

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
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ANTONIO R. VILLARAIGOSA
MAYOR

Approved on: 1-19-26 by
The Municipal Facilities Committee
as revised herein.

February 7, 2012

Honorable Councilmembers
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Maria Espinosa, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE A LEASE
RENEWAL FOR LEWIS BRISBOIS BISGAARD & SMITH LAW FIRM AND TENANT
AT FIGUEROA PLAZA**

The law firm of Lewis Brisbois Bisgaard & Smith LLP (LBBS) has been a major, long-term tenant at Figueroa Plaza, 201 and 221 North Figueroa Street, Los Angeles, California, since 1988, occupying almost half of the 221 tower. Per its unilateral right under the existing lease, LBBS exercised its option to renew that lease for an additional five-year period beyond the current expiration date of November 2012. Under the terms of the existing lease, LBBS has yet one additional unilateral right to renew its lease in 2017 for another five-year term. The terms further state that formal arbitration proceedings will be used to determine the renewal rental rate for each five year term if the parties are unable to mutually agree on a rental rate.

For the past 15 months, the Department of General Services (GSD) Asset Management Division (AMD) has been working with LBBS through the City's real estate broker and advisor, CBRE, Inc., to develop the framework and terms of a new 10-year lease amendment which would benefit both the law firm and the City. Analysis by GSD and CBRE for the City's consideration in over 30 different scenarios included the economic consequences of terminating versus remaining in various outside leases where the City is lessee, as compared to increased revenue from a new 10-year lease amendment with LBBS.

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The economics of the new 10-year lease amendment and other terms and conditions, coupled with the certainty that LBBS will remain for the full 10-year period at Figueroa Plaza and in the City of Los Angeles (rather than the possibility that LBBS would vacate after five years after an arbitrated renewal), is sufficiently compelling for GSD to recommend approval of the negotiated 10-year lease amendment with LBBS.

The proposed terms agreed to by the City and LBBS provide for a 10 year renewal of LBBS' existing space; the lease of an additional 20,000 square feet through 2022; and the option to request an additional space in 2015.

Arbitration vs. Negotiated Lease Amendment

Arbitration of the rental rate for the already-exercised LBBS five-year lease renewal will be based solely on market conditions at the time LBBS exercised their option to renew as demonstrated by transactions in the marketplace for a similar-sized tenant with similar amenities, terms and conditions. This rate would be determined solely by third-party arbitrators per the terms and conditions of the LBBS lease.

Commercial office space rents have deteriorated considerably over the last several years. Based on comparable transactions, the City's professional estimate is that Net Effective Rent (base rent less any concessions, discounts or other considerations) for continuation of the LBBS lease under any scenario is as follows:

Lease Scenario:	Current LBBS Lease	Arbitrated 5-Year Renewal	Negotiated 10-Year Lease Amendment
Net Effective Rent (\$ per SF per Year)	\$15.25	Less than \$12.35	\$12.35

The arbitrated 5-year renewal rate above reflects the worst-case scenario and is based on transactions in the marketplace. The City believes this is a realistic rental rate that will be the result of binding arbitration.

Even the negotiated 10-year Net Effective Rent is still lower than what LBBS is paying today, but the commercial market has weakened since the current rate was negotiated more than ten years ago. While the City as landlord would like to think that rental rates should not decrease, this is a reality of the marketplace and its cycles. But it should be noted that the Net Effective Rent for the negotiated 10-year lease amendment is still higher than the anticipated arbitration rental rate.

Given the current economic condition of the City, the budget impact of either the arbitrated 5-year renewal or the negotiated 10-year lease amendment has also been scrutinized. Included in these detailed calculations are:

- Cost savings of specific outside leases that could be terminated as space becomes available at different times in the different scenarios;

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- Cost of continuing leases in certain scenarios where space is not available in city-buildings for city departments;
- Cost of tenant improvements to ready the spaces for City departments to occupy as well as the added time that the tenant improvements would take;
- Cost of debt service for repayment of bonds issued to pay for tenant improvements within the 12-year analysis period (while continuing beyond the analysis period until completely repaid).

Net Cash Flow

GSD and its advisor, CBRE, looked at the net cash flow resulting from revenue generated by the lease terms versus operating and relocation costs associated with the various options. In the case of the arbitrated 5-year renewal, the net cash flow varies widely depending on whether LBBS chooses to renew for the second 5-year period or not. In the case of the new 10-year lease amendment, the net cash flow varies with less of a difference depending on whether or not LBBS chooses to expand by a second floor in year 5 or 6. The net cash flow of these scenarios is as follows:

	5-Year Arbitrated Renewal		Negotiated 10-Year Lease Amendment	
	LBBS Vacates After 5 Yrs	LBBS Renews for Addn'l 5 Yrs	LBBS Expands 1 Floor Only	LBBS Expands 1 Floor Now, 2 nd Flr in Yr 5 or 6
Scenario #	C-2a	C-2b	B-12a	B-12b
Net Cash Flow Impact Over Entire 12-Yr* Analysis Period	(\$14.1M)	+\$20.7M	+\$20.1M	+\$22.9M

* A 12-year analysis period is used because of inclusion of overlapping fiscal years vs. the actual lease period

The net cash flow for the various scenarios are very close, except for the option whereby LBBS would vacate after five years. The largest positive net cash flow among the various scenarios above is under the proposed option (B-12b) whereby LBBS agrees to a 10 year term, expands by one floor and has an option for a second floor in Year 5. Also, the net cash flow estimate under option C-2b assumes that LBBS would renew their current lease in five years. There is no obligation for LBBS to renew and it could instead choose to vacate at that time. If they vacate after the first 5-year period, then the net cash flow would be the significantly lower amount in option C-2a.

In addition to the net cash flow analysis, the City compared the net cash flow over the 12 year analysis period to our current LBBS rent, debt service and City lease costs to develop a budget impact for each scenario. The proposed option of a 10 year

amendment, expansion by one floor and the possibility of a second floor expansion in Year 5 had the most cost effective budget impact. Extensive analysis of each of these scenarios is attached for reference, using the scenario numbers shown in the chart above. Please see Attachments 1 and 2 for these detailed analyses.

Benefits of A Negotiated 10-Year Lease Amendment

Over the 12-year analysis period, the budget impact swings from negative to positive for either the arbitrated 5-year renewal or the negotiated 10-year lease amendment, depending on LBBS' decisions in the second five years of either scenario. There is a larger variance for the arbitrated 5-year renewal scenarios. There are other less tangible considerations for approving the negotiated 10-year lease amendment.

This negotiated 10-year lease amendment:

- 1) Allows LBBS to expand, which the law firm wants in order to expand its headquarters presence in Los Angeles, remain in close proximity to the court houses, and support its growing business here;
- 2) Keeps LBBS, a tax-paying concern, in the City of Los Angeles, rather than LBBS relocating to another municipality;
- 3) Provides certainty in planning the backfill of now-available and later-vacant spaces; because LBBS will remain at Figueroa Plaza for the entire 10-year period, rather than the possibility of LBBS leaving after its initial 5-year arbitrated lease term;
- 4) Allows the City to renegotiate existing outside leases for City departments, to dovetail with the finite timing of the ultimate vacancy of the LBBS space in 2022;
- 5) Delays the need for issuance of additional MICLA bonds for tenant improvements by five years, thereby postponing the commencement of repayment of those bonds for the same five years, thus helping out the General Fund;
- 6) Increases tax revenue, a portion of which comes to the City, because of increased Possessory Interest Tax that LBBS will pay on greater square footage to the County (because the City as landlord pays no property tax itself, the tax burden is shifted to the City's taxpaying tenants in lieu of "lost" property tax); and
- 7) Completes a 15-month-long dialogue between LBBS and the City as to its occupancy arrangements, negotiated in good faith resulting in a mutually beneficial understanding as the basis for a new 10-year lease amendment.

