

THE PORT
OF LOS ANGELES **LA**

America's Port

2024 Cash Defeasance

August 8, 2024

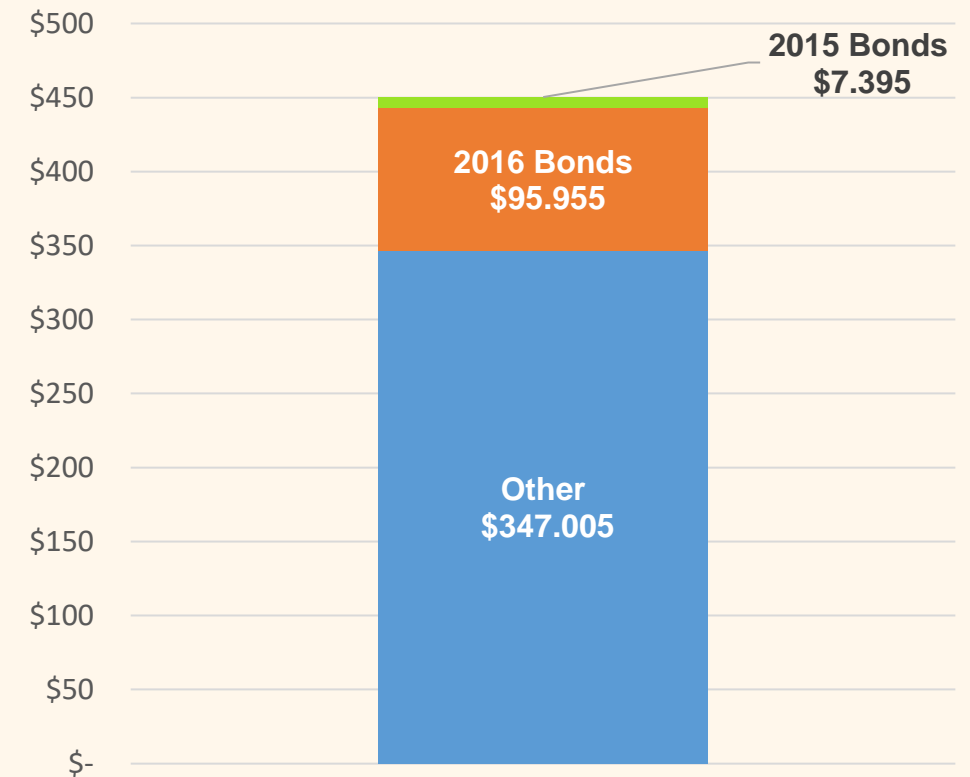


- Staff is requesting:
 1. Adoption of a Resolution authorizing a defeasance of \$103,350,000 in outstanding 2015 and 2016 Bonds; and
 2. Approval of two escrow agreements.

Background

- After making customary principal and interest payments on August 1, 2024, the Harbor Department currently has a total of **\$450,355,000** in outstanding bonds.
 - Of this amount, \$7.395 million (2% of outstanding par) relates to Series 2015A Bonds; and
 - \$95.955 million (21% of outstanding par) relates to Series 2016B & 2016C Bonds.
- Absent any actions of the Board, the Series 2015A Bonds would become callable in August 2025 while the Series 2016B & 2016C Bonds would become callable in August 2026.

