

RESOLUTION NO. 15-____

A RESOLUTION OF THE HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES REFUNDING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000 TO REFUND CERTAIN PREVIOUSLY ISSUED REFUNDING REVENUE BONDS OF THE DEPARTMENT; 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 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 of the Charter, 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 October 13, 2005, the Department issued \$29,930,000 aggregate principal amount of its Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2005 Series A (the “Series 2005A Bonds”) for the purpose of advance refunding, on a crossover basis, a portion of the Department’s Revenue Bonds, Issue of 1996 (AMT); and

WHEREAS, on October 13, 2005, the Department issued \$30,110,000 aggregate principal amount of its Harbor Department of the City of Los Angeles Refunding Revenue Bonds, 2005 Series B (the “Series 2005B Bonds”) for the purpose, among others, of advance refunding, on a crossover basis, a portion of the Department’s Revenue Bonds, Issue of 1996, Series B (AMT); and

WHEREAS, the Department has determined that it is in its best interest at this time to provide for the refunding of all or a portion of the Series 2005A Bonds (and the portion thereof

refunded, the “Refunded Series 2005A Bonds”), and the refunding of all or a portion of the Series 2005B Bonds (and the portion thereof refunded, the “Refunded Series 2005B Bonds,” and together with the Refunded Series 2005A Bonds, the “Refunded Bonds”); and

WHEREAS, the Department now plans to authorize the exercise of the power pursuant to Section 609 of the Charter to issue certain Harbor Department of the City of Los Angeles Refunding Revenue Bonds in one or more series (the “Bonds”), for the purpose of (i) refunding the Refunded Bonds; (ii) providing for the funding of a debt service reserve fund with respect to the Bonds; and (iii) 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; (a) the purposes for which the Bonds are to be issued; (b) the maximum principal amount of the Bonds to be issued; (c) the maximum term for which any of the Bonds are to run; and (d) the maximum interest rate or cost, to be determined in the manner specified in this Resolution, to be incurred through the issuance of the 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 Chief Financial Officer of the Department (referred to herein as the “Deputy Executive Director, Finance & Administration/CFO”) determines 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 report (the “CFO Report”) 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 Deputy Executive Director, Finance & Administration/CFO 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 CFO Report; 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 CFO Report to the offices of the Mayor, the CAO and 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 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; 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 financing and refunding 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 financing and refunding 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 forgoing 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, to be sold at par, premium or discount, on a taxable or tax-exempt basis, on the terms and conditions to be determined by the Board, subject to the following specified parameters:

(a) the Bonds are to be issued for the purpose of refunding the Refunded Bonds, funding a debt service reserve fund for the Bonds, and paying the costs incidental to the refunding of the Refunded Bonds and to the issuance of the Bonds;

(b) the maximum principal amount of the Bonds shall not exceed \$55,000,000;

(c) none of the Bonds shall have a final maturity date no later than August 1, 2026;

(d) no Bonds issued under this Resolution shall bear interest at a rate exceeding five percent (5.00%) per annum or such lesser or greater maximum rate as shall then be permitted by law;

(e) the maximum true interest cost, as calculated by Frasca & Associates, LLC, Financial Advisor to the Department (the "Financial Advisor"), and submitted to the Deputy Executive Director, Finance and Administration/CFO, to be incurred through the issuance of the Bonds, shall be 4.10%;

(f) the resulting present value savings from refunding the Refunded Bonds, as calculated by the Financial Advisor and submitted to the Deputy Executive Director, Finance and Administration/CFO, shall be not less than such minimum savings amount determined by the Deputy Executive Director, Finance and Administration/CFO with the assistance of the Financial Advisor in compliance with the Department's financial policies; and

(g) 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 Deputy Executive Director, Finance and Administration/CFO with the assistance of the Financial Advisor, to provide for all the purposes set forth in (a) above.

As provided in Section 609 of the Charter, the Bonds authorized hereunder 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 subsection 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 CFO Report to the offices of the Mayor, the CAO and the City Clerk.

Section 4. Approval by City Council and Mayor. The Board hereby requests (a) the City Clerk to present forthwith this Resolution and 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. Authorization to Proceed with Documents. The officers, agents and employees of the Department are hereby authorized, empowered and directed to take such preliminary actions as they deem necessary and appropriate with regards to the preparation of documents for the issuance and sale of the Bonds and the refunding of the Refunded Bonds, including, but not limited to, the preparation of one or more indentures, escrow agreements and continuing disclosure certificates, the preparation of one or more preliminary official statements with respect to the Bonds, the preparation of one or more bond purchase contracts to be entered into by the Department with the underwriters to be selected by the Board, the application for bond ratings, and publishing and sending any notices regarding the refunding of the Refunded Bonds.

Section 6. 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 7. 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 and the Procedural Ordinance, including Sections 11.28.1, 11.28.2, 11.28.4, 11.28.5 and 11.28.7 of the Procedural Ordinance.

APPROVED AS TO FORM AND LEGALITY

_____, 2015
MICHAEL N. FEUER, City Attorney
Janna B. Sidley, General Counsel

By _____
Heather M. McCloskey, Deputy

CERTIFICATION

The undersigned, duly qualified and acting as Secretary of the Harbor Department, certifies that the foregoing is a true and correct copy of a Resolution adopted at a legally convened meeting of the Board of the Department held on July 13, 2015.

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

Dated: _____