

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LOS ANGELES AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$245,000,000 AGGREGATE PRINCIPAL AMOUNT OF HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES REFUNDING REVENUE BONDS IN ONE OR MORE SERIES OR SUBSERIES; AUTHORIZING A PRIVATE SALE OF SUCH BONDS; AUTHORIZING THE PREPARATION OF ALL RELATED DOCUMENTATION; AND AUTHORIZING CERTAIN OTHER MATTERS AND ACTIONS IN CONNECTION THEREWITH

WITNESSETH:

WHEREAS, the City of Los Angeles, California (the “City”) is a chartered city duly organized and existing under and pursuant to the provisions of the Constitution of the State of California (the “State”) and the Charter of the City (the “Charter”); and

WHEREAS, the Harbor Department (the “Department”) is a Proprietary Department (as defined in the Charter) of the City, established and provided for by the Charter, having control of its own revenues and funds and under the management and control of a Board of Harbor Commissioners (the “Board”); and

WHEREAS, pursuant to Section 609 of the Charter (“Section 609”) and the Charter implementation ordinance (the “Procedural Ordinance”) relating to the procedures for issuance and sale of revenue bonds by the Department under Section 609, which Procedural Ordinance is codified at Division 11, Chapter 1, Article 6.5, Sections 11.28.1 through 11.28.9, of the City Administrative Code, the Department has the power to borrow money and to issue bonds, refunding bonds, notes and other evidences of indebtedness for any lawful purpose relating to the Department payable from the revenues of the Department and from any other money lawfully available to the Department or under its control, in the form and manner approved by the Board; and

WHEREAS, on September 18, 2014, the Department issued \$203,280,000 aggregate principal amount of its Harbor Department of the City of Los Angeles Revenue Bonds and Refunding Revenue Bonds, 2014 Series A (AMT) (the “2014A Bonds”), \$89,105,000 aggregate principal amount of its Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2014 Series B (Exempt Facility Non-AMT) (the “2014B Bonds”) and \$44,890,000 aggregate principal amount of its Harbor Department of the City of Los Angeles Revenue Bonds, 2014 Series C (Governmental Non-AMT) (the “2014C Bonds”); and

WHEREAS, the Department has determined that it is in its best interests at this time to provide for the refunding of all or a portion of the 2014A Bonds, the 2014B Bonds and/or the 2014C Bonds as determined by the Chief Financial Officer of the Department (referred to herein as the “Interim Chief Financial Officer”), the Executive Director or either of their respective designees (the portion thereof refunded, the “Refunded Bonds”); and

WHEREAS, the Department now plans to authorize the exercise of the power pursuant to Section 609 to issue certain Harbor Department of the City of Los Angeles Refunding Revenue Bonds in one or more series or subseries (the “Bonds”), for the purpose of refunding the Refunded Bonds and paying the costs incidental to the issuance of the Bonds and the refunding of the Refunded Bonds; and

WHEREAS, the Board is required, pursuant to Section 11.28.1 of the Procedural Ordinance, to adopt a resolution authorizing the issuance of the Bonds; and

WHEREAS, pursuant to Section 11.28.1(a) of the Procedural Ordinance, such resolution must, at a minimum, specify, (i) the purposes for which the proposed Bonds are to be issued, (ii) the maximum principal amount of the Bonds proposed to be issued, (iii) the maximum term for which any of said Bonds are to run, and (iv) the maximum interest rate or cost, to be determined in the manner specified in said resolution, to be incurred through the issuance of such Bonds; and

WHEREAS, pursuant to Section 11.28.4(a) of the Procedural Ordinance, the Board may, by resolution, authorize the sale of its Bonds pursuant to private sale if the Interim Chief Financial Officer determines that a private sale of such Bonds will be of benefit to, and in the financial interest of, the Department and has prepared a written recommendation stating such determination and the reasons therefor, and the Department submits the matter to the City Council of the City as set forth in Section 11.28.4(a) of the Procedural Ordinance; and

WHEREAS, the Interim Chief Financial Officer of the Department has determined that a private sale of the Bonds will be of benefit to, and in the financial interest of, the Department and has prepared a written recommendation (such written recommendation being included in the board report relating to this Resolution under the heading “Discussion-Method of Sale and Interim Chief Financial Officer Recommendation”); and

WHEREAS, the Department now desires to notify the City Administrative Officer (the “CAO”) in writing that the Department intends to issue the Bonds pursuant to private sale, and to provide a copy of the above-mentioned Interim CFO written recommendation to the offices of the Mayor, of the CAO and of the City Clerk of the City (the “City Clerk”); and

WHEREAS, the Department further desires to request (a) the City Clerk to present forthwith this resolution and the related board report with the Interim CFO written recommendation to the City Council; (b) the CAO to deliver to the City Council the report of the CAO required by Section 609(d) of the Charter; and (c) the City Council, by at least a majority vote of its members, and the Mayor to approve such authorizing resolution within the Time Period (as defined in the Procedural Ordinance) specified in Section 11.28.2 of the Procedural Ordinance; and

WHEREAS, all acts, conditions and things required by the laws of the State and by the Charter and Procedural Ordinance to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Department is now duly authorized and empowered, pursuant to each and

every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Harbor Commissioners of the City of Los Angeles, as follows:

Section 1. Findings. The Board hereby determines that the foregoing recitals are true and correct.