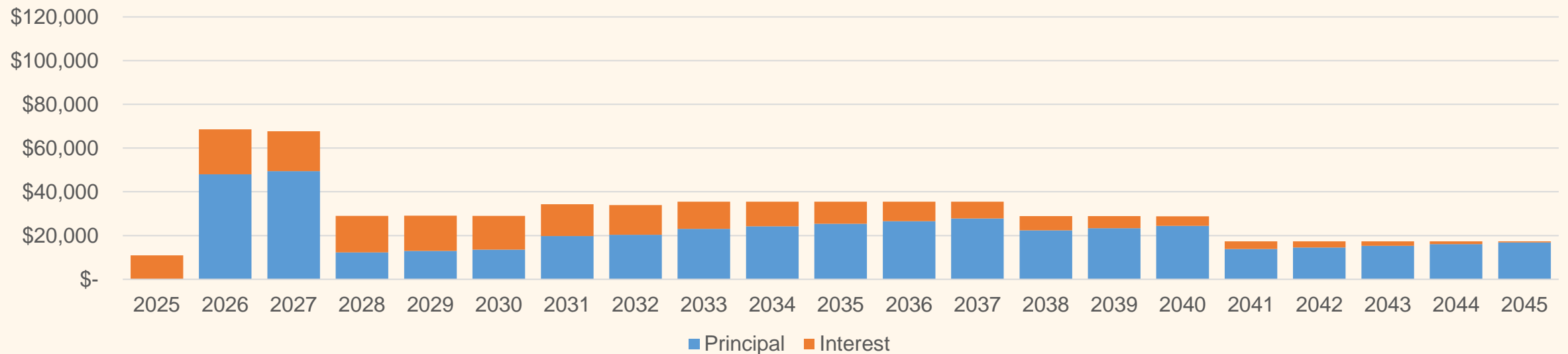
POLA Outstanding Debt
(\$ in millions)



Background (cont.)

- Again, absent any Board action and excluding any impact of the 2024 Refunding transaction, the Department will pay a total of **\$653,074,600** in debt service through FY 2045.
 - Principal = \$450,355,000
 - Interest = \$202,719,600

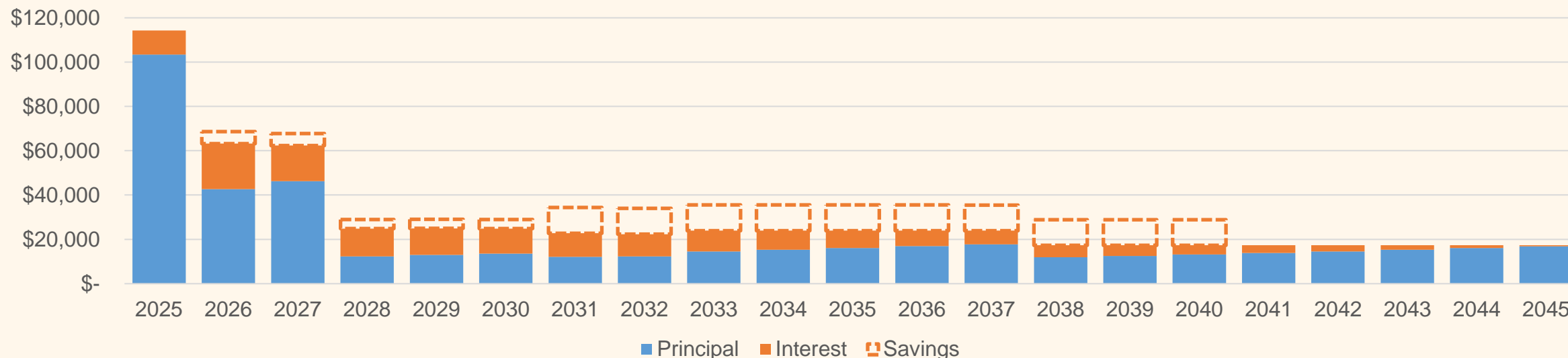
Post 8/1/2024 Debt Service Schedule without Defeasance
(\$ in millions)



Proposal

- Staff proposes to cash defease (i.e. prepay) the Series 2015A and Series 2016B&C Bonds in order to produce interest expense savings.
 - Debt service through FY 2045 would **decrease by ~\$35.5 million to \$617,528,750** due to interest savings (~\$2.37 million per year on average over 15 years).
 - Total principal repayments would still be \$450.355 million, but payments would occur earlier.

Post 8/1/2024 Debt Service Schedule with Defeasance
(\$ in millions)



- The Series 2015A and Series 2016B&C Bonds are not callable until August 2025 and August 2026, respectively.
- Therefore, while cash will be set aside now to fund the appropriate escrow accounts, bonds cannot be repaid until their call date. See summary below.

