



John White <john.white@lacity.org>

Comments to Special Ad Hoc Committee Downtown LA Stadium Agenda No. 1 CFI 11-0023

2 messages

Joyce Dillard <dillardjoyce@yahoo.com>

Wed, Aug 3, 2011 at 4:52 PM

Reply-To: Joyce Dillard <dillardjoyce@yahoo.com>

To: John White <John.White@lacity.org>, Adam Lid <Adam.lid@lacity.org>, The Honorable Carmen Trutanich <CTrutanich@lacity.org>, The Honorable Eric Garcetti <Councilmember.Garcetti@lacity.org>, "The Honorable Ed P. Reyes" <councilmember.reyes@lacity.org>, The Honorable Tom LaBonge <councilmember.labonge@lacity.org>, The Honorable Tony Cardenas <councilmember.cardenas@lacity.org>, The Honorable Richard Alarcón <councilmember.alarcon@lacity.org>, "The Honorable Bernard C. Parks" <councilmember.parks@lacity.org>, The Honorable Jan Perry <councilmember.perry@lacity.org>, "The Honorable Herb J. Wesson Jr." <councilmember.wesson@lacity.org>, The Honorable Bill Rosendahl <councilmember.rosendahl@lacity.org>, The Honorable Greig Smith <councilmember.smith@lacity.org>, The Honorable Jose Huizar <councilmember.huizar@lacity.org>, The Honorable Paul Koretz <Paul.Koretz@lacity.org>, The Honorable Paul Krekorian <Councilmember.Krekorian@lacity.org>, "The Honorable Dennis P. Zine" <councilmember.zine@lacity.org>, The Honorable Mitchell Englander <councilmember.english@lacity.org>

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The following are notes and disclosures in the Consolidated Annual Financial Reports for the Fiscal Year Ended June 30, 1999:

LOS ANGELES CONVENTION CENTER

Increased the occupancy rate from prior year of 71.4% to 79.4%

Partnered with the Departments of Transportation and Police, Caltrans and Staples Center Arena to develop and coordinate parking and traffic flow within the South Park/Figueroa Corridor.

Upgraded the Events Business Management System software to enhance booking, scheduling and billing services to clients and expanded the Fiber Optic System to provide better service and Internet access.

Converted the West Hall Deluge system to a Wet Sprinkler System for clients' added safety and protection. Also replaced the West Hall Cooling Towers to provide enhanced temperate control within exhibit halls and meeting rooms

Added the Public Relations Division to improve the Department's Public/media Relation Program.

Prospects for the Future

The City continues to advance its priorities of making Los Angeles the safest big city in the nation, strengthening our neighborhoods and communities, maintaining responsiveness and efficiency in the City government and preparing for the 21st century.

The following are some of the major goals as presented by the various Departments/Bureaus for fiscal year 1999-2000:

LOS ANGELES CONVENTION CENTER

Establish an Event Coordination Review Team with the Staples Center management to evaluate and coordinate event schedules at the Convention Center and Staples Center.

Implement a strategy to expand joint marketing opportunities with Staples Center for events that would require use of both the Convention Center and Staples Center to maximize revenue.

Develop a two-year national advertising campaign promoting the technical service capabilities of the Convention Center to increase business opportunities. Continue to work closely with the Los Angeles Convention and Visitors Bureau to effectively schedule events for maximum utilization of the Convention Center.

Identify, review and develop the components needed for future expansion requirements of the Convention Center for inclusion in a master plan.

Maintain a 70% repeat client base and a minimum of 75% occupancy level for major hall events and 40% for Kentia Hall.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Los Angeles Convention and Exhibition Center Authority

The Authority was formed under a joint powers agreement between the City and the County of Los Angeles for the purpose of constructing and operating a convention and exhibition hall and related facilities within the City's boundary. The Authority is composed of 15 members, of whom 10 are appointed by the City Mayor and 5 are appointed by the County Board of Supervisors. Certificates of participation debt was issued by the Authority in 1990 to provide funding for the expansion of the existing Los Angeles Convention Center which is owned and operated by the City. The expansion activities are included in the Capital Projects and Debt Service Funds. Completed fixed assets have been contributed to the Convention Center Enterprise Fund. In April 1998, the Authority issued taxable lease revenue bonds to partially finance the City's share of acquiring certain real property adjacent to the Convention Center, by the Community Redevelopment Agency of the City of Los Angeles, for the development of The Staples Center. These financing activities are included in the Special Revenue Funds.

LEASES

Los Angeles Convention and Exhibition Center Authority

Pursuant to a Facility Lease between the City and the Los Angeles Convention and Exhibition Center Authority (Authority), the Authority issued certificates of participation to provide financing for the acquisition and construction of certain improvements for the Los Angeles Convention Center, and taxable lease revenue bonds to finance the City's share of the development of The Staples Center. Under the lease, the City is obligated to make rental payments sufficient to pay the debt service requirements on the certificates and bonds. The City's General Fund has made rental payments during fiscal year ended June 30, 1999. Since the Authority is included within the City's reporting entity, the lease payments by the City are accounted for as operating transfers from the General Fund to the Debt Service Fund.