Section 2. Authorization of Bonds. The Board hereby authorizes the issuance of the Harbor Department of the City of Los Angeles Refunding Revenue Bonds in one or more series or subseries, to be sold at par, premium or discount, on a taxable or tax-exempt basis and all or a portion or none as “private activity bonds”, on the terms and conditions to be determined by the Board, subject to the following specified parameters:

- (i) the Bonds are to be issued for the purpose of refunding the Refunded Bonds (including the payment of redemption premium and paying the costs incidental to such refunding and to the issuance of the Bonds;
- (ii) the maximum principal amount of the Bonds shall not exceed \$245,000,000;
- (iii) none of the Bonds shall have a final maturity date later than August 1, 2044;
- (iv) no Bonds issued under this Resolution shall bear interest at a rate exceeding five and one-quarter percent (5.25%) per annum;
- (v) the maximum aggregate true interest cost, as calculated by KNN Public Finance, LLC, a California limited liability company, Municipal Advisor to the Department (the “Municipal Advisor”), and submitted to the Interim Chief Financial Officer, to be incurred through the issuance of the Bonds, shall be 5.00%;
- (vi) the resulting present value savings from refunding the Refunded Bonds, as calculated by the Municipal Advisor and submitted to the Interim Chief Financial Officer, shall be not less than such minimum savings amount determined by the Interim Chief Financial Officer with the assistance of the Municipal Advisor in compliance with the Department’s financial policies; and
- (vii) the aggregate principal amount of the Bonds, together with any net premium, if any, shall be no greater than the amount reasonably necessary, as determined by the Interim Chief Financial Officer with the assistance of the Municipal Advisor, to refund the Refunded Bonds and provide for the other purposes set forth in (i) above.

As provided in Section 609 of the Charter, the Bonds authorized hereby shall not constitute or evidence an indebtedness of the City, or a lien or charge on any property or the general revenues of the City, but shall constitute and evidence an obligation of the Department, payable as to principal and interest, and as to any premiums upon the redemption thereof, only from revenues

of the Department, and not out of any other fund or moneys of the Department or of the City, but the provisions of this Section shall not preclude:

(a) the payment of any principal of or interest or premiums on the Bonds through appropriate reserve funds or special trust accounts, including such funds and accounts established with the proceeds of refunding bonds;

(b) the payment of interest on or principal of the bonds out of sums received as premiums or accrued interest on the sale thereof; or

(c) the payment of any such principal or purchase price of or premiums or interest on the Bonds from amounts drawn under any credit enhancement, liquidity agreements or surety bonds or from amounts made available by any entity, public or private, other than the City, the Department, or any other department of the City, in any case where any such entity may have guaranteed such payment.

Section 3. Authorization of Private Sale. The Board hereby authorizes the sale of the Bonds, subject to the parameters set forth above, pursuant to a private sale, and submits the matter to the City Council as set forth in Section 11.28.4(a) of the Procedural Ordinance. The Board hereby notifies the CAO that the Department intends to issue the Bonds pursuant to private sale, and directs Department staff to transmit certified copies of this resolution authorizing the sale of the Bonds by private sale together with a copy of the related board report containing the CFO Report to the offices of the Mayor, of the CAO and of the City Clerk.

Section 4. Approval by City Council and Mayor. The Board hereby requests (a) the City Clerk to present forthwith this resolution together with a copy of the related board report containing the CFO Report to the City Council, (b) the CAO to deliver to the City Council the report of the CAO required by Section 609(d) of the Charter, and (c) the City Council, by at least a majority vote of its members, and the Mayor to approve this resolution within the Time Period (as defined in the Procedural Ordinance) specified in Section 11.28.2 of the Procedural Ordinance.

