

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: December 1, 2021

CAO File No. 0220-05291-1092

Council File No. 21-0883

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 2021-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$240 MILLION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021-B (TAX-EXEMPT) FOR REFUNDING IN AN AGGREGATE AMOUNT NOT TO EXCEED \$70 MILLION

Subject: **ACTUAL COST INFORMATION FOR GENERAL OBLIGATION BONDS, SERIES 2021-A (TAXABLE) (SOCIAL BONDS) AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021-B (TAX EXEMPT)**

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### RECOMMENDATION

That the City 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 October 5, 2021, the City Council authorized the issuance and sale of the General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the "Series 2021-A Bonds") to fund Proposition HHH projects, and the General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the "Series 2021-B Bonds" and together with the Series 2021-A Bonds, the "Series 2021 Bonds") to refund certain outstanding general obligation bonds (C.F. No. 21-0883). Pursuant to the Authorizing Resolution, on October 27, 2021, the Assistant City Administrative Officer executed Award Certificates (as defined in the Authorizing Resolution) for each Series of Series 2021 Bonds and subsequently issued the Series 2021 Bonds on November 10, 2021. This Office is providing actual cost information for the Series 2021 Bonds in accordance with Section 53509.5 of the California Government Code.

#### Series 2021-A Bonds

This Office awarded the Series 2021-A Bonds, in the aggregate principal amount of \$211,940,000, on October 27, 2021 to Citigroup Global Markets Inc., and subsequently issued the Series 2021-A Bonds on November 10, 2021. The true interest cost for the Series 2021-A Bonds is 2.324793 percent, which represented the lowest true interest cost submitted by any bidder for the Series 2021-A Bonds. The estimated designated costs of issuance for the Series 2021-A Bonds

is \$1,475,726. 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 Series 2021-A Bonds totals \$53.1 million. The terms and interest rates of the Series 2021-A Bonds are attached hereto as Exhibit A.

### Series 2021-B Bonds

This Office awarded the Series 2021-B Bonds, in the aggregate principal amount of \$65,490,000 on October 27, 2021 to Morgan Stanley & Co., LLC, and subsequently issued the Series 2021-B Bonds on November 10, 2021. The true interest cost for the Series 2021-B Bonds is 0.274647 percent, which represented the lowest true interest cost submitted by any bidder for the Series 2021-B Bonds. The estimated designated costs of issuance for the Series 2021-B Bonds is \$162,914. The interest cost on the Series 2021-B Bonds totals \$4.3 million. The terms and interest rates of the Series 2021-B Bonds are attached hereto as Exhibit B.

### **FISCAL IMPACT STATEMENT**

There is no fiscal impact on the General Fund from the issuances of the Series 2021 Bonds as the City will repay the Series 2021 Bonds from ad valorem taxes levied upon all of the taxable properties within the City.

### **DEBT IMPACT STATEMENT**

The issuance of the Series 2021-A Bonds will result in annual debt service payments of \$13.25 million over 20 years. The issuance of the Series 2021-B Bonds will result in net present value interest savings of approximately \$4.28 million over the life of the bonds. The City will repay the Series 2021 Bonds from ad valorem taxes levied upon all of the taxable properties within the City. The issuance of the Series 2021 Bonds has not caused the City's debt service to exceed 15 percent of general revenues for voter and non-voter approved debt, as established in the City's Financial Policies, Debt Management Section. As of November 10, 2021, the ratio of the City's debt service on voter-approved and non-voter approved debt to general revenues is 4.84 percent.

### **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. The issuance of the Series 2021 Bonds has not caused the City's debt service to exceed the 15 percent ceiling. As of November 10, 2021, the ratio of the City's debt service on voter-approved and non-voter approved debt to general revenues is 4.84 percent.

### **Attachments**

Exhibit A – Terms of the Series 2021-A Bonds  
Exhibit B – Terms of the Series 2021-B Bonds

**Exhibit A**  
**Terms of the Series 2021-A Bonds**



**BOND PRICING**

City of Los Angeles  
Series 2021-A General Obligation New Money Bonds (HHH) Taxable  
Taxable, Social Bonds (\*Final Award\*)