Principal Outstanding as of 8/1/24	\$103,350,000
Plus: Interest Due (8/1/24 – 7/31/25)	\$4,551,200
Plus: Interest Due (8/1/25 – 7/31/26)	\$4,123,950
Equals: Total Principal and Interest Due	\$112,025,150
Less: Est. Debt Service Reserve Fund Release	(\$11,688,464)
Less: Est. Interest Earned on Escrow	(\$8,242,074)
Equals: Harbor Revenue Fund Contribution	\$92,094,612

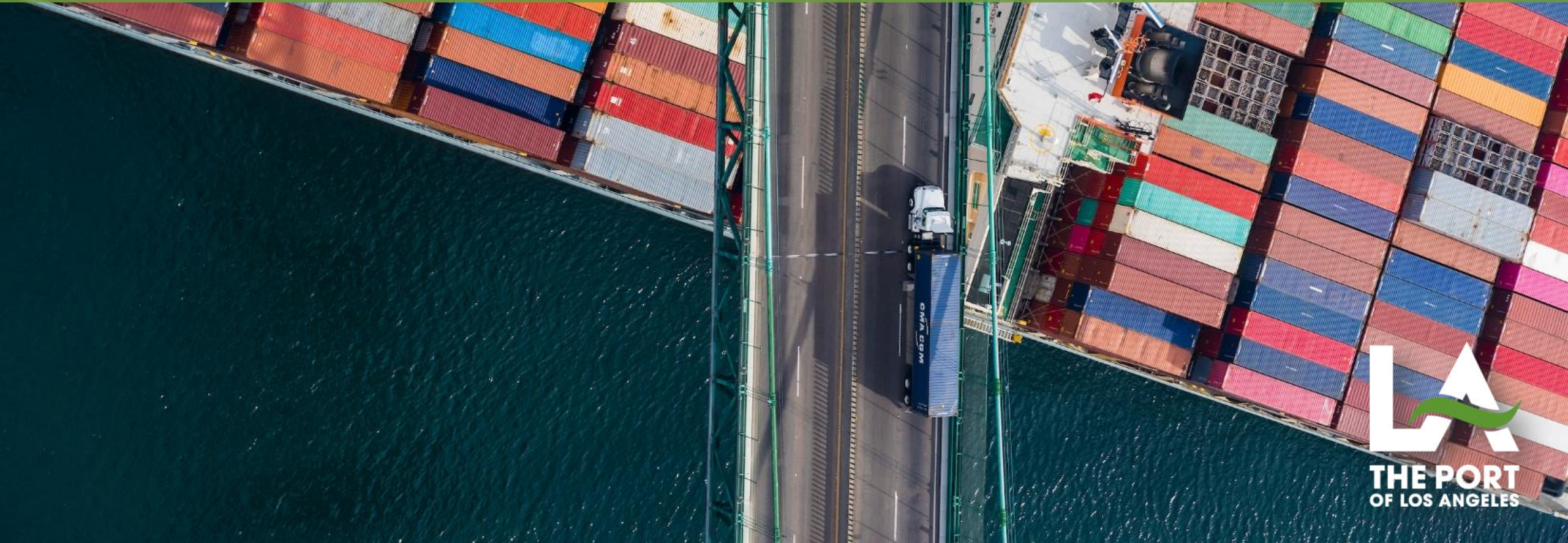
Conclusion

- Staff requests approval of a Resolution authorizing the proposed cash defeasance.
- Staff also requests approval of two Escrow Agreements which will be funded with a transfer from the Harbor Revenue Fund in an amount not-to-exceed \$94 million.
 - \$94 million is slightly more than the \$92.1 million summarized on the previous slide in order to account for any adverse market movements prior to full redemption of the Bonds.

**THE PORT
OF LOS ANGELES** LA

America's Port

QUESTIONS?



LA
**THE PORT
OF LOS ANGELES**