



City of Alameda Public Financing Authority

Loan Agreement with JP Morgan Chase Bank

(Alameda Point)

September 17, 2024



Proposed Loan Agreement with JP Morgan Chase Bank N.A. to Refund Prior Lease Revenue Bonds

Background - The 2003 Series A and B Bonds



- In 1999, the Alameda Public Financing Authority (“Authority”) issued \$10,000,000 of Bonds to finance infrastructure and improvements at Alameda Point.
- In 2003, these bonds were refinanced, and an additional \$4,360,000 was issued, with a Final Payment date in FY 2033-34. Payments are made with rental revenue from ARRA – The Alameda Reuse and Redevelopment Authority.
- Wells Fargo has notified the City that it will not provide another Letter of Credit that collateralized the Bonds. The current Letter of Credit will expire on October 18, 2024.
- If the Letter of Credit is not replaced, the interest on the Bonds will be subject to a much higher interest rate (12%) than the current variable rate of approximately 3.2% for the Series A and 5.4% for the Series B Bonds.



- Staff has determined that it would be most cost effective to restructure the Bonds using a private placement transaction where the City directly places the bonds with JP Morgan Chase (JPMC).
- Under this new structure, JPMC has offered the City very favorable fixed-rate interest terms (approximately 3.78% for Series A and 4.88% for Series B).
- To obtain the most competitive rates, the City is required to obtain approval from JPMC to issue any future parity debt secured by this revenue stream.

- Restructuring the 2003 Bonds through a private placement is expected to cost approximately \$920,000 (principal and interest) per year through maturity in FY 2023-24.
 - Total Principal around \$7,026,000
 - Total Interest around \$1,461,000

- Without adoption of this resolution, while principal would stay the same, interest on the 2023 Bonds would dramatically increase from its current \$286,000 to \$829,000 per year.

- If adopted, City staff will approve the Loan Agreement with JPMC once final terms are reached.