



THE PORT  
OF LOS ANGELES  
Executive Director's  
Report to the  
Board of Harbor Commissioners

**DATE: JUNE 11, 2019**

**FROM: DEBT & TREASURY MANAGEMENT**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ AUTHORIZING THE APPOINTMENT OF UNDERWRITING FIRMS TO LEAD THE NEGOTIATED SALE IN CONJUNCTION WITH THE ISSUANCE OF THE CITY OF LOS ANGELES HARBOR DEPARTMENT 2019 REFUNDING REVENUE BONDS**

**SUMMARY:**

Staff is requesting authority to appoint Jefferies, LLC as senior manager, and Siebert Cisneros Shank & Co. LLC, and UBS Financial Services Inc. as co-managers for the issuance of the City of Los Angeles Harbor Department's (Harbor Department) 2019 Refunding Revenue Bonds. These bonds will refund (i.e. refinance) all or a portion of the Harbor Department's 2009 Series A and C Bonds (the "2009 AC Bonds") which are currently outstanding in the principal amount of \$235,200,000. Following the August 1, 2019 debt service payment, \$220,595,000 in principal will be outstanding. A total of \$215,595,000 of the bonds will be refunded, as \$5,000,000 of the 2009 Series C Bonds are non-callable.

The total cost for the underwriting services will be approximately \$358,000 and will include compensation for all three firms, fees for underwriters' and Department counsel, and other miscellaneous costs. These costs will be paid from the proceeds of the bond issuance.

**RECOMMENDATION:**

It is recommended that the Los Angeles Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Appoint the team of underwriting firms consisting of Jefferies, LLC as senior manager, and Siebert Cisneros Shank & Co. LLC a Minority, Women, and Small Business Enterprise (MBE/WBE/SBE), and UBS Financial Services Inc. as co-managers for the negotiated sale of the Harbor Department's 2019 Refunding Revenue Bonds;

SUBJECT: AUTHORIZE THE APPOINTMENT OF UNDERWRITING FIRMS TO LEAD THE NEGOTIATED SALE OF THE CITY OF LOS ANGELES HARBOR DEPARTMENT 2019 REFUNDING REVENUE BONDS

3. This Resolution and the selection of the underwriting firms shall be subject to the City Council oversight pursuant to Section 245 of the Charter; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

In May 2018, the Board of Harbor Commissioners approved Resolution No. 18-8284, which established a pool of twelve bond underwriters, valid for three years. Given that the Harbor Department is an infrequent issuer, it is important for both the Harbor Department and the underwriters to market the Harbor Department bonds to a wide audience, in particular to the retail investor market, in order to drive the overall cost of the bonds lower. Staff is recommending Jefferies, LLC as senior manager, and Siebert Cisneros Shank & Co. LLC, and UBS Financial Services Inc. as co-managers to serve as underwriters for the transaction. The proposed team was selected from the existing pool of underwriters based on their responses to a competitive solicitation.

Investment banks play a key role in Harbor Department's financing team, acting as underwriters to assist in the structuring, marketing and distributing the bonds. A negotiated sale allows flexibility in terms of the pricing date and helps reduce risk to the Department due to underwriting firms' ability to solicit orders in advance of the sale, all in support of obtaining the lowest cost of issuance for the Harbor Department. In a negotiated sale the senior underwriter will be responsible for taking into inventory any unsold bonds. The banks' market reach, access, and understanding of the needs of the investor base provide a direct benefit to the Harbor Department in the form of wide distribution and efficient cost of borrowing.

The underwriters will work with the other members of the financing team which includes KNN Public Finance, LLC as the Department's municipal advisor, and the firms of Hawkins Delafield & Wood, LLP as bond counsel, and Kutak Rock, LLP as disclosure counsel on this transaction. These members of the financing team were also selected through a competitive process.

Under the City of Los Angeles' (City) Responsible Banking Ordinance (RBO 182138), Section 20.95.1 was added to Chapter 5.1 of the Administrative Code to provide for the establishment of a Responsible Banking Investment Monitoring Program. The intent of the Responsible Banking Monitoring Program is to encourage community reinvestment by financial institutions and underwriters doing business in the City of Los Angeles. Jefferies, LLC, Siebert Cisneros Shank & Co. LLC, and UBS Financial Services Inc. have submitted all required documents in compliance with the City's RBO.

This Resolution shall take effect immediately upon its adoption.

SUBJECT: AUTHORIZE THE APPOINTMENT OF UNDERWRITING FIRMS TO LEAD THE NEGOTIATED SALE OF THE CITY OF LOS ANGELES HARBOR DEPARTMENT 2019 REFUNDING REVENUE BONDS

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the appointment of an underwriting team to lead the negotiated sale of 2019 Refunding Revenue Bonds by the City of Los Angeles Harbor Department, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from CEQA in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Total cost for the underwriting services will be approximately \$358,000 and will include compensation for all three firms, fees for underwriters' counsel, and other miscellaneous costs. These costs will be paid from the proceeds of the bond issuance.

**CITY ATTORNEY:**

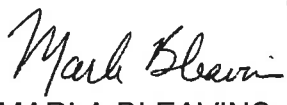
The Office of the City Attorney has reviewed this board report and has no legal issues at this time.

**TRANSMITTAL:**


1. Resolution No. \_\_\_\_\_

FIS Approval:   
CA Approval: 

  
SOHEILA SAJADIAN  
Director, Debt & Treasury Management  
Division

  
MARLA BLEAVINS  
Deputy Executive Director and Chief  
Financial Officer

APPROVED:

  
EUGENE D. SEROKA  
Executive Director