It should be noted that on December 9, 2011 LBBS unilaterally signed a binding letter of intent agreeing to the final terms and conditions of this new 10-year lease amendment, provided that the City Council also agrees. Only the City Council can authorize

acceptance of the final terms and conditions of any real estate transaction on behalf of the City. Until so directed, GSD cannot on its own sign the letter of intent. LBBS would be greatly disappointed if the City were to decide not to go forward with a new lease amendment after all the time and effort already spent. GSD believes that this transaction is in the best interests of the City and therefore requests approval from the City Council to move forward in negotiating and executing this lease amendment.

Private Use Debt Cost

The City purchased Figueroa Plaza with a combination of tax exempt and taxable debt based on private occupancy at the time of purchase. This report recommends leasing LBBS an additional 20,000 square feet over their current space allocation. By leasing additional space to LBBS, federal regulations will require the City to defease tax exempt debt within 90 days of the executed lease. The City would then issue taxable debt to cover the increased private use. This report provides the authority for the City Administrative Officer to execute the necessary debt defeasance and issuance transactions associated with the increased private use at Figueroa Plaza.

The proposed agreement also provides LBBS with an option to request additional space in 2015. If that option is executed, the City will again have to defease tax exempt debt and may then issue taxable debt to satisfy federal tax regulations. The proposed agreement will require LBBS to pay for the net cost to the City of that transaction.

Recommendation

That the City Council, subject to the approval of the Mayor:

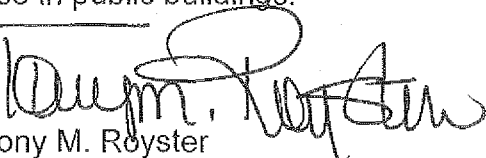
1. Authorize the Department of General Services to negotiate and execute a new 10-year lease amendment with Lewis Brisbois Bisgaard & Smith LLP regarding its continued tenancy and expansion in Figueroa Plaza, a City-owned property, at 221 North Figueroa Street, Los Angeles, California, in accordance with the terms of the Lewis Brisbois Bisgaard & Smith LLP Letter of Intent dated December 9, 2011 and as generally reflected in Scenarios B-12a and B-12b in Attachment 1, subject to the approval of the City Attorney as to form and legality; and
2. Authorize the City Administrative Officer to defease \$6.4 million in tax exempt debt or the amount ultimately determined by Tax Counsel within 90 days of the execution of the lease and issue taxable debt financing to replace this defeased debt;

Fiscal Impact Statement:

Execution of the proposed lease would provide the City \$22.9 million in net cash flow and a budget impact of \$1.2 million over the next 12 years.

Debt Impact Statement:

Execution of the proposed lease would require the City to defease approximately \$6.4 million in tax exempt debt within 90 days of lease execution and require the City to issue approximately \$6.4 million in taxable debt to satisfy federal regulations regarding private use in public buildings.



Tony M. Royster
General Manager

Attachments

TMR:cfr

ANALYSIS OF POTENTIAL SCENARIOS REGARDING CONTINUED TENANCY OF LBBS LAW FIRM AT FIGUEROA PLAZA

SCENARIO	C-2a	C-2b	B-12a	B-12b
LBBS ACTION	5-Yr Arbitration, Then Vacate, City Backfill in 2018	5-Yr Arbitration, Plus 5-Yr Renewal, City Backfill in 2023	LBBS Expands, One Floor Only	LBBS Expands, One Floor Now, Exercises Option for 2 nd Floor in Yr 4 or 5
DESCRIPTION	Status Quo: No LBBS Expansion, LAPD IAD Occupies 2 Floors	Status Quo: No LBBS Expansion, LAPD IAD Occupies 2 Floors	\$6.4M Defeasance, Aging & LAPD Behavioral Science Occupy 1 Floor Each	\$6.4M & \$4.7M Defeasance, Only Aging Occupies 1 Floor
ANALYSIS PERIOD	12 Fiscal Years	12 Fiscal Years	12 Fiscal Years	12 Fiscal Years
TOTAL REVENUE	\$36.3M	\$51.8M	\$59.1M	\$63.7M
TOTAL NET CASH FLOW TO CITY	(\$14.1M)	+\$20.7M	+\$20.1M	+\$22.9M
BUDGET IMPACT OVER ENTIRE ANALYSIS PERIOD	(\$4.9M)	+\$3.1M	(\$1.6M)	+\$1.2M
OTHER CONSIDERATIONS (Not Included in Budget Impact above)	Remaining Debt Service is comprised of \$3.6M for IAD TI for 18 more years and \$13.7M for TI for CDD/OOF for 25 more years <i>after</i> the 12-yr Analysis Period	Remaining Debt Service of \$3.6M for IAD TI for 18 more years <i>after</i> the 12-yr Analysis Period	Net Debt Service Savings of \$5.5M over 17 more years <i>after</i> 12-yr repayment of taxable bonds vs. current 30 years for non-taxable bonds Remaining Debt Service of \$1.1M for Aging & PD B/S TI over 18-25 more years <i>after</i> the 12-yr Analysis Period	Net Debt Service Savings of \$10.9M over 17 more years <i>after</i> 12-yr repayment of taxable bonds vs. current 30 years for non-taxable bonds Remaining Debt Service of \$0.9M for Aging & B/S TI over 18-25 more years <i>after</i> the 12-yr Analysis Period
SUMMARY	Probable outcome with arbitration is scenario C-2a above, where LBBS does NOT renew for second 5-year period, which results in a negative Budget Impact of (\$4.9M) over entire 12-Year Analysis Period; Positive Budget Impact in C-2b of \$3.1M for entire 12-Year Analysis Period <u>requires second renewal</u> by LBBS (without any expansion) which is <u>highly unlikely</u>		<u>Guaranteed & largest revenue stream for entire Analysis Period</u> ; Debt service savings due to repayment of taxable bonds in much shorter period (within the Analysis Period) vs. existing non-taxable bond repayment for 17 years beyond the Analysis Period; Budget Impact from (\$1.6M) to +\$1.2M over entire 12-Year Analysis Period	

B-12b (2nd Expansion: LBBS Expands) -- \$6.4M & \$4.7M Defeasance (LBBS LOI)

BUDGET IMPACT WORKSHEET

Option 2 (B-12b): One-Floor LBBS Expansion/One-Floor Dept. of Aging Relocation (LBBS Expands into 3rd Floor) (10-Yr Lease)

Negotiation: LBBS Counter #6 (12/9/11) - [10-Year] - \$25.00, 2.5% Annual Increases, 20 Mos. Free Yrs 1-10, \$600K Credit, & Parking @ 3% Bump on 5/12 (on 73 exp. spaces only) then 3.0% every other year commencing 12/13