Section 5. Good Faith Estimates. In accordance with Section 5852.1 of the California Government Code, good faith estimates of the following have been obtained from the Municipal Advisor and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the finance charge of the Bonds, which is the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds to be received by the Department for sale of the Bonds less the finance charge of the Bonds described in clause (b) above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the total payment amount, which is the sum total of all payments the Department will make to pay debt service on the Bonds calculated to the final maturity of the Bonds plus the finance charge of the Bonds described in clause (b) above not paid with the proceeds of the Bonds. These estimates are based on market interest rates prevailing at the time of preparation of this information. The actual interest cost, finance charges, amount of proceeds and total payment amount are subject to market interest rates at the time of sale of the Bonds and may vary from the estimates set forth on Exhibit A attached hereto due to the sale date of Bonds, the principal amount of the Bonds sold, the amortization of the Bonds, the actual interest rates on the Bonds and other factors. The Department

has approved the issuance of the Bonds with a maximum aggregate true interest cost not to exceed 5.00%.

Section 6. Authorization to Proceed with Documents. The officers, employees and agents of the Department are each hereby authorized, empowered and directed, jointly and severally, for and on behalf of the Department, to do any and all things and to prepare, for subsequent presentation to and approval by the Board pursuant to Section 11.28.5 of the Procedural Ordinance, any and all documents which they may deem necessary or advisable to effect the execution, sale and delivery of the Bonds and the refunding of the Refunded Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution and the transactions contemplated hereby, including, but not limited to, the preparation of one or more indentures, continuing disclosure certificates and escrow agreements, the preparation of one or more preliminary official statements with respect to the Bonds, the preparation of one or more purchase contracts to be entered into by the Department with the underwriters to be selected by the Board, the engagement of a verification agent, the engagement of a consultant to deliver a report verifying some or all of the Bonds as “green bonds,” the publication of a notice of public hearing in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the application for bond ratings and the publication and sending of any notices regarding the refunding of the Refunded Bonds. The Authorized Officers and other officers, employees and agents of the Department are directed to take the actions specified herein or necessary to effect the purposes hereof, and all such actions by such officers, employees and agents or their designees are hereby deemed to be non-discretionary and ministerial.

Section 7. Ratification of Prior Actions. All actions heretofore taken by the officers, employees, and agents of the Department prior to the date this Resolution becomes final as described in Section 7 hereof in connection with or related to the issuance and sale of the Bonds or the refunding of the Refunded Bonds are hereby approved, ratified and confirmed.

Section 8. Effective Date. This Resolution shall take effect upon approval by the Mayor and City Council in the manner and at the time set forth in the Charter, including Sections 11.28.1, 11.28.2, 11.28.4 and 11.28.7 of the City Administrative Code.

APPROVED AS TO FORM AND LEGALITY

_____, 2024
HYDEE FELDSTEIN SOTO, City Attorney
STEVEN Y. OTERA, General Counsel

By _____
HEATHER M. MCCLOSKEY, Deputy

Exhibit A

Good Faith Estimates

The following information was obtained from KNN Public Finance, LLC, a California limited liability company, Municipal Advisor to the Department (the “Municipal Advisor”) and is provided in compliance with Section 5852.1 of the California Government Code with respect to the bonds approved in the attached Resolution (the “Bonds”):

1. True Interest Cost of the Bonds. Assuming an estimated principal amount of the Bonds of \$223,215,000 are sold including estimated premium of \$18,601,548 and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 4.03%.

2. Finance Charge of the Bonds. Assuming an estimated principal amount of the Bonds of \$223,215,000 are sold including estimated premium of \$18,601,548 and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds) with respect to the Bonds, is \$1,100,000.

3. Amount of Proceeds to be Received. Assuming an estimated principal amount of the Bonds of \$223,215,000 are sold including estimated premium of \$18,601,548 and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds to be received by the Department for sale of the Bonds less the finance charge of the Bonds described in paragraph 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$240,716,548.

4. Total Payment Amount. Assuming an estimated principal amount of the Bonds of \$223,215,000 are sold including estimated premium of \$18,601,548 and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Department will make to pay debt service on the Bonds calculated to the final maturity of the Bonds plus the finance charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, is \$341,175,888.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date or dates of sale and the amount of Bonds sold will be determined by the Department based on need for project funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of each sale. Market interest rates are affected by economic and other factors beyond the Department’s control. The Board of Harbor Commissioners of the City of Los Angeles has approved the issuance of each series of Bonds with a maximum aggregate true interest cost of 5.00%.

SECRETARY'S CERTIFICATION

I, AMBER M. KLESGES, Secretary of the Board of Harbor Commissioners of the City of Los Angeles, State of California, do hereby certify the foregoing to be a full, true and correct copy of the original Resolution No. _____ adopted by the Board of Harbor Commissioners of the City of Los Angeles, California, at a regular meeting thereof, held on the 25th day of July, 2024.

AYES:

NOES:

ABSTAIN:

ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Harbor Department of the City of Los Angeles, California, this 25th day of July, 2024.

By: _____
Secretary, Board of Harbor
Commissioners of the City of Los Angeles