

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 28, 2022

CAO File No. 0220-05291-1253

Council File No. 22-0913

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 2022-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$410 MILLION

Subject: **ACTUAL COST INFORMATION FOR GENERAL OBLIGATION BONDS, SERIES 2022-A (TAXABLE) (SOCIAL BONDS)**

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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 adopted on August 26, 2022, the City Council authorized the issuance and sale of the General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the "Bonds") to fund Proposition HHH projects (C.F. No. 22-0913). On September 15, 2022, the Assistant City Administrative Officer awarded the Bonds in the aggregate principal amount of \$389,435,000 to Citigroup Global Markets Inc. and subsequently issued the Bonds on September 28, 2022.

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 4.687409 percent, which represents the lowest true interest cost submitted by any bidder for the Bonds. The interest on the Bonds totals approximately \$197.3 million. The estimated designated costs of issuance for the Bonds is \$1.23 million. Costs of issuance include expenses such as underwriter's discount, legal services, financial advisory services, rating fees, and printing costs. 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.

## **DEBT IMPACT STATEMENT**

The issuance of the Bonds will result in annual debt service payments averaging \$29.3 million over 20 years. The City will repay the Bonds from ad valorem taxes levied upon all of the taxable properties within the City. The issuance of the 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. The 2022-23 debt ratio is 4.44 percent. As the first debt service payment on the Bonds will take place in 2023-24, there is no projected impact to the 2022-23 debt ratio. After accounting for the issuance of the Bonds, this Office projects that the debt ratio will increase to 4.51 percent in 2023-24.

## **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 2022-23 debt ratio is 4.44 percent. As the first debt service payment on the Bonds will take place in 2023-24, there is no projected impact to the 2022-23 debt ratio. After accounting for the issuance of the Bonds, this Office projects that the debt ratio will increase to 4.51 percent in 2023-24.

Attachment

*MWS:ZMB:09230042*

**Attachment**  
**Terms of the General Obligation Bonds,**  
**Series 2022-A (Taxable) (Social Bonds)**



## SOURCES AND USES OF FUNDS

**City of Los Angeles**  
**Series 2022-A General Obligation New Money Bonds (HHH)**  
**Taxable, Social Bonds (\*Final Award\*)**

Dated Date 09/28/2022  
Delivery Date 09/28/2022

**Sources:**

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Bond Proceeds:	
Par Amount	389,435,000.00
Net Premium	5,598,340.45
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	395,033,340.45

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**Uses:**

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Project Fund Deposits:	
Project Fund	389,432,500.00
Other Fund Deposits:	
Capitalized Interest Fund	4,371,829.20
Delivery Date Expenses:	
Cost of Issuance	545,000.00
Underwriter's Discount	681,511.25
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	1,226,511.25
Other Uses of Funds:	
Additional Proceeds	2,500.00
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	395,033,340.45

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## BOND SUMMARY STATISTICS

**City of Los Angeles**  
**Series 2022-A General Obligation New Money Bonds (HHH)**  
**Taxable, Social Bonds (\*Final Award\*)**

Dated Date	09/28/2022
Delivery Date	09/28/2022
Last Maturity	09/01/2042
Arbitrage Yield	4.664969%
True Interest Cost (TIC)	4.687409%
Net Interest Cost (NIC)	4.740092%
All-In TIC	4.705397%
Average Coupon	4.861207%
Average Life (years)	10.424
Duration of Issue (years)	7.871
Par Amount	389,435,000.00
Bond Proceeds	395,033,340.45
Total Interest	197,347,122.44
Net Interest	192,430,293.24
Total Debt Service	586,782,122.44
Maximum Annual Debt Service	46,048,686.19
Average Annual Debt Service	29,449,541.90
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	1.750000
Total Underwriter's Discount	1.750000
Bid Price	101.262555

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds	292,085,000.00	101.917	4.757%	7.925	184,782.85
Term Bonds (2042)	97,350,000.00	100.000	5.000%	17.925	122,661.00
	389,435,000.00			10.424	307,443.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	389,435,000.00	389,435,000.00	389,435,000.00
+ Accrued Interest			
+ Premium (Discount)	5,598,340.45	5,598,340.45	5,598,340.45
- Underwriter's Discount	-681,511.25	-681,511.25	
- Cost of Issuance Expense		-545,000.00	
- Other Amounts			
Target Value	394,351,829.20	393,806,829.20	395,033,340.45
Target Date	09/28/2022	09/28/2022	09/28/2022
Yield	4.687409%	4.705397%	4.664969%