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
	7/1/11 - 6/30/12	7/1/12 - 6/30/13	7/1/13 - 6/30/14	7/1/14 - 6/30/15	7/1/15 - 6/30/16	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22	7/1/22 - 6/30/23	
Revenue													
Existing LBBS Lease	\$ 4,196,260	\$ 3,847,317	\$ 3,578,900	\$ 3,578,900	\$ 3,631,092	\$ 3,721,869	\$ 3,814,916	\$ 3,910,289	\$ 4,008,046	\$ 4,108,248	\$ 4,210,954	\$ 1,772,578	\$ 44,379,369
Rent Revenue - 1st floor 20,725 sq ft	\$ 86,354	\$ 518,125	\$ 518,125	\$ 518,125	\$ 525,681	\$ 538,823	\$ 552,294	\$ 566,101	\$ 580,254	\$ 594,759	\$ 609,629	\$ 256,820	\$ 5,864,890
Rent Revenue - 2nd floor 20,725 sq ft	\$ -	\$ -	\$ -	\$ -	\$ 78,548	\$ 478,159	\$ 490,113	\$ 502,366	\$ 514,925	\$ 527,799	\$ 540,994	\$ 227,728	\$ 3,360,632
Subtotal New Gross Rent	\$ 4,282,614	\$ 4,365,442	\$ 4,097,025	\$ 4,097,025	\$ 4,235,321	\$ 4,738,851	\$ 4,857,323	\$ 4,978,756	\$ 5,103,225	\$ 5,230,806	\$ 5,361,577	\$ 2,256,926	\$ 53,604,891
Rent (Abatement/Credit)	\$ -	\$ (682,837)	\$ (682,837)	\$ (682,837)	\$ (699,908)	\$ (717,406)	\$ (735,341)	\$ (753,725)	\$ (772,568)	\$ (791,882)	\$ -	\$ (811,679)	\$ (7,331,020)
Add'l Revenue - Expense Recovery - Existing	\$ 251,016	\$ 114,433	\$ 25,059	\$ 75,930	\$ 128,326	\$ 182,294	\$ 237,881	\$ 295,138	\$ 354,109	\$ 414,851	\$ 477,415	\$ 212,150	\$ 2,768,600
Add'l Revenue - Expense Recovery - Expansion	\$ -	\$ -	\$ 3,628	\$ 10,992	\$ 18,578	\$ 30,355	\$ 46,451	\$ 63,029	\$ 80,103	\$ 97,691	\$ 115,806	\$ 52,082	\$ 518,715
Parking Revenue on Existing	\$ 912,144	\$ 913,344	\$ 929,328	\$ 940,744	\$ 957,207	\$ 968,967	\$ 985,924	\$ 998,036	\$ 1,015,501	\$ 1,027,977	\$ 1,045,966	\$ 441,173	\$ 11,136,311
Parking Revenue on Expansion	\$ 28,988	\$ 172,729	\$ 175,752	\$ 177,911	\$ 207,474	\$ 341,945	\$ 347,929	\$ 352,203	\$ 358,367	\$ 362,770	\$ 369,118	\$ 155,689	\$ 3,050,874
Subtotal Credits, Expense Recovery, Parking Rev	\$ 1,192,148	\$ 517,666	\$ 450,929	\$ 522,740	\$ 611,677	\$ 806,155	\$ 882,844	\$ 954,679	\$ 1,035,512	\$ 1,111,406	\$ 2,008,305	\$ 49,415	\$ 10,143,480
Total Rent Revenue less Credit Plus Parking	\$ 5,474,762	\$ 4,883,111	\$ 4,547,954	\$ 4,619,765	\$ 4,846,998	\$ 5,545,006	\$ 5,740,167	\$ 5,933,435	\$ 6,138,737	\$ 6,342,212	\$ 7,369,882	\$ 2,306,341	\$ 63,748,371
Operating Expenses													
Operating Expenses LBBS Existing + Expansion	\$ (2,007,049)	\$ (2,067,260)	\$ (2,129,278)	\$ (2,193,157)	\$ (2,258,951)	\$ (2,326,720)	\$ (2,396,521)	\$ (2,468,417)	\$ (2,542,470)	\$ (2,618,744)	\$ (2,697,306)	\$ (2,778,225)	\$ (28,484,099)
City Debt Issuance Costs													
City Existing Tax-Exempt Debt Service (1st Expansion)	\$ -	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ -	\$ 4,523,640
City Defeasance (\$6,400,000) (1st Expansion)	\$ -	\$ (1,030,550)	\$ (1,031,149)	\$ (1,026,829)	\$ (1,028,929)	\$ (1,027,089)	\$ (1,026,257)	\$ (1,030,985)	\$ (1,030,767)	\$ (1,030,743)	\$ (1,031,030)	\$ -	\$ (10,294,328)
Reserve Fund Credit (1st Expansion)	\$ -	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ -	\$ 829,500
Debt Cost - LBBS TI (\$67,149)	\$ -	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ (9,314)	\$ -	\$ (93,137)
Reserve Fund Credit	\$ -	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	\$ 755	\$ -	\$ 7,554
Debt Cost - LBBS Additional Allowance (\$600,000)	\$ -	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ -	\$ (832,214)
Reserve Fund Credit	\$ -	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ -	\$ 67,500
Debt Cost - CBRE Commission (\$0) - Total Paid in Yr 1 Instead	\$ (540,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (540,146)
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (\$800,000) - Existing RZEDB Financing	\$ -	\$ (47,043)	\$ (46,863)	\$ (46,853)	\$ (47,008)	\$ (46,951)	\$ (46,874)	\$ (46,962)	\$ (47,022)	\$ (46,965)	\$ (47,031)	\$ (23,493)	\$ (493,085)
Reserve Fund Credit	\$ -	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 471	\$ 9,881
City Existing Tax-Exempt Debt Service (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361,155	\$ 361,155	\$ 361,155	\$ 361,155	\$ 361,155	\$ 361,155	\$ -	\$ 2,166,930
City Defeasance (\$4,700,000) (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,083,821)	\$ (1,087,310)	\$ (1,085,858)	\$ (1,083,400)	\$ (1,084,107)	\$ (1,087,600)	\$ -	\$ (6,512,096)
Reserve Fund Credit (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,167	\$ 92,167	\$ 92,167	\$ 92,167	\$ 92,167	\$ 92,167	\$ -	\$ 553,002
LBBS Defeasance (Payment)/Offset (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 630,499	\$ 633,988	\$ 632,536	\$ 630,078	\$ 630,785	\$ 634,278	\$ -	\$ 3,792,164
City TI/Relocation (Future) (\$746,100)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (51,530)	\$ (51,530)	\$ (51,530)	\$ (51,530)	\$ (51,530)	\$ (51,530)	\$ (25,765)	\$ (334,943)
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,798	\$ 2,798	\$ 2,798	\$ 2,798	\$ 2,798	\$ 2,798	\$ 1,399	\$ 18,186
City TI/Relocation (Future) (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Costs	\$ (540,146)	\$ (626,368)	\$ (626,787)	\$ (622,457)	\$ (624,712)	\$ (671,547)	\$ (670,638)	\$ (675,454)	\$ (675,296)	\$ (675,235)	\$ (675,588)	\$ (47,388)	\$ (7,131,592)
City Lease and Parking Expense													
Lease/Parking Costs - Dept. of Aging	\$ -	\$ (236,746)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (236,746)
Lease/Parking Costs - LAPD Behavioral Sciences	\$ -	\$ -	\$ -	\$ (120,197)	\$ (247,002)	\$ (253,807)	\$ (260,816)	\$ (268,036)	\$ (275,472)	\$ (283,131)	\$ (291,020)	\$ (122,926)	\$ (2,122,407)
Subtotal City Lease and Parking Costs	\$ -	\$ (236,746)	\$ -	\$ (120,197)	\$ (247,002)	\$ (253,807)	\$ (260,816)	\$ (268,036)	\$ (275,472)	\$ (283,131)	\$ (291,020)	\$ (122,926)	\$ (2,359,153)
Total All Operating/Debt/Lease Expenses	\$ (2,547,195)	\$ (2,930,374)	\$ (2,756,065)	\$ (2,935,810)	\$ (3,130,665)	\$ (3,252,073)	\$ (3,327,975)	\$ (3,411,907)	\$ (3,493,237)	\$ (3,577,109)	\$ (3,663,894)	\$ (2,948,639)	\$ (37,974,844)
Savings from Discontinued Leases													
Lease/Parking Savings - Discontinued Department of Aging	\$ -	\$ 245,183	\$ 499,141	\$ 517,041	\$ 535,656	\$ 555,017	\$ 575,151	\$ 596,092	\$ 617,869	\$ 640,518	\$ 664,073	\$ 311,829	\$ 5,757,570
Lease/Parking Savings - LAPD Behavioral Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Savings - Discontinued Leases	\$ -	\$ 245,183	\$ 499,141	\$ 517,041	\$ 535,656	\$ 555,017	\$ 575,151	\$ 596,092	\$ 617,869	\$ 640,518	\$ 664,073	\$ 311,829	\$ 5,757,570
BOTTOM LINE													
(Revenue Less Expense Plus Savings)	\$ 2,927,567	\$ 2,197,920	\$ 2,291,030	\$ 2,200,996	\$ 2,251,989	\$ 2,847,949	\$ 2,987,343	\$ 3,117,820	\$ 3,263,369	\$ 3,405,621	\$ 4,370,062	\$ (330,369)	\$ 31,531,097

*** This is a worksheet designed to capture budget changes only. It is not intended to be a cash flow or cash flow indicator.

