



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

**DATE: JULY 7, 2015**

**FROM: DEBT & TREASURY**

**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 2015 REFUNDING REVENUE BONDS**

**SUMMARY:**

Staff is requesting authority to appoint Siebert Branford Shank & Co., LLC as senior manager and RBC Capital Markets as co-manager for the issuance of the City of Los Angeles Harbor Department 2015 Refunding Revenue Bonds. These bonds will refund all of the City of Los Angeles Harbor Department's (Harbor Department) 2005 Series A and Series B Bonds (the "2005AB Bonds") through a negotiated sale. It is necessary to appoint underwriting firms to lead the negotiated sale of the bonds. Underwriting fees are expected to be approximately \$110,000 and will be paid from bond proceeds.

**RECOMMENDATION:**

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

1. Appoint the team of underwriting firms consisting of Siebert Brandford Shank & Co., LLC a California based bank, as well as Minority and Women Owned Business Enterprise (MBE and WBE) as the senior managing underwriting firm for the private sale of the Bonds, with RBC Capital Markets as the co-managing underwriting firm for the private sale of the Bonds (Transmittal 1);
2. 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
3. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

In April 2015, the Board of Harbor Commissioners approved Resolution No. 15-7798, 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

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audience. For the Harbor Department's 2015 Refunding Revenue Bonds, staff recommends Siebert Brandford Shank & Co., LLC (MBE and WBE) to serve as senior managing underwriter and book runner, and RBC Capital Markets to serve as co-manager.

Investment banks play a key role in the Harbor Department's financing team, acting as underwriters to assist in the structuring, marketing and distributing the bonds. A negotiated sale also 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 proposed 2015 refunding will be non-AMT (Governmental purpose) bonds and have maturities ranging from one to eleven years. As such, these bonds are expected to generate significant interest from retail investors, particularly those located in California. Both Siebert and RBC provide solid retail distribution capabilities for this transaction.

The recommended team was selected from the existing pool of underwriters based on their responses to a competitive solicitation.

The principal financing documents related to the 2015 Refunding Revenue Bonds, which include the Indenture of Trust, Continuing Disclosure Certificate, Bond Purchase Agreement, and the Preliminary Official Statement will be presented to the Board later during the month of August.

This Resolution shall take effect immediately upon its adoption.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the appointment of an underwriting team to lead the negotiated sale of 2015 Refunding Revenue Bonds by the City of Los Angeles Harbor Department. As an administrative action, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA guidelines.

**ECONOMIC BENEFITS:**

This Board action will have no employment impact.

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PAGE 3 OF 3

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**FINANCIAL IMPACT:**

Total cost for the underwriting services will be approximately \$110,000 which includes compensation for both 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:**

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

FIS Approval: MB (initials)  
CA Approval: JS (initials)



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APPROVED:

  
FOR EUGENE D. SEROKA  
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