Bond Component	Maturity Date	CUSIP	Amount	Rate	Yield	Price	Premium (-Discount)
2021-A Serial Bonds (Taxable):							
	09/01/2022	544351PM5	10,600,000	3.000%	0.351%	102.136	226,416.00
	09/01/2023	544351PN3	10,600,000	3.000%	0.551%	104.401	466,506.00
	09/01/2024	544351PP8	10,600,000	3.000%	0.900%	105.809	615,754.00
	09/01/2025	544351PQ6	10,600,000	3.000%	1.150%	106.873	728,538.00
	09/01/2026	544351PR4	10,600,000	3.000%	1.330%	107.752	821,712.00
	09/01/2027	544351PS2	10,600,000	1.500%	1.500%	100.000	
	09/01/2028	544351PT0	10,600,000	1.700%	1.700%	100.000	
	09/01/2029	544351PU7	10,600,000	1.875%	1.875%	100.000	
	09/01/2030	544351PV5	10,595,000	1.910%	1.910%	100.000	
	09/01/2031	544351PW3	10,595,000	2.010%	2.010%	100.000	
	09/01/2032	544351PX1	10,595,000	2.150%	2.150%	100.000	
	09/01/2033	544351PY9	10,595,000	2.300%	2.300%	100.000	
	09/01/2034	544351PZ6	10,595,000	2.400%	2.400%	100.000	
	09/01/2035	544351QA0	10,595,000	2.450%	2.450%	100.000	
	09/01/2036	544351QB8	10,595,000	2.500%	2.500%	100.000	
	09/01/2037	544351QC6	10,595,000	2.550%	2.550%	100.000	
			169,560,000				2,858,926.00
Term Bond (2039):							
	09/01/2038	544351QE2	10,595,000	2.625%	2.625%	100.000	
	09/01/2039	544351QE2	10,595,000	2.625%	2.625%	100.000	
			21,190,000				
Term Bond (2041):							
	09/01/2040	544351QG7	10,595,000	2.700%	2.700%	100.000	
	09/01/2041	544351QG7	10,595,000	2.700%	2.700%	100.000	
			21,190,000				
			211,940,000				2,858,926.00

Dated Date	11/10/2021	
Delivery Date	11/10/2021	
First Coupon	09/01/2022	
Par Amount	211,940,000.00	
Premium	2,858,926.00	
Production	214,798,926.00	101.348932%
Underwriter's Discount	-1,059,700.00	-0.500000%
Purchase Price	213,739,226.00	100.848932%
Accrued Interest		
Net Proceeds	213,739,226.00	



## BOND DEBT SERVICE

City of Los Angeles  
Series 2021-A General Obligation New Money Bonds (HHH) Taxable  
Taxable, Social Bonds

Dated Date                    11/10/2021  
Delivery Date                11/10/2021