B-12b (2nd Expansion: LBBS Expands) -- \$6.4M & \$4.7M Defeasance (LBBS LOI)

BUDGET IMPACT

Option 2 (B-12b): One-Floor LBBS Expansion/One-Floor Dept. of Aging Relocation (LBBS Expands into 3rd Floor) (10-Yr Lease)

Negotiation: LBBS Counter #6 (12/9/11) - [10-Year] - \$25.00, 2.5% Annual Increases, 20 Mos. Free Yrs 1-10, \$600K Credit, & Parking @ 3% Bump on 5/12 (on 73 exp. spaces only) then 3.0% every other year commencing 12/13

One floor leased to LBBS effective May 2012 (delivered December 2011 for TI work). Additional floor leased to LBBS effective May 2016 (delivered December 2015 for TI work). City leased space for Aging to be cancelled January 2013; Aging to relocate to Fig Plaza Jan 2013, reducing from 17,476 SF to ~10,000 SF based on current staffing levels. MICLA taxable debt to defease \$11.1M of tax exempt debt (\$6.4M for 1st expansion & \$4.7M for 2nd expansion); LBBS pays net annual debt service increase on 2nd expansion. New MICLA debt of \$2.213M for tenant improvements, City relocation costs and discretionary allowance. City's consultant's commission is paid in year 1 without being financed.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
Additional Rent	\$ 115,342	\$ (476,309)	\$ (811,466)	\$ (739,655)	\$ (512,422)	\$ 185,586	\$ 380,747	\$ 574,015	\$ 779,317	\$ 982,792	\$ 2,010,462	\$ 73,249	\$ 2,561,659
New Debt Service	\$ (540,145)	\$ (626,368)	\$ (626,787)	\$ (622,457)	\$ (624,712)	\$ (671,547)	\$ (670,838)	\$ (675,454)	\$ (675,296)	\$ (675,235)	\$ (675,568)	\$ (47,388)	\$ (7,131,592)
Net Expansion Difference	\$ (424,804)	\$ (1,102,677)	\$ (1,438,253)	\$ (1,362,112)	\$ (1,137,134)	\$ (485,961)	\$ (289,891)	\$ (101,438)	\$ 104,022	\$ 307,558	\$ 1,334,895	\$ 25,861	\$ (4,569,933)
Continued Lease Costs	\$ -	\$ (236,746)	\$ -	\$ (120,197)	\$ (247,002)	\$ (253,807)	\$ (260,816)	\$ (268,036)	\$ (275,472)	\$ (283,131)	\$ (291,020)	\$ (122,926)	\$ (2,359,153)
Lease Savings - Discontinued Leases	\$ -	\$ 245,183	\$ 499,141	\$ 517,041	\$ 535,656	\$ 555,017	\$ 575,151	\$ 596,092	\$ 617,869	\$ 640,518	\$ 664,073	\$ 311,829	\$ 5,757,570
Total Cost/Benefit	\$ (424,804)	\$ (1,094,240)	\$ (939,112)	\$ (955,268)	\$ (848,480)	\$ (184,751)	\$ 24,444	\$ 226,618	\$ 446,419	\$ 654,945	\$ 1,707,945	\$ 214,764	\$ (1,171,518)
Budget Impact	\$ (424,804)	\$ (857,494)	\$ (939,112)	\$ (845,071)	\$ (601,478)	\$ 69,056	\$ 285,260	\$ 494,654	\$ 721,891	\$ 948,076	\$ 1,998,968	\$ 337,690	\$ 1,187,637

Years 1-7 Only: \$ (3,313,641) [Full 12 Months in Year 7]
 Years 1-7 Only: \$ (3,480,043) [Only 5 Months in Year 7, to compare against 5-year alternatives]

NOTES

Add'l rent reflects difference between current receipts and expected rent under this scenario.
 Years 6-12 rent goes down because of significant rent abatement
 Year 12 is prorated for five months.
 Budget impact is cost/savings from 10-11 actual budget.
 MICLA debt to be issued for the following capital costs: Demolition (\$1.50 PSF) & Space Planning (\$0.12 PSF) (1st and 2nd Expansion Floors) = \$67,149; LBBS Additional Allowance = \$600,000 SF);
 City TI/Relocation - Aging (\$80 PSF on ~10,000 SF) = \$0 (entire \$800,000 cost will be financed via existing RZEDB financing); City TI/Relocation - LAPD Audit (\$60 PSF [CY 2011 value] on 12,435 SF) = \$664,934.
 City TI costs are high range of costs

As to the debt service for Department of Aging TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$0. Using a 30-year repayment schedule, the total of the remaining payments will be \$798K. While this does not affect the Budget Impact during the above analysis period, it is a continuing obligation for an additional 18 years.

As to the debt service for LAPD Behavioral Sciences TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$318K. Using a 30-year repayment schedule, the total of the remaining payments will be \$.93M. While this does not affect the Budget Impact during the analysis period, it is a continuing obligation for an additional 25 years.

Not included in this analysis is the net debt service savings of approximately \$10.9M over the 17 years following the end of the analysis period. The taxable bonds for both expansion floors must be repaid over a shorter period than the tax-exempt bonds that are defeased, thus less interest is paid over the full term.

B-12a (2nd Expansion: Backfill) -- \$6.4M Defeasance (LBBS LOI)

BUDGET IMPACT WORKSHEET

Option 2 (B-12a): One-Floor LBBS Expansion/One-Floor Dept. of Aging Relocation (No 2nd Expansion by LBBS) (10-Yr Lease)

Negotiation: LBBS Counter #6 (12/9/11) - [10-Year] - \$25.00, 2.5% Annual Increases, 20 Mos. Free Yrs 1-10, \$600K Credit, & Parking @ 3% Bump on 5/12 (on 73 exp. spaces only) then 3.0% every other year commencing 12/13