## BOND PRICING

**City of Los Angeles**  
**Series 2022-A General Obligation New Money Bonds (HHH)**  
**Taxable, Social Bonds (\*Final Award\*)**

Bond Component	Maturity Date	CUSIP	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bonds:							
	09/01/2023	544351QN2	19,475,000	5.000%	3.900%	100.986	192,023.50
	09/01/2024	544351QP7	19,475,000	5.000%	3.950%	101.924	374,699.00
	09/01/2025	544351QQ5	19,475,000	5.000%	4.000%	102.731	531,862.25
	09/01/2026	544351QR3	19,475,000	5.000%	4.070%	103.339	650,270.25
	09/01/2027	544351QS1	19,475,000	5.000%	4.120%	103.883	756,214.25
	09/01/2028	544351QT9	19,475,000	5.000%	4.140%	104.474	871,311.50
	09/01/2029	544351QU6	19,475,000	5.000%	4.200%	104.760	927,010.00
	09/01/2030	544351QV4	19,470,000	5.000%	4.250%	104.998	973,110.60
	09/01/2031	544351QW2	19,470,000	5.000%	4.300%	105.139	1,000,563.30
	09/01/2032	544351QX0	19,470,000	4.400%	4.400%	100.000	
	09/01/2033	544351QY8	19,470,000	4.375%	4.500%	98.927	-208,913.10
	09/01/2034	544351QZ5	19,470,000	4.500%	4.600%	99.086	-177,955.80
	09/01/2035	544351RA9	19,470,000	4.625%	4.700%	99.276	-140,962.80
	09/01/2036	544351RB7	19,470,000	4.750%	4.800%	99.492	-98,907.60
	09/01/2037	544351RC5	19,470,000	4.875%	4.900%	99.733	-51,984.90
			292,085,000				5,598,340.45
Term Bonds (2042):							
	09/01/2038		19,470,000	5.000%	5.000%	100.000	
	09/01/2039		19,470,000	5.000%	5.000%	100.000	
	09/01/2040		19,470,000	5.000%	5.000%	100.000	
	09/01/2041		19,470,000	5.000%	5.000%	100.000	
	09/01/2042	544351RH4	19,470,000	5.000%	5.000%	100.000	
			97,350,000				
			389,435,000				5,598,340.45

Dated Date	09/28/2022	
Delivery Date	09/28/2022	
First Coupon	09/01/2023	
Par Amount	389,435,000.00	
Premium	5,598,340.45	
Production	395,033,340.45	101.437555%
Underwriter's Discount	-681,511.25	-0.175000%
Purchase Price	394,351,829.20	101.262555%
Accrued Interest		
Net Proceeds	394,351,829.20	



BOND DEBT SERVICE

City of Los Angeles  
 Series 2022-A General Obligation New Money Bonds (HHH)  
 Taxable, Social Bonds (\*Final Award\*)