According to the Financial Disclosure for Lease Revenue Refunding Bonds, Series 2008A, the LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY discloses:

...pursuant to an indenture of Trust, dated as of August 15, 1993, by and among the Los Angeles Convention and Exhibition Center Authority (the "Authority"), the City of Los Angeles (the "City") and Bank of America National Trust and Savings Association, as trustee, as amended and supplemented by the First Supplemental Indenture of Trust, dated as of March 1, 1998, by and among the Authority, the city and First Trust of California, as successor trustee, the Second Supplemental Indenture of Trust, dated as of April 1, 1998, by and among the Authority, the City and U.S. Bank Trust National Association, as trustee, the Third Supplemental Indenture

of Trust, dated as of June 1, 2003, by and among the Authority, the City and U.S. Bank National Association, as trustee (the "Trustee"), the Fourth Supplemental Indenture of Trust, dated as of June 1, 2003, by and among the Authority, the City and the Trustee, the Fifth Supplemental Indenture of Trust, dated as of October 1, 2008, by and among the Authority, the City and the Trustee, and the Sixth Supplemental Indenture of Trust, dated as of October 1, 2008, by and among the Authority, the City and the Trustee (the "Sixth Supplemental Indenture: and, as so amended and supplemented, the "Indenture").

The Series 2008A Bonds are payable from and secured by Revenues (as defined herein) under the Indenture, consisting primarily of Base Rental Payments (as defined herein) to be made by the City pursuant to the Fifth Amended and Restate Convention and Exhibition Center II Lease, dated as of October 1, 2008 (the "facility Lease"), by and between the Authority and the City for the use and occupancy of the Los Angeles Convention and Exhibition Center (the "Facility"). The City has covenanted under the Facility Lease that the annual budget of the City and to make the necessary annual appropriation therefore. See "Security and Sources of Payment for the Series 2008A Bonds" herein. The Series 2008A Bonds will be payable on a parity with the Authority's Series 1993 Bonds, Series 1998 Bonds and Series 2003A Bonds and any Additional Bonds issued under the Indenture, as described herein. See "Introduction-Parity Debt; additional Bonds" and "Security and Sources of Payment for the Series 2008A Bonds" herein.

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE FACILITY LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE OR HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2008A BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE FACILITY LEASE CONSTITUTES A DEBT OF THE CITY, THE AUTHORITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE CITY. THE AUTHORITY HAS NO TAXING POWER.

The General Fund can be affected by this agreement.

You have not addressed any eminent domain issues that may have occurred to obtain the property.

The JPA was executed January 16, 1967. According to the bond disclosure:

Under the terms of the JPA Agreement, the Authority is authorized, in its own name, to do all acts necessary for accomplishing said purpose, including but not limited to any or all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, manage, maintain and operate any facilities; to incur debts, liabilities or obligations which do not constitute a debt, liability or obligation of the City or the County; and to sue and be sued in its own name, subject only to such restrictions upon the manner of exercising such powers as are imposed upon the City in the exercise of similar powers.

You have no authority to enter into a MOU for the Convention Center.

The Staples Center is part of a Development Agreement between City of Los Angeles, L.A. Arena Land Company Inc and L.A. Arena Funding LLC with Estimated Admissions Fee varying from \$4,374,741 to \$4,929,568 for the years ending June 30, 2012 through June 30, 2024.

You wish to extend this deal for another 55 years.

Why?

It is not isolated from the LA Sports and Entertainment District and future developments. Any change would involve the LASED.

You have not taken into consideration many of the plans including but not limited to Central City Community Plan and the LASED LA Sports and Entertainment District, and Downtown Design Guide Project Area.

Part of Financial Disclosure is the conditions of the City and other facts around the economic value provided.

Would other business have to close in order to accommodate this project? There is no mention of its effect on schools, churches, libraries and the regional transportation system.

You have done no analysis or projections on how this MOU and the projects will effect that statement and the relationship to pay back all debt obligations, not just this one project.

No financial statements have been presented to see the real cost of operation. Not all amounts are budgeted, as per the notes from the Consolidated Annual Financial Reports.

Besides the California Environmental Quality Act process, we request full disclosure of the financial obligations of the City, in all aspects, and the infrastructure needed.

We would also like full disclosure on the Water and Power needs and any relationship with companies involved in this transaction as to supply needs whether directly with the City or through another agency in which the City participates.

How will this affect the future rates of water and electricity including natural gas supply and renewable energy transmission?

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Adam Lid <adam.lid@lacity.org>
To: John White <john.white@lacity.org>

Thu, Aug 4, 2011 at 8:22 AM

FYI:

Public Comment for 11-0023.

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Adam R. Lid
Legislative Assistant I
Office of the City Clerk
Council and Public Services