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
	7/1/11 - 6/30/12	7/1/12 - 6/30/13	7/1/13 - 6/30/14	7/1/14 - 6/30/15	7/1/15 - 6/30/16	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22	7/1/22 - 6/30/23	
Revenue													
Existing LBBS Lease	\$ 4,196,260	\$ 3,847,317	\$ 3,578,900	\$ 3,578,900	\$ 3,631,092	\$ 3,721,869	\$ 3,814,916	\$ 3,910,289	\$ 4,008,046	\$ 4,108,248	\$ 4,210,954	\$ 1,772,578	\$ 44,379,369
Rent Revenue - 1st floor 20,725 sq ft	\$ 88,354	\$ 518,125	\$ 518,125	\$ 518,125	\$ 525,681	\$ 538,823	\$ 552,294	\$ 566,101	\$ 580,254	\$ 594,759	\$ 609,629	\$ 258,820	\$ 5,864,890
Rent Revenue - 2nd floor 20,725 sq ft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal New Gross Rent	\$ 4,282,614	\$ 4,365,442	\$ 4,097,025	\$ 4,097,025	\$ 4,156,773	\$ 4,260,692	\$ 4,367,210	\$ 4,476,390	\$ 4,588,300	\$ 4,703,007	\$ 4,820,583	\$ 2,029,198	\$ 50,244,259
Rent (Abatement/Credit)	\$ -	\$ (682,837)	\$ (682,837)	\$ (682,837)	\$ (699,908)	\$ (717,406)	\$ (735,341)	\$ (753,725)	\$ (772,568)	\$ (791,882)	\$ -	\$ (811,679)	\$ (7,331,020)
Add'l Revenue - Expense Recovery - Existing	\$ 251,016	\$ 114,433	\$ 25,059	\$ 75,930	\$ 128,326	\$ 182,294	\$ 237,881	\$ 295,136	\$ 354,109	\$ 414,851	\$ 477,415	\$ 212,150	\$ 2,768,600
Add'l Revenue - Expense Recovery - Expansion	\$ -	\$ -	\$ 3,628	\$ 10,992	\$ 18,578	\$ 28,391	\$ 34,439	\$ 42,728	\$ 51,265	\$ 60,059	\$ 69,116	\$ 30,713	\$ 347,908
Parking Revenue on Existing	\$ 912,144	\$ 913,344	\$ 929,328	\$ 940,744	\$ 957,207	\$ 968,967	\$ 985,924	\$ 998,036	\$ 1,015,501	\$ 1,027,977	\$ 1,045,966	\$ 441,173	\$ 11,136,311
Parking Revenue on Expansion	\$ 28,986	\$ 172,729	\$ 175,752	\$ 177,911	\$ 181,024	\$ 183,248	\$ 186,455	\$ 188,745	\$ 192,048	\$ 194,408	\$ 197,810	\$ 83,433	\$ 1,962,551
Subtotal Credits, Expense Recovery, Parking Rev	\$ 1,192,148	\$ 517,669	\$ 450,929	\$ 522,740	\$ 585,227	\$ 643,494	\$ 709,357	\$ 770,920	\$ 840,356	\$ 905,413	\$ 1,790,307	\$ (44,208)	\$ 8,884,351
Total Rent Revenue less Credit Plus Parking	\$ 5,474,762	\$ 4,883,111	\$ 4,547,954	\$ 4,619,765	\$ 4,742,000	\$ 4,904,186	\$ 5,076,567	\$ 5,247,310	\$ 5,428,656	\$ 5,608,420	\$ 6,610,890	\$ 1,984,989	\$ 59,128,610
Operating Expenses													
Operating Expenses LBBS Existing + Expansion	\$ (2,007,049)	\$ (2,067,260)	\$ (2,129,278)	\$ (2,193,157)	\$ (2,258,951)	\$ (2,326,720)	\$ (2,396,521)	\$ (2,468,417)	\$ (2,542,470)	\$ (2,618,744)	\$ (2,697,306)	\$ (2,776,225)	\$ (26,484,099)
City Debt Issuance Costs													
City Existing Tax-Exempt Debt Service (1st Expansion)	\$ -	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ 452,364	\$ -	\$ 4,523,640
City Defeasement (\$6,400,000) (1st Expansion)	\$ -	\$ (1,030,650)	\$ (1,031,149)	\$ (1,028,829)	\$ (1,028,929)	\$ (1,027,089)	\$ (1,026,257)	\$ (1,030,885)	\$ (1,030,767)	\$ (1,030,743)	\$ (1,031,030)	\$ -	\$ (10,284,328)
Reserve Fund Credit (1st Expansion)	\$ -	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ 82,950	\$ -	\$ 829,500
Debt Cost - LBBS TI (\$33,575)	\$ -	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ (4,657)	\$ -	\$ (46,569)
Reserve Fund Credit	\$ -	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	\$ 378	\$ -	\$ 3,777
Debt Cost - LBBS Additional Allowance (\$800,000)	\$ -	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ (83,221)	\$ -	\$ (832,214)
Reserve Fund Credit	\$ -	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ 6,750	\$ -	\$ 67,500
Debt Cost - CBRE Commission (\$0) - Total Paid in Yr 1 Instead	\$ (540,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (540,146)
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (\$800,000) - Existing RZEDB Financing	\$ -	\$ (47,043)	\$ (46,863)	\$ (46,853)	\$ (47,008)	\$ (46,951)	\$ (46,874)	\$ (46,862)	\$ (47,022)	\$ (46,985)	\$ (47,031)	\$ (23,493)	\$ (493,085)
Reserve Fund Credit	\$ -	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 941	\$ 471	\$ 9,881
City Existing Tax-Exempt Debt Service (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Defeasement (\$4,700,000) (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LBBS Defeasement (Payment)/Offset (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (Future) (\$863,200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (45,804)	\$ (45,804)	\$ (45,804)	\$ (45,804)	\$ (45,804)	\$ (45,804)	\$ (22,902)	\$ (297,727)
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,487	\$ 2,487	\$ 1,244	\$ 16,166
City TI/Relocation (Future) (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Costs	\$ (540,146)	\$ (622,089)	\$ (622,508)	\$ (618,178)	\$ (620,433)	\$ (661,853)	\$ (660,944)	\$ (665,760)	\$ (665,602)	\$ (665,541)	\$ (665,874)	\$ (44,681)	\$ (7,053,605)
City Lease and Parking Expense													
Lease/Parking Costs - Dept. of Aging	\$ -	\$ (236,746)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (236,746)
Lease/Parking Costs - LAPD Behavioral Sciences	\$ -	\$ -	\$ -	\$ (120,197)	\$ (205,276)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (325,473)
Subtotal City Lease and Parking Costs	\$ -	\$ (236,746)	\$ -	\$ (120,197)	\$ (205,276)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (562,219)
Total All Operating/Debt/Lease Expenses	\$ (2,547,195)	\$ (2,926,095)	\$ (2,751,786)	\$ (2,931,531)	\$ (3,084,660)	\$ (2,988,573)	\$ (3,057,465)	\$ (3,134,177)	\$ (3,208,071)	\$ (3,284,284)	\$ (3,363,180)	\$ (2,822,906)	\$ (36,099,923)
Savings from Discontinued Leases													
Lease/Parking Savings - Discontinued Department of Aging	\$ -	\$ 245,183	\$ 499,141	\$ 517,041	\$ 535,656	\$ 555,017	\$ 575,151	\$ 596,092	\$ 617,869	\$ 640,518	\$ 664,073	\$ 311,829	\$ 5,757,570
Lease/Parking Savings - Discontinued LAPD Behavioral Services	\$ -	\$ -	\$ -	\$ -	\$ 41,728	\$ 253,807	\$ 260,816	\$ 268,036	\$ 275,472	\$ 283,131	\$ 291,020	\$ 122,926	\$ 1,796,934
Subtotal Savings - Discontinued Leases	\$ -	\$ 245,183	\$ 499,141	\$ 517,041	\$ 577,382	\$ 808,824	\$ 835,967	\$ 864,128	\$ 893,341	\$ 923,649	\$ 955,093	\$ 434,755	\$ 7,554,504
BOTTOM LINE													
(Revenue Less Expense Plus Savings)	\$ 2,927,567	\$ 2,202,199	\$ 2,295,309	\$ 2,205,275	\$ 2,234,723	\$ 2,724,437	\$ 2,655,069	\$ 2,977,261	\$ 3,113,925	\$ 3,247,784	\$ 4,202,893	\$ (403,162)	\$ 30,583,191

*** This is a worksheet designed to capture budget changes only. It is not intended to be a cash flow or cash flow indicator.

