of related documents, and approving related official actions. (Districts 1,4,5)

The Long Beach Bond Finance Authority (Authority) Lease Revenue Refunding Bond 2012 Series A (2012 Bonds) will soon be eligible for refunding. The refunding of the 2012 Bonds will reduce the annual debt service burden in various City of Long Beach (City) funds including the General, Fleet Services, and Towing Fund Groups. The 2012 Bonds were issued to refund the 1998 Series B Temple and Willow Bonds, 2005 Series A Temple and Willow Bonds, 2001 Plaza Parking Facility Bonds, 2002 Public Safety Facilities Bonds, 2003 Skylinks Golf Course Bonds, and 2004 Series A Long Beach Towne Center Bonds, thereby reducing annual debt service payments. As the 2012 Bonds have reached eligibility for refunding, the opportunity to achieve further debt service savings and reimburse the Fleet Services Fund Group for an interfund loan for the project management costs related to the Public Safety Garage in a cost-effective manner is now available.

The City proposes that the refunding of the 2012 Bonds be financed from the proceeds of the Finance Authority of Long Beach Lease Revenue Bonds, Series 2022 (2022 Bonds), to be issued by the Authority under the provisions of Article 4 (commencing with section 6584) of the JPA Act (Bond Law). To provide repayment of the Bonds, the City and the Authority will enter into a lease-leaseback arrangement on City-owned property. The proceeds from the Bonds will be used to refund approximately \$41,520,000 of aggregate bond principal and issue \$1,650,000 to fund the Public Safety Garage costs reimbursement and pay the cost of issuance. The Bonds will be structured without a debt service reserve fund thus lowering the required issuance amount and related interest cost of this financing. The total annual interest savings is projected to be approximately \$3.7 million over ten years through the final maturity of August 1, 2031.

City staff recommends approval of the issuance of the 2022 Lease Revenue Refunding Bonds, in an aggregate par amount not to exceed \$45,000,000 and aggregate yield not to exceed 3.30 percent to refund the outstanding 2012 Lease Revenue Refunding Bonds in order to take advantage of current market interest rates, release various properties currently pledged, allow the City to enter into a new City Pledge Agreement, and pay for the cost of issuance.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on March 18,

2022 and by Revenue Management Officer Geraldine Alejo on March 31, 2022.

City Council action is requested on April 19, 2022 to facilitate the timely issuance of refunding Bonds to finance and refinance capital project funding to minimize interest costs.

Bond proceeds from the Finance Authority of Long Beach Lease Revenue Bonds Series 2022 is estimated at \$45,000,000, all of which may be required to offset the cost of refunding the 2012 Bonds. Under the Series 2022 Bonds, the annual debt service payment is estimated to range from approximately \$3.1 million to \$6.1 million. Depending on the financial market conditions at sale, the debt refunding is expected to reduce the total interest cost by approximately \$3.7 million, without extending the final term of the bonds. Savings will start in Fiscal Year 2022. Impacted fund groups will be based on the type of bond and include the Fleet Services, Towing, and General Fund Groups. At this time, only estimates are available, with the net fiscal impact per fund group (inclusive of costs, proceeds, and savings) finalized following the sale. City staff will return to the City Council in a future Budget Adjustment Council Letter, with a request for appropriation to refund the 2012 Bonds which is anticipated to be fully offset by bond proceeds of approximately the same amount. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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KEVIN RIPER  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA  
CITY MANAGER