

Debt Management

DEBT MANAGEMENT

The Financial Management Department, Treasury Bureau, is responsible for issuing debt on behalf of City departments, City agencies, assessment districts, community facilities districts and other qualified entities. Typical debt structures include revenue bonds, lease revenue bonds, land-based financings and notes. Debt may be issued with fixed or variable rate interest structures. Approximately \$2.26 billion in debt was outstanding as of September 30, 2014. However, \$614 million of this debt is related to the Gas Prepay, which is guaranteed by Bank of America Merrill Lynch, Inc., even though the bonds were issued out of the Long Beach Bond Finance Authority (LBBFA).

Central to debt management is ensuring the City's compliance with Federal, State and local regulations. Other duties of this function include bond payments, maintenance of credit ratings, facilitating project fund draws, meeting the reporting requirements of the Municipal Securities Rulemaking Board and Internal Revenue Service, and determining annual assessment levies.

SUMMARY OF THE CITY AND RELATED AGENCIES OUTSTANDING DEBT

The tables below summarize the City's outstanding debt, including final maturities, original par amounts and amounts outstanding. All information is presented as of September 30, 2014.

REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
City of Long Beach, Harbor Revenue Refunding Bonds, Series 2014A (AMT) and Series 2014B (Non-AMT)	2027	\$ 59,035,000	\$ 59,035,000
City of Long Beach, Harbor Revenue Short-term Notes, Series 2014C	2018	\$ 325,000,000	\$ 325,000,000
Long Beach Bond Finance Authority 2012 Refunding Revenue Bonds (Aquarium of the Pacific Project) ⁽¹⁾	2030	\$ 102,580,000	\$ 93,350,000
City of Long Beach, Second Lien Water Revenue Bonds, Series 2012A	2027	\$ 9,850,000	\$ 8,960,000
Series 2010A Harbor Revenue Bonds	2025	\$ 200,835,000	\$ 160,175,000
Series 2010B Harbor Revenue Refunding Bonds ⁽²⁾	2027	\$ 158,085,000	\$ 136,365,000
Series 2010A Water Revenue Refunding Bonds	2024	\$ 22,740,000	\$ 21,995,000
Series 2010A&B City of Long Beach, Senior Airport Revenue Bonds ⁽³⁾	2040	\$ 61,400,000	\$ 58,855,000
Series 2009 A&B&C City of Long Beach, Senior Airport Revenue Bonds	2039	\$ 61,440,000	\$ 56,295,000
Series 2007A & B Long Beach Bond Finance Authority (LBBFA) Natural Gas Purchase Revenue Bonds	2033	\$ 887,360,000	\$ 613,775,000
Series 2005 A&B Harbor Refunding Revenue Bonds	2025	\$ 257,975,000	\$ 105,595,000
Series 2005A&B LBBFA Revenue Bonds (Redevelopment, Housing and Gas Utility Financings) ⁽⁴⁾	2040	\$ 184,757,306	\$ 156,882,831

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REVENUE BONDS (con'd)			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2004A Harbor Revenue Refunding Bonds (5)	2,018	81,365,000	—
Series 2004B Harbor Revenue Refunding Bonds (5)	2,015	32,045,000	—
Series 2002B Harbor Revenue Bonds (5)	2,027	150,000,000	—
Series 1998A Harbor Revenue Bonds	2,019	206,330,000	74,110,000
Series 1997A Water Revenue Refunding Bonds (6)	2,024	46,945,000	1,825,000

⁽¹⁾ The Long Beach Bond Finance Authority, Series 2012, Revenue Refunding bonds (Aquarium of the Pacific Project), refunded the Series 2001 LBBFA Lease Revenue Refunding Bonds (Aquarium of the Pacific Project)

⁽²⁾ The Series 2010B partially refunded \$63,060,000 of the Series 2002B, \$12,105,000 of the Series 2004A and \$78,410,000 of the Series 2005A bonds.

⁽³⁾ The Senior Airport Revenue Bonds, Series 2009C includes a Federally Taxable-Build America Bonds issue that includes a Federal Direct payment equal to approximately 35 percent of the interest payable on the 2009C bonds.

⁽⁴⁾ Original Issue Discount ("OID") Bonds have a final maturity value of \$6,340,000.

⁽⁵⁾ Defeased by the Series 2014A Harbor Revenue Refunding Bonds, Series A (AMT) and Series B (Non-AMT).