B-12a (2nd Expansion: Backfill) – \$6.4M Defeasance (LBBS LOI)

BUDGET IMPACT

Option 2 (B-12a): One-Floor LBBS Expansion/One-Floor Dept. of Aging Relocation (No 2nd Expansion by LBBS) (10-Yr Lease)

Negotiation: LBBS Counter #6 (12/9/11) - [10-Year] - \$25.00, 2.5% Annual Increases, 20 Mos. Free Yrs 1-10, \$600K Credit, & Parking @ 3% Bump on 5/12 (on 73 exp. spaces only) then 3.0% every other year commencing 12/13

One floor leased to LBBS effective May 2012; delivered December 2011 for TI work.
 City leased space for Aging to be cancelled January 2013; Aging to relocate to Fig Plaza Jan 2013, reducing from 17,476 SF to ~10,000 SF based on current staffing levels.
 MICLA taxable debt to defease \$6.4M of tax exempt debt.
 New MICLA debt of \$2.097M for tenant improvements, City relocation costs and discretionary allowance. City's consultant's commission is paid in year 1 without being financed.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
Additional Rent	\$ 115,342	\$ (476,309)	\$ (811,486)	\$ (739,855)	\$ (617,420)	\$ (455,234)	\$ (282,853)	\$ (112,110)	\$ 69,236	\$ 249,000	\$ 1,251,470	\$ (248,103)	\$ (2,058,102)
New Debt Service	\$ (540,146)	\$ (622,089)	\$ (622,508)	\$ (618,178)	\$ (620,433)	\$ (661,853)	\$ (660,944)	\$ (665,760)	\$ (665,602)	\$ (665,541)	\$ (665,874)	\$ (44,681)	\$ (7,053,605)
Net Expansion Difference	\$ (424,804)	\$ (1,098,398)	\$ (1,433,973)	\$ (1,357,833)	\$ (1,237,852)	\$ (1,117,067)	\$ (943,796)	\$ (777,870)	\$ (596,366)	\$ (416,541)	\$ 585,596	\$ (282,784)	\$ (9,111,707)
Continued Lease Costs	\$ -	\$ (236,746)	\$ -	\$ (120,197)	\$ (205,278)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (582,219)
Lease Savings - Discontinued Leases	\$ -	\$ 245,183	\$ 499,141	\$ 517,041	\$ 577,382	\$ 808,824	\$ 835,967	\$ 864,128	\$ 893,341	\$ 923,649	\$ 955,093	\$ 434,755	\$ 7,554,504
Total Cost/Benefit	\$ (424,804)	\$ (1,089,961)	\$ (934,832)	\$ (960,989)	\$ (865,748)	\$ (308,283)	\$ (107,829)	\$ 86,258	\$ 296,975	\$ 507,108	\$ 1,540,689	\$ 141,971	\$ (2,119,422)
Budget Impact	\$ (424,804)	\$ (853,215)	\$ (934,832)	\$ (840,792)	\$ (660,470)	\$ (308,283)	\$ (107,829)	\$ 86,258	\$ 296,975	\$ 507,108	\$ 1,540,689	\$ 141,971	\$ (1,557,203)

Years 1-7 Only: \$ (4,130,205) [Full 12 Months in Year 7]
 Years 1-7 Only: \$ (4,067,305) [Only 5 Months in Year 7, to compare against 5-year alternatives]

NOTES

Add'l rent reflects difference between current receipts and expected rent under this scenario.
 Years 8-12 rent goes down because of significant rent abatement
 Year 12 is prorated for five months.
 Budget impact is cost/savings from 10-11 actual budget.
 MICLA debt to be issued for the following capital costs: Demolition (\$1.50 PSF) & Space Planning (\$0.12 PSF) (1st Expansion Floor) = \$33,575; LBBS Additional Allowance = \$600,000 SF;
 City TI/Relocation - Aging (\$80 PSF on ~10,000 SF) = \$0 (entire \$800,000 cost will be financed via existing RZEDB financing); City TI/Relocation - LAPD Behavioral Sciences (\$80 PSF [CY 2011 value] on 8,290 SF) = \$766,831.
 City TI costs are high range of costs

As to the debt service for Department of Aging TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$0. Using a 30-year repayment schedule, the total of the remaining payments will be \$798K. While this does not affect the Budget Impact during the above analysis period, it is a continuing obligation for an additional 18 years.

As to the debt service for LAPD Behavioral Sciences TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$283K. Using a 30-year repayment schedule, the total of the remaining payments will be \$824K. While this does not affect the Budget Impact during the analysis period, it is a continuing obligation for an additional 25 years.

Not included in this analysis is the net debt service savings of approximately \$5.45M over the 17 years following the end of the analysis period. The taxable bonds for the one-floor expansion must be repaid over a shorter period than the tax-exempt bonds that are defeased, thus less interest is paid over the full term.

C-2b (5-Yr Arbitration, 5-Yr Renewal, Then Vacate)

BUDGET IMPACT WORKSHEET

Option 4 (C-2b): No LBBS Expansion / LAPD Relocation (5-Year Arbitration + 5-Year Option Exercised)

Arbitration: Worst Case NER - [5-Year + 5-Year Renewal]