Dated Date 09/28/2022  
 Delivery Date 09/28/2022

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
09/28/2022						389,435,000	389,435,000
09/01/2023	19,475,000	5.000%	17,565,627.44	37,040,627.44		369,960,000	369,960,000
03/01/2024			9,008,058.75	9,008,058.75		369,960,000	369,960,000
06/30/2024					46,048,686.19	369,960,000	369,960,000
09/01/2024	19,475,000	5.000%	9,008,058.75	28,483,058.75		350,485,000	350,485,000
03/01/2025			8,521,183.75	8,521,183.75		350,485,000	350,485,000
06/30/2025					37,004,242.50	350,485,000	350,485,000
09/01/2025	19,475,000	5.000%	8,521,183.75	27,996,183.75		331,010,000	331,010,000
03/01/2026			8,034,308.75	8,034,308.75		331,010,000	331,010,000
06/30/2026					36,030,492.50	331,010,000	331,010,000
09/01/2026	19,475,000	5.000%	8,034,308.75	27,509,308.75		311,535,000	311,535,000
03/01/2027			7,547,433.75	7,547,433.75		311,535,000	311,535,000
06/30/2027					35,056,742.50	311,535,000	311,535,000
09/01/2027	19,475,000	5.000%	7,547,433.75	27,022,433.75		292,060,000	292,060,000
03/01/2028			7,060,558.75	7,060,558.75		292,060,000	292,060,000
06/30/2028					34,082,992.50	292,060,000	292,060,000
09/01/2028	19,475,000	5.000%	7,060,558.75	26,535,558.75		272,585,000	272,585,000
03/01/2029			6,573,683.75	6,573,683.75		272,585,000	272,585,000
06/30/2029					33,109,242.50	272,585,000	272,585,000
09/01/2029	19,475,000	5.000%	6,573,683.75	26,048,683.75		253,110,000	253,110,000
03/01/2030			6,086,808.75	6,086,808.75		253,110,000	253,110,000
06/30/2030					32,135,492.50	253,110,000	253,110,000
09/01/2030	19,470,000	5.000%	6,086,808.75	25,556,808.75		233,640,000	233,640,000
03/01/2031			5,600,058.75	5,600,058.75		233,640,000	233,640,000
06/30/2031					31,156,867.50	233,640,000	233,640,000
09/01/2031	19,470,000	5.000%	5,600,058.75	25,070,058.75		214,170,000	214,170,000
03/01/2032			5,113,308.75	5,113,308.75		214,170,000	214,170,000
06/30/2032					30,183,367.50	214,170,000	214,170,000
09/01/2032	19,470,000	4.400%	5,113,308.75	24,583,308.75		194,700,000	194,700,000
03/01/2033			4,684,968.75	4,684,968.75		194,700,000	194,700,000
06/30/2033					29,268,277.50	194,700,000	194,700,000
09/01/2033	19,470,000	4.375%	4,684,968.75	24,154,968.75		175,230,000	175,230,000
03/01/2034			4,259,062.50	4,259,062.50		175,230,000	175,230,000
06/30/2034					28,414,031.25	175,230,000	175,230,000
09/01/2034	19,470,000	4.500%	4,259,062.50	23,729,062.50		155,760,000	155,760,000
03/01/2035			3,820,987.50	3,820,987.50		155,760,000	155,760,000
06/30/2035					27,550,050.00	155,760,000	155,760,000
09/01/2035	19,470,000	4.625%	3,820,987.50	23,290,987.50		136,290,000	136,290,000
03/01/2036			3,370,743.75	3,370,743.75		136,290,000	136,290,000
06/30/2036					26,661,731.25	136,290,000	136,290,000
09/01/2036	19,470,000	4.750%	3,370,743.75	22,840,743.75		116,820,000	116,820,000
03/01/2037			2,908,331.25	2,908,331.25		116,820,000	116,820,000
06/30/2037					25,749,075.00	116,820,000	116,820,000
09/01/2037	19,470,000	4.875%	2,908,331.25	22,378,331.25		97,350,000	97,350,000
03/01/2038			2,433,750.00	2,433,750.00		97,350,000	97,350,000
06/30/2038					24,812,081.25	97,350,000	97,350,000
09/01/2038	19,470,000	5.000%	2,433,750.00	21,903,750.00		77,880,000	77,880,000
03/01/2039			1,947,000.00	1,947,000.00		77,880,000	77,880,000
06/30/2039					23,850,750.00	77,880,000	77,880,000
09/01/2039	19,470,000	5.000%	1,947,000.00	21,417,000.00		58,410,000	58,410,000
03/01/2040			1,460,250.00	1,460,250.00		58,410,000	58,410,000
06/30/2040					22,877,250.00	58,410,000	58,410,000
09/01/2040	19,470,000	5.000%	1,460,250.00	20,930,250.00		38,940,000	38,940,000
03/01/2041			973,500.00	973,500.00		38,940,000	38,940,000
06/30/2041					21,903,750.00	38,940,000	38,940,000
09/01/2041	19,470,000	5.000%	973,500.00	20,443,500.00		19,470,000	19,470,000
03/01/2042			486,750.00	486,750.00		19,470,000	19,470,000
06/30/2042					20,930,250.00	19,470,000	19,470,000
09/01/2042	19,470,000	5.000%	486,750.00	19,956,750.00			
06/30/2043					19,956,750.00		
	389,435,000		197,347,122.44	586,782,122.44	586,782,122.44		