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/10/2021						211,940,000	211,940,000
09/01/2022	10,600,000	3.000%	4,196,886.07	14,796,886.07		201,340,000	201,340,000
03/01/2023			2,437,012.00	2,437,012.00		201,340,000	201,340,000
06/30/2023					17,233,898.07	201,340,000	201,340,000
09/01/2023	10,600,000	3.000%	2,437,012.00	13,037,012.00		190,740,000	190,740,000
03/01/2024			2,278,012.00	2,278,012.00		190,740,000	190,740,000
06/30/2024					15,315,024.00	190,740,000	190,740,000
09/01/2024	10,600,000	3.000%	2,278,012.00	12,878,012.00		180,140,000	180,140,000
03/01/2025			2,119,012.00	2,119,012.00		180,140,000	180,140,000
06/30/2025					14,997,024.00	180,140,000	180,140,000
09/01/2025	10,600,000	3.000%	2,119,012.00	12,719,012.00		169,540,000	169,540,000
03/01/2026			1,960,012.00	1,960,012.00		169,540,000	169,540,000
06/30/2026					14,679,024.00	169,540,000	169,540,000
09/01/2026	10,600,000	3.000%	1,960,012.00	12,560,012.00		158,940,000	158,940,000
03/01/2027			1,801,012.00	1,801,012.00		158,940,000	158,940,000
06/30/2027					14,361,024.00	158,940,000	158,940,000
09/01/2027	10,600,000	1.500%	1,801,012.00	12,401,012.00		148,340,000	148,340,000
03/01/2028			1,721,512.00	1,721,512.00		148,340,000	148,340,000
06/30/2028					14,122,524.00	148,340,000	148,340,000
09/01/2028	10,600,000	1.700%	1,721,512.00	12,321,512.00		137,740,000	137,740,000
03/01/2029			1,631,412.00	1,631,412.00		137,740,000	137,740,000
06/30/2029					13,952,924.00	137,740,000	137,740,000
09/01/2029	10,600,000	1.875%	1,631,412.00	12,231,412.00		127,140,000	127,140,000
03/01/2030			1,532,037.00	1,532,037.00		127,140,000	127,140,000
06/30/2030					13,763,449.00	127,140,000	127,140,000
09/01/2030	10,595,000	1.910%	1,532,037.00	12,127,037.00		116,545,000	116,545,000
03/01/2031			1,430,854.75	1,430,854.75		116,545,000	116,545,000
06/30/2031					13,557,891.75	116,545,000	116,545,000
09/01/2031	10,595,000	2.010%	1,430,854.75	12,025,854.75		105,950,000	105,950,000
03/01/2032			1,324,375.00	1,324,375.00		105,950,000	105,950,000
06/30/2032					13,350,229.75	105,950,000	105,950,000
09/01/2032	10,595,000	2.150%	1,324,375.00	11,919,375.00		95,355,000	95,355,000
03/01/2033			1,210,478.75	1,210,478.75		95,355,000	95,355,000
06/30/2033					13,129,853.75	95,355,000	95,355,000
09/01/2033	10,595,000	2.300%	1,210,478.75	11,805,478.75		84,760,000	84,760,000
03/01/2034			1,088,636.25	1,088,636.25		84,760,000	84,760,000
06/30/2034					12,894,115.00	84,760,000	84,760,000
09/01/2034	10,595,000	2.400%	1,088,636.25	11,683,636.25		74,165,000	74,165,000
03/01/2035			961,496.25	961,496.25		74,165,000	74,165,000
06/30/2035					12,645,132.50	74,165,000	74,165,000
09/01/2035	10,595,000	2.450%	961,496.25	11,556,496.25		63,570,000	63,570,000
03/01/2036			831,707.50	831,707.50		63,570,000	63,570,000
06/30/2036					12,388,203.75	63,570,000	63,570,000
09/01/2036	10,595,000	2.500%	831,707.50	11,426,707.50		52,975,000	52,975,000
03/01/2037			699,270.00	699,270.00		52,975,000	52,975,000
06/30/2037					12,125,977.50	52,975,000	52,975,000
09/01/2037	10,595,000	2.550%	699,270.00	11,294,270.00		42,380,000	42,380,000
03/01/2038			564,183.75	564,183.75		42,380,000	42,380,000
06/30/2038					11,858,453.75	42,380,000	42,380,000
09/01/2038	10,595,000	2.625%	564,183.75	11,159,183.75		31,785,000	31,785,000
03/01/2039			425,124.38	425,124.38		31,785,000	31,785,000
06/30/2039					11,584,308.13	31,785,000	31,785,000
09/01/2039	10,595,000	2.625%	425,124.38	11,020,124.38		21,190,000	21,190,000
03/01/2040			286,065.00	286,065.00		21,190,000	21,190,000
06/30/2040					11,306,189.38	21,190,000	21,190,000
09/01/2040	10,595,000	2.700%	286,065.00	10,881,065.00		10,595,000	10,595,000
03/01/2041			143,032.50	143,032.50		10,595,000	10,595,000
06/30/2041					11,024,097.50	10,595,000	10,595,000
09/01/2041	10,595,000	2.700%	143,032.50	10,738,032.50			
06/30/2042					10,738,032.50		
	211,940,000		53,087,376.33	265,027,376.33	265,027,376.33		



## BOND SUMMARY STATISTICS

City of Los Angeles  
 Series 2021-A General Obligation New Money Bonds (HHH) Taxable  
 Taxable, Social Bonds (\*Final Award\*)

Dated Date	11/10/2021
Delivery Date	11/10/2021
Last Maturity	09/01/2041
Arbitrage Yield	2.663494%
True Interest Cost (TIC)	2.324793%
Net Interest Cost (NIC)	2.347812%
All-In TIC	2.346790%
Average Coupon	2.430175%
Average Life (years)	10.307
Duration of Issue (years)	8.931
Par Amount	211,940,000.00
Bond Proceeds	214,798,926.00
Total Interest	53,087,376.33
Net Interest	51,288,150.33
Total Debt Service	265,027,376.33
Maximum Annual Debt Service	17,233,898.07
Average Annual Debt Service	13,379,589.89
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	100.848932