⁽⁶⁾ Series 2010A partially refunded the Series 1997A Revenue Refunding Bonds

Source: City of Long Beach - Comprehensive Annual Financial Report - FY2014 Unaudited

LEASE REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Long Beach Bond Finance Authority Lease Revenue Refunding Bonds, 2012 Series A (1)	2031	\$ 54,630,000	\$ 54,630,000
Long Beach Bond Finance Authority Taxable Lease Revenue Refunding Bonds, 2012 Series B (2)	2018	\$ 15,120,000	\$ 11,305,000
Series 2006 LBBFA Lease Revenue and Bond, Series B (Parks/Open Space Financing Project)	2031	\$ 24,320,000	\$ 24,320,000
Series 2006 LBBFA Lease Revenue and Refunding Bonds (Rainbow Harbor Refinancing Project) (3)	2024	\$ 50,785,000	\$ 31,180,000
Series 2003A (Non-AMT) & B (AMT) Southeast Resource Recovery Facility Authority Lease Revenue Bonds (4)	2018	\$ 120,235,000	\$ 49,200,000
2010 Lease Agreement between Banc Of America Public Capital Corporation and the City of Long Beach (5)	2027	\$ 31,450,000	\$ 25,670,000

⁽¹⁾ The Series 2012 Lease Revenue Refunding bonds, 2012, Series A, refunded the 1998A & B LBBFA Lease Revenue Refunding Bonds (Temple Willow), the Series 2001 LBBFA Lease Revenue Bonds (Plaza Parking Facilities), the Series 2002 LBBFA Lease Revenue Bonds (Public Safety Facilities) and the Series 2005A (LBBFA) Lease Revenue Refunding Bonds (Temple Willow).

⁽²⁾ The Series 2012 Lease Revenue Refunding bonds, 2012, Series B refunded the Series 2003 LBBFA Lease Revenue Bonds (Skylinks Golf Course Project) the Series 2004A Taxable Variable Rate Demand Revenue Bonds (Long Beach Towne Center Site Refinancing Project and pay a portion of the costs of issuance of the bonds.

⁽³⁾ Series 2006 LBBFA Lease Revenue Refunding Bonds (Rainbow Harbor) issued April, 2006 refunded the Series 1999A LBBFA Revenue Bonds (Rainbow Harbor) and the 1997 Queensway Parking Facility bonds.

⁽⁴⁾ Series 2003A and 2003B refunded the Series 1995A and 1995B bonds.

⁽⁵⁾ The 2010 Lease Agreement refunded the Series 1997 LBBFA Lease Revenue Refunding Bonds (Civic Center Project) bonds. Principal and interest payments are due April and October of each year.

Source: City of Long Beach - Comprehensive Annual Financial Report - FY2014 Unaudited

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TAX ALLOCATION REVENUE BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2010A&B Redevelopment Agency of the City of Long Beach, Taxable Recovery Zone Economic Development Bonds (North Long Beach)	2040	\$ 32,980,000	\$ 30,560,000
Series 2005C Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas) (1)	2031	\$ 35,045,000	\$ 31,895,000
Series 2002A (LBBFA) Tax Allocation Revenue Bonds	2031	\$ 77,715,000	\$ 21,021,818
Series 2002B LBBFA Tax Allocation Revenue Bonds (2)	2024	\$ 47,780,000	\$ 41,175,000
Series 1992 Tax Allocation Revenue Bonds(West Long Beach Industrial and Downtown Project) (2)	2017	\$ 117,490,000	\$ 21,865,000

⁽¹⁾ Series 2005C LBBFA Tax Allocation Revenue Bonds issued in February 2006 partially defeased the Series 2002 Long Beach Bond Finance Authority Tax Allocation Revenue Bonds.

⁽²⁾ Series 2002B LBBFA Tax Allocation Revenue Bonds issued in December 2002 partially defeased the Series 1992 West Long Beach Allocation Revenue Bonds and the Series 1992A Downtown Project Refunding Bonds. Maturity date revised at partial defeasement of 1992 bonds by the Series 2002B LBBFA Tax Allocation Revenue Bonds.

PENSION OBLIGATION BONDS			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2002A&B Pension Obligation Refunding Taxable Bonds (1)	2021	\$ 76,550,000	\$ 40,915,000

⁽¹⁾ Series 2002A&B Pension Obligation Refunding Taxable Bonds partially defeased Series 1995 Pension Obligation Refunding Bonds in September 2002. The remaining issue amount after partial defeasement of the Series 1995 Pension Obligation Bonds was \$23,920,000. Series 2002A&B Pension Obligation Bonds were remarketed on December 30, 2005 to a fixed rate from auction rate.

Source: City of Long Beach - Comprehensive Annual Financial Report - FY2014 Unaudited

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City of Long Beach
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2005	2006	2007	2008	2009
Assessed valuation	\$ 32,069,711	\$ 35,519,905	\$ 39,877,469	\$ 43,345,421	\$ 46,621,743
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	8,017,428	8,879,976	9,969,367	10,836,355	11,655,436
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,202,614	1,331,996	1,495,405	1,625,453	1,748,315
Total net debt applicable to limit:					
General obligation bonds	—	—	—	—	—
Legal debt margin	<u>\$ 1,202,614</u>	<u>\$ 1,331,996</u>	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2010	2011	2012	2013	2014
Assessed valuation	\$ 45,466,275	\$ 44,589,625	\$ 45,421,772	\$ 47,952,110	\$ 50,498,496
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,366,569	11,147,406	11,355,443	11,988,028	12,624,624
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,704,985	1,672,111	1,703,316	1,798,204	1,893,694
Total net debt applicable to limit:					
General obligation bonds	—	—	—	—	—
Legal debt margin	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. This provision was enacted when assessed valuation was based on 25 percent of market value. Effective with fiscal year 1982, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Long Beach, Department of Financial Management
County of Los Angeles, Department of Auditor-Controller