



Legislation Text

File #: 20-0043, **Version:** 1

Recommendation to receive supporting documentation into the record, adopt resolution authorizing the issuance by the Board of Harbor Commissioners, on behalf of the City of Long Beach, of Harbor Revenue Refunding Bonds Series 2020A and 2020B, in an aggregate principal amount not to exceed \$175,000,000, and Harbor Revenue Short-Term Notes Series 2020C, 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)

The Board of Harbor Commissioners, acting on behalf of the City, proposes to issue the Harbor Revenue Refunding Bonds Series 2020A and 2020B (Series 2020 Bonds), in an aggregate principal amount not to exceed \$175,000,000. The Board of Harbor Commissioners also proposes to issue the Harbor Revenue Short-Term Notes Series 2020C (Series 2020 Notes), in an aggregate principal amount not to exceed \$145,000,000.

Proceeds from the issuance of the Series 2020 Bonds will be used to refund the outstanding Harbor Revenue Bonds, Series 2010A and 2010B (Refunded Bonds) and pay the costs of issuance associated with issuing the Series 2020 Bonds. The City estimates that the Series 2020 Bonds will generate (1) a true interest cost of 1.189 percent (2) finance charges of \$540,821, (3) escrow amount of \$211 million, and (4) total debt service of \$157.6 million.

Proceeds from the issuance of the Series 2020 Notes will be used to pay and/or reimburse the Harbor Department for construction costs related to the Gerald Desmond Bridge. The proceeds will also be used to fund a capitalized interest account and pay the costs of issuance associated with issuing the Series 2020 Notes. The City estimates that the Series 2020 Notes will generate (1) a true interest cost of 1.181 percent (2) finance charges of \$230,294, (3) a construction fund amount of \$145 million, and (4) total debt service of \$152.4 million.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on December 16, 2019 and by Budget Management Officer Rhutu Amin Gharib on December 12, 2019.

City Council approval is requested on January 14, 2020, to take advantage of the low interest rate environment, and to facilitate the completion of the Gerald Desmond Bridge.

Both the Series 2020 Bonds and the Series 2020 Notes are special, limited obligations of the City, secured and solely payable from Harbor Department revenues. The proceeds from the Series 2020 Bonds will be used to pay off the Refunded Bonds. It is anticipated that the

Series 2020 Bonds will generate approximately \$21.6 million in interest cost savings over the life of the bonds. The average annual debt service payment on the Series 2020 Bonds will be approximately \$21.8 million. The average annual debt service payment on the Series 2020 Notes will be approximately \$118.8 million. The Harbor Department plans to pay-off the Series 2020 Notes with a 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 job 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 REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$175,000,000 AND 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

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

MARIO CORDERO
EXECUTIVE DIRECTOR
HARBOR DEPARTMENT

APPROVED:

THOMAS B. MODICA
ACTING CITY MANAGER