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2021-A Serial Bonds (Taxable)	169,560,000.00	101.686	2.301%	8.307	125,355.65
Term Bond (2039)	21,190,000.00	100.000	2.625%	17.308	29,877.90
Term Bond (2041)	21,190,000.00	100.000	2.700%	19.308	32,208.80
	211,940,000.00			10.307	187,442.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	211,940,000.00	211,940,000.00	42,380,000.00
+ Accrued Interest			
+ Premium (Discount)	2,858,926.00	2,858,926.00	
- Underwriter's Discount	-1,059,700.00	-1,059,700.00	
- Cost of Issuance Expense		-414,500.00	
- Other Amounts			
Target Value	213,739,226.00	213,324,726.00	42,380,000.00
Target Date	11/10/2021	11/10/2021	11/10/2021
Yield	2.324793%	2.346790%	2.663494%

**Exhibit B**  
**Terms of the Series 2021-B Bonds**



**BOND PRICING**

City of Los Angeles  
 Series 2021-B General Obligation Refunding Bonds  
 Final Award

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
2021-B Serial Bonds (Tax-Exempt):						
	09/01/2022	36,475,000	5.000%	0.160%	103.908	1,425,443.00
	09/01/2023	22,040,000	5.000%	0.260%	108.545	1,883,318.00
	09/01/2024	6,345,000	4.000%	0.340%	110.220	648,459.00
	09/01/2025	630,000	4.000%	0.450%	113.388	84,344.40
		65,490,000				4,041,564.40

Dated Date	11/10/2021	
Delivery Date	11/10/2021	
First Coupon	09/01/2022	
Par Amount	65,490,000.00	
Premium	4,041,564.40	
Production	69,531,564.40	106.171270%
Underwriter's Discount	<b>-24,905.13</b>	<b>-0.038029%</b>
Purchase Price	69,506,659.27	106.133241%
Accrued Interest		
Net Proceeds	69,506,659.27	



DETAILED BOND DEBT SERVICE

City of Los Angeles  
 Series 2021-B General Obligation Refunding Bonds  
 Final Award

Dated Date 11/10/2021  
 Delivery Date 11/10/2021

2021-B Serial Bonds (Tax-Exempt) (2021 B)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
11/10/2021						65,490,000	65,490,000
09/01/2022	36,475,000	5.000%	2,590,506.25	39,065,506.25		29,015,000	29,015,000
03/01/2023			690,500.00	690,500.00		29,015,000	29,015,000
06/30/2023					39,756,006.25	29,015,000	29,015,000
09/01/2023	22,040,000	5.000%	690,500.00	22,730,500.00		6,975,000	6,975,000
03/01/2024			139,500.00	139,500.00		6,975,000	6,975,000
06/30/2024					22,870,000.00	6,975,000	6,975,000
09/01/2024	6,345,000	4.000%	139,500.00	6,484,500.00		630,000	630,000
03/01/2025			12,600.00	12,600.00		630,000	630,000
06/30/2025					6,497,100.00	630,000	630,000
09/01/2025	630,000	4.000%	12,600.00	642,600.00			
06/30/2026					642,600.00		
	65,490,000		4,275,706.25	69,765,706.25	69,765,706.25		



## BOND SUMMARY STATISTICS

### City of Los Angeles Series 2021-B General Obligation Refunding Bonds Final Award

Dated Date	11/10/2021
Delivery Date	11/10/2021
Last Maturity	09/01/2025
Arbitrage Yield	0.248169%
True Interest Cost (TIC)	0.274647%
Net Interest Cost (NIC)	0.289251%
All-In TIC	0.418974%
Average Coupon	4.774245%
Average Life (years)	1.368
Duration of Issue (years)	1.355
Par Amount	65,490,000.00
Bond Proceeds	69,531,564.40
Total Interest	4,275,706.25
Net Interest	259,046.98
Total Debt Service	69,765,706.25
Maximum Annual Debt Service	39,756,006.25
Average Annual Debt Service	18,319,222.65
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	0.380289
Total Underwriter's Discount	0.380289
Bid Price	106.133241

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2021-B Serial Bonds (Tax-Exempt)	65,490,000.00	106.171	4.774%	1.368	9,625.85
	65,490,000.00			1.368	9,625.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	65,490,000.00	65,490,000.00	65,490,000.00
+ Accrued Interest			
+ Premium (Discount)	4,041,564.40	4,041,564.40	4,041,564.40
- Underwriter's Discount	-24,905.13	-24,905.13	
- Cost of Issuance Expense		-135,500.00	
- Other Amounts			
Target Value	69,506,659.27	69,371,159.27	69,531,564.40
Target Date	11/10/2021	11/10/2021	11/10/2021
Yield	0.274647%	0.418974%	0.248169%