

**REPORT FROM**

## **OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: July 10, 2024

CAO File No. 0220-05291-1535

Council File No. 24-0202

Council District: ALL

To: The Mayor  
The City Council

From: Matthew W. Szabo, City Administrative Officer 

Reference: ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$150 MILLION

Subject: **ACTUAL COST INFORMATION FOR GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS)**

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### **RECOMMENDATION**

That the Council note and file the report as no further action is required at this time.

### **SUMMARY**

Pursuant to a resolution (the "Authorizing Resolution") adopted on March 6, 2024, Council authorized the issuance and sale of the General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the "Bonds") to fund Proposition HHH projects (C.F. No. 24-0202). Pursuant to the Authorizing Resolution, the Assistant City Administrative Officer executed the Award Certificate for the Bonds in the aggregate principal amount of \$150,000,000 to Wells Fargo Bank, National Association (Wells Fargo) and subsequently issued the Bonds on July 9, 2024.

This Office is providing actual cost information for the Bonds in accordance with Section 53509.5 of the California Government Code. The true interest cost for the Bonds is 4.934579 percent, which represented the lowest true interest cost submitted by Wells Fargo, the winning bidder. The estimated designated costs of issuance for the Bonds is \$1.2 million. Costs of issuance include expenses such as underwriter's discount, legal services, financial advisory services, rating fees, and printing costs. The interest cost on the Bonds totals \$76.4 million. The terms and interest rates of the Bonds are attached to this report.

### **FISCAL IMPACT STATEMENT**

There is no fiscal impact on the General Fund from the issuances of the Bonds as the City will repay the Bonds from ad valorem taxes levied upon all of the taxable properties within the City.

## **FINANCIAL POLICIES STATEMENT**

The City's Financial Policies, Debt Management Section, requires that debt service on voter-approved and non-voter approved debt combined shall be no more than 15 percent of general revenues. After accounting for the issuance of the Bonds, the 2024-25 debt ratio is 4.00 percent.

## **DEBT IMPACT STATEMENT**

The issuance of the Bonds will result in average annual debt service payments of \$11.8 million over 19 years. The total debt service, including total principal and interest, over the life of the Bonds is \$226.4 million. The City will repay the Bonds from ad valorem taxes levied upon all of the taxable properties within the City.

Attachment

*MWS:AG:09250011*

## **Attachment**

**Terms of the General Obligation Bonds,  
Series 2024-A (Taxable) (Social Bonds)**



SOURCES AND USES OF FUNDS

**\$150,000,000**  
**City of Los Angeles**  
**General Obligation Bonds**  
**Series 2024-A (Taxable) (Social Bonds)**  
**Winning Bid - Wells Fargo**  
**\*\*\* FINAL \*\*\***

Dated Date                07/09/2024  
Delivery Date            07/09/2024

Sources:

Bond Proceeds:	
Par Amount	150,000,000.00
Net Premium	2,082,490.30
	<u>152,082,490.30</u>

Uses:

Project Fund Deposits:	
Project Fund	150,000,000.00
Other Fund Deposits:	
Deposit to Interest Account	922,490.30
Delivery Date Expenses:	
Cost of Issuance	350,000.00
Underwriter's Discount	<u>810,000.00</u>
	<u>1,160,000.00</u>
	<u>152,082,490.30</u>



## BOND SUMMARY STATISTICS

**\$150,000,000**  
**City of Los Angeles**  
**General Obligation Bonds**  
**Series 2024-A (Taxable) (Social Bonds)**  
**Winning Bid - Wells Fargo**  
**\*\*\* FINAL \*\*\***

Dated Date	07/09/2024
Delivery Date	07/09/2024
First Coupon	03/01/2025
Last Maturity	09/01/2043

Arbitrage Yield	4.862567%
True Interest Cost (TIC)	4.934579%
Net Interest Cost (NIC)	4.936667%
All-In TIC	4.965878%
Average Coupon	5.020299%

Average Life (years)	10.144
Weighted Average Maturity (years)	10.019
Duration of Issue (years)	7.588

Par Amount	150,000,000.00
Bond Proceeds	152,082,490.30
Total Interest	76,385,683.05
Net Interest	75,113,192.75
Total Debt Service	226,385,683.05
Maximum Annual Debt Service	15,551,486.50
Average Annual Debt Service	11,825,137.25

Underwriter's Fees (per \$1000)

Average Takedown	
Other Fee	5.400000

Total Underwriter's Discount	5.400000
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Bid Price	100.848327
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Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bonds	150,000,000.00	101.388	5.02029854%	10.144	08/30/2034	7.607	112,334.60
	150,000,000.00			10.144			112,334.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	150,000,000.00	150,000,000.00	150,000,000.00
+ Accrued Interest			
+ Premium (Discount)	2,082,490.30	2,082,490.30	2,082,490.30
- Underwriter's Discount	-810,000.00	-810,000.00	
- Cost of Issuance Expense		-350,000.00	
- Other Amounts			
Target Value	151,272,490.30	150,922,490.30	152,082,490.30
Target Date	07/09/2024	07/09/2024	07/09/2024
Yield	4.934579%	4.965878%	4.862567%