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
Revenue	7/1/11 - 6/30/12	7/1/12 - 6/30/13	7/1/13 - 6/30/14	7/1/14 - 6/30/15	7/1/15 - 6/30/16	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22	7/1/22 - 6/30/23	
Existing LBBS Lease	\$ 4,196,260	\$ 3,445,536	\$ 2,940,708	\$ 3,028,929	\$ 3,119,797	\$ 3,213,391	\$ 3,041,271	\$ 2,940,708	\$ 3,028,929	\$ 3,119,797	\$ 3,213,391	\$ 1,355,361	\$ 36,644,078
Rent Revenue - 1st floor 20,725 sq ft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent Revenue - 2nd floor 20,725 sq ft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CDD Occupancy Payment (PRS of Debt Service & OpEx)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal New Gross Rent	\$ 4,196,260	\$ 3,445,536	\$ 2,940,708	\$ 3,028,929	\$ 3,119,797	\$ 3,213,391	\$ 3,041,271	\$ 2,940,708	\$ 3,028,929	\$ 3,119,797	\$ 3,213,391	\$ 1,355,361	\$ 36,644,078
Rent (Abatement/Credit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add'l Revenue - Expense Recovery - Existing	\$ 251,016	\$ 114,433	\$ 28,322	\$ 79,756	\$ 134,793	\$ 191,482	\$ 91,769	\$ 30,515	\$ 92,459	\$ 156,263	\$ 221,980	\$ 108,385	\$ 1,497,173
Parking Revenue on Existing	\$ 912,144	\$ 1,014,567	\$ 1,100,225	\$ 1,133,232	\$ 1,167,229	\$ 1,202,246	\$ 1,238,313	\$ 1,275,463	\$ 1,313,727	\$ 1,353,138	\$ 1,393,733	\$ 598,144	\$ 13,702,161
Subtotal Credits, Expense Recovery, Parking Rev	\$ 1,163,160	\$ 1,129,000	\$ 1,128,547	\$ 1,212,988	\$ 1,302,022	\$ 1,393,728	\$ 1,330,082	\$ 1,305,978	\$ 1,406,186	\$ 1,509,401	\$ 1,615,713	\$ 704,529	\$ 15,199,334
Total Rent Revenue less Credit Plus Parking	\$ 5,359,420	\$ 4,574,536	\$ 4,069,255	\$ 4,241,917	\$ 4,421,819	\$ 4,607,119	\$ 4,371,353	\$ 4,246,686	\$ 4,435,115	\$ 4,629,198	\$ 4,829,104	\$ 2,059,890	\$ 51,843,412
Operating Expenses													
Operating Expenses LBBS Existing + Expansion	\$ (2,007,049)	\$ (2,067,260)	\$ (2,129,278)	\$ (2,193,157)	\$ (2,258,951)	\$ (2,326,720)	\$ (2,396,521)	\$ (2,468,417)	\$ (2,542,470)	\$ (2,618,744)	\$ (2,697,306)	\$ (2,778,225)	\$ (28,484,099)
City Debt Issuance Costs													
City Existing Tax-Exempt Debt Service (1st Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Defeasement (\$0) (1st Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (1st Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Cost - LBBS TI (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Cost - LBBS Additional Allowance (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Cost - CBRE Commission (\$0) - Total Paid in Yr 1 Instead	\$ (250,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (250,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (500,000)
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (\$1,708,750)	\$ -	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (81,248)	\$ (1,286,218)
Reserve Fund Credit	\$ -	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 3,204	\$ 67,282
City TI/Relocation (\$1,400,000) - Existing RZEDB Financing	\$ -	\$ (129,033)	\$ (128,366)	\$ (127,635)	\$ (126,522)	\$ (125,684)	\$ (125,101)	\$ (124,114)	\$ (123,063)	\$ (122,268)	\$ (121,384)	\$ (60,692)	\$ (1,313,860)
Reserve Fund Credit	\$ -	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 823	\$ 17,291
City Existing Tax-Exempt Debt Service (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Defeasement (\$0) (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LBBS Defeasement (Payment)/Offset (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (Future) (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (Futures) (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Debt Costs	\$ (250,000)	\$ (243,475)	\$ (242,808)	\$ (242,077)	\$ (240,964)	\$ (490,126)	\$ (239,543)	\$ (238,556)	\$ (237,505)	\$ (236,708)	\$ (235,826)	\$ (117,913)	\$ (3,015,506)
City Lease and Parking Expense													
Lease/Parking Costs - LAPD IAD	\$ (425,722)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (425,722)
Subtotal City Lease and Parking Costs	\$ (425,722)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (425,722)
Total All Operating/Debt/Lease Expenses	\$ (2,682,771)	\$ (2,310,736)	\$ (2,372,087)	\$ (2,435,234)	\$ (2,499,916)	\$ (2,816,846)	\$ (2,636,065)	\$ (2,706,974)	\$ (2,779,975)	\$ (2,855,452)	\$ (2,933,132)	\$ (2,896,138)	\$ (31,925,327)
Savings from Discontinued Leases													
Lease/Parking Savings - Discontinued LAPD IAD	\$ -	\$ 1,307,324	\$ 1,338,386	\$ 1,370,379	\$ 1,403,333	\$ 1,437,275	\$ 1,472,236	\$ 1,508,245	\$ 1,545,334	\$ 1,583,536	\$ 1,622,884	\$ 844,483	\$ 15,433,415
Subtotal Savings - Discontinued Leases	\$ -	\$ 1,307,324	\$ 1,338,386	\$ 1,370,379	\$ 1,403,333	\$ 1,437,275	\$ 1,472,236	\$ 1,508,245	\$ 1,545,334	\$ 1,583,536	\$ 1,622,884	\$ 844,483	\$ 15,433,415
BOTTOM LINE													
(Revenue Less Expense Plus Savings)	\$ 2,676,649	\$ 3,571,124	\$ 3,033,555	\$ 3,177,062	\$ 3,325,236	\$ 3,227,548	\$ 3,207,524	\$ 3,047,957	\$ 3,200,474	\$ 3,357,282	\$ 3,518,855	\$ 8,234	\$ 35,351,500

*** This is a worksheet designed to capture budget changes only. It is not intended to be a cash flow or cash flow indicator.

C-2b (5-Yr Arbitration, 5-Yr Renewal, Then Vacate)

BUDGET IMPACT

Option 4 (C-2b): No LBBS Expansion / LAPD Relocation (5-Year Arbitration + 5-Year Option Exercised)

Arbitration: Worst Case NER - [5-Year + 5-Year Renewal]

No LBBS expansion.
 City leased space for LAPD IAD to be cancelled in 2012.
 Risk of Low Rent on Existing LBBS space as of 2013 resulting from arbitration.
 No MCLTA tax exempt debt will be defeased.
 New MCLTA debt of \$3.1M for tenant improvements, City relocation costs.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
Additional Rent	\$ -	\$ (784,884)	\$ (1,292,165)	\$ (1,117,503)	\$ (937,601)	\$ (752,301)	\$ (988,067)	\$ (1,112,734)	\$ (924,305)	\$ (730,222)	\$ (530,316)	\$ (173,202)	\$ (9,343,300)
New Debt Service	\$ (250,000)	\$ (243,475)	\$ (242,808)	\$ (242,077)	\$ (240,964)	\$ (490,126)	\$ (239,543)	\$ (238,556)	\$ (237,505)	\$ (236,708)	\$ (235,826)	\$ (117,913)	\$ (3,015,506)
Net Expansion Difference	\$ (250,000)	\$ (1,028,360)	\$ (1,534,973)	\$ (1,359,580)	\$ (1,178,565)	\$ (1,242,427)	\$ (1,227,610)	\$ (1,351,291)	\$ (1,161,811)	\$ (966,930)	\$ (766,143)	\$ (291,115)	\$ (12,358,805)
Continued Lease Costs	\$ (425,722)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (425,722)
Lease Savings - Discontinued Leases	\$ -	\$ 1,307,324	\$ 1,338,356	\$ 1,370,379	\$ 1,403,333	\$ 1,437,275	\$ 1,472,236	\$ 1,508,245	\$ 1,545,334	\$ 1,583,536	\$ 1,622,854	\$ 844,483	\$ 15,433,415
Total Cost/Benefit	\$ (675,722)	\$ 278,964	\$ (196,587)	\$ 10,799	\$ 224,768	\$ 194,848	\$ 244,626	\$ 156,954	\$ 383,523	\$ 616,606	\$ 856,741	\$ 553,368	\$ 2,648,887
Budget Impact	\$ (250,000)	\$ 278,964	\$ (196,587)	\$ 10,799	\$ 224,768	\$ 194,848	\$ 244,626	\$ 156,954	\$ 383,523	\$ 616,606	\$ 856,741	\$ 553,368	\$ 3,074,610

Years 1-7 Only: \$ 507,417 [Full 12 Months in Year 7]
 Years 1-7 Only: \$ 384,719 [Only 5 Months in Year 7, to compare against 5-year alternatives]

NOTES

Add'l rent reflects difference between current receipts and expected rent under this scenario. Low rent in Year 2 thru Year 12 from expected arbitration rate of \$9.29 per sq. ft. NER.
 Current existing space lease expires Nov. 30, 2012
 Year 12 is prorated for five months.
 Budget impact is cost/savings from 10-11 actual budget.
 City TI costs are high range of costs

As to the debt service for IAD TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$0. Using a 30-year repayment schedule, the total of the remaining payments will be \$3.60M. While this does not affect the Budget Impact during the above analysis period, it is a continuing obligation for an additional 18 years.

C-2a (5-Yr Arbitration, Then Vacate & City Backfill in 2019)
BUDGET IMPACT WORKSHEET
Option 4 (C-2a): No LBBS Expansion / LAPD Relocation (5-Year Arbitration, Then City Backfill in 2019)
Arbitration: Worst Case NER - [5-Year + 5-Year Renewal]

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
	7/1/11 - 6/30/12	7/1/12 - 6/30/13	7/1/13 - 6/30/14	7/1/14 - 6/30/15	7/1/15 - 6/30/16	7/1/16 - 6/30/17	7/1/17 - 6/30/18	7/1/18 - 6/30/19	7/1/19 - 6/30/20	7/1/20 - 6/30/21	7/1/21 - 6/30/22	7/1/22 - 6/30/23	
Revenue													
Existing LBBS Lease	\$ 4,196,260	\$ 3,445,536	\$ 2,940,708	\$ 3,028,929	\$ 3,119,797	\$ 3,213,391	\$ 1,355,361	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,299,982
Rent Revenue - 1st floor 20,725 sq ft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent Revenue - 2nd floor 20,725 sq ft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CDD Occupancy Payment (PRS of Debt Service & OpEx)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 631,907	\$ 1,895,721	\$ 1,895,721	\$ 1,895,721	\$ 789,884	\$ 7,108,954
Subtotal New Gross Rent	\$ 4,196,260	\$ 3,445,536	\$ 2,940,708	\$ 3,028,929	\$ 3,119,797	\$ 3,213,391	\$ 1,355,361	\$ 631,907	\$ 1,895,721	\$ 1,895,721	\$ 1,895,721	\$ 789,884	\$ 28,408,936
Rent (Abatement/Credit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Add'l Revenue - Expense Recovery - Existing	\$ 251,016	\$ 114,433	\$ 26,322	\$ 79,756	\$ 134,793	\$ 191,482	\$ 91,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 889,571
Parking Revenue on Existing	\$ 912,144	\$ 1,014,567	\$ 1,100,225	\$ 1,133,232	\$ 1,167,229	\$ 1,202,246	\$ 515,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,045,607
Subtotal Credits, Expense Recovery, Parking Rev	\$ 1,163,160	\$ 1,129,000	\$ 1,126,547	\$ 1,212,988	\$ 1,302,022	\$ 1,393,728	\$ 607,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,935,178
Total Rent Revenue less Credit Plus Parking	\$ 5,359,420	\$ 4,574,536	\$ 4,067,255	\$ 4,241,917	\$ 4,421,819	\$ 4,607,119	\$ 1,963,094	\$ 631,907	\$ 1,895,721	\$ 1,895,721	\$ 1,895,721	\$ 789,884	\$ 36,344,114
Operating Expenses													
Operating Expenses LBBS Existing + Expansion	\$ (2,007,049)	\$ (2,067,260)	\$ (2,129,278)	\$ (2,193,157)	\$ (2,258,951)	\$ (2,326,720)	\$ (2,396,521)	\$ (2,468,417)	\$ (2,542,470)	\$ (2,618,744)	\$ (2,697,306)	\$ (2,776,225)	\$ (28,484,099)
City Debt Issuance Costs													
City Existing Tax-Exempt Debt Service (1st Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Defeasement (\$0) (1st Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (1st Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Cost - LBBS TI (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Cost - LBBS Additional Allowance (\$0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Cost - CBRE Commission (\$0) - Total Paid in Yr 1 Instead	\$ (250,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (250,000)
Reserve Fund Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (\$1,708,750)	\$ -	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (122,497)	\$ (61,248)	\$ (1,286,218)
Reserve Fund Credit	\$ -	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 6,408	\$ 3,204	\$ 67,282
City TI/Relocation (\$1,400,000) - Existing RZEDB Financing	\$ -	\$ (129,033)	\$ (128,366)	\$ (127,635)	\$ (126,522)	\$ (125,684)	\$ (125,101)	\$ (124,114)	\$ (123,063)	\$ (122,268)	\$ (121,384)	\$ (60,692)	\$ (1,313,860)
Reserve Fund Credit	\$ -	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 1,647	\$ 823	\$ 17,291
City Existing Tax-Exempt Debt Service (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Defeasement (\$0) (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve Fund Credit (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LBBS Defeasement (Payment)/Offset (2nd Expansion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City TI/Relocation (Future) (\$7,650,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (548,414)	\$ (548,414)	\$ (548,414)	\$ (274,207)	\$ (1,919,449)
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,688	\$ 28,688	\$ 28,688	\$ 14,344	\$ 100,406
City TI/Relocation (Future) (\$2,775,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (198,934)	\$ (198,934)	\$ (198,934)	\$ (99,467)	\$ (895,205)
Reserve Fund Credit (Future)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,406	\$ 10,406	\$ 10,406	\$ 5,203	\$ 46,828
Total Debt Costs	\$ (250,000)	\$ (243,475)	\$ (242,808)	\$ (242,077)	\$ (240,964)	\$ (240,126)	\$ (239,543)	\$ (427,055)	\$ (945,760)	\$ (944,963)	\$ (944,081)	\$ (472,041)	\$ (5,432,925)
City Lease and Parking Expense													
Lease/Parking Costs - LAPD IAD	\$ (425,722)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (425,722)
Lease/Parking Costs - CDD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (473,930)	\$ -	\$ -	\$ -	\$ -	\$ (473,930)
Lease/Parking Costs - Office of Finance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (333,205)	\$ -	\$ -	\$ -	\$ -	\$ (333,205)
Lease/Parking Costs - LA Dept. of B&S	\$ -	\$ -	\$ (758,748)	\$ (941,951)	\$ (974,663)	\$ (1,008,684)	\$ (1,044,065)	\$ (531,051)	\$ -	\$ -	\$ -	\$ -	\$ (5,259,162)
Subtotal City Lease and Parking Costs	\$ (425,722)	\$ -	\$ (758,748)	\$ (941,951)	\$ (974,663)	\$ (1,008,684)	\$ (1,044,065)	\$ (1,338,186)	\$ -	\$ -	\$ -	\$ -	\$ (6,492,020)
Total All Operating/Debt/Lease Expenses	\$ (2,682,771)	\$ (2,310,736)	\$ (3,130,835)	\$ (3,377,185)	\$ (3,474,679)	\$ (3,575,530)	\$ (3,680,130)	\$ (4,233,688)	\$ (3,488,230)	\$ (3,563,707)	\$ (3,641,387)	\$ (3,250,266)	\$ (40,409,044)
Savings from Discontinued Leases													
Lease/Parking Savings - Discontinued LAPD IAD	\$ -	\$ 1,307,324	\$ 1,338,386	\$ 1,370,379	\$ 1,403,333	\$ 1,437,275	\$ 1,472,236	\$ 1,508,245	\$ 1,545,334	\$ 1,583,536	\$ 1,622,884	\$ 844,483	\$ 15,433,415
Lease/Parking Savings - Discontinued Office of Finance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454,269	\$ 1,383,100	\$ 1,424,593	\$ 1,467,331	\$ 625,042	\$ 5,354,335
Lease/Parking Savings - Discontinued LA Dept. of B&S	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 549,810	\$ 1,119,130	\$ 1,158,929	\$ 1,200,320	\$ 581,348	\$ 4,609,537
Subtotal Savings - Discontinued Leases	\$ -	\$ 1,307,324	\$ 1,338,386	\$ 1,370,379	\$ 1,403,333	\$ 1,437,275	\$ 1,472,236	\$ 2,512,324	\$ 4,047,564	\$ 4,167,058	\$ 4,290,535	\$ 2,050,873	\$ 26,397,287
BOTTOM LINE													
(Revenue Less Expense Plus Savings)	\$ 2,676,649	\$ 3,571,124	\$ 2,274,806	\$ 2,235,111	\$ 2,350,573	\$ 2,466,864	\$ (244,800)	\$ (1,089,457)	\$ 2,455,055	\$ 2,499,072	\$ 2,544,869	\$ (409,509)	\$ 21,332,358

*** This is a worksheet designed to capture budget changes only. It is not intended to be a cash flow or cash flow indicator.

C-2a (5-Yr Arbitration, Then Vacate & City Backfill in 2019)

BUDGET IMPACT

Option 4 (C-2a): No LBBS Expansion / LAPD Relocation (5-Year Arbitration, Then City Backfill in 2019)

Arbitration: Worst Case NER - [5-Year + 5-Year Renewal]

No LBBS expansion.

City leased space for LAPD IAD to be cancelled in 2012. LAHD/CDD to backfill all LBBS space vacated 11/30/17 beginning 3/1/19.

Risk of Low Rent on Existing LBBS space as of 2013 resulting from arbitration.

No MICLA tax exempt debt will be defeased.

New MICLA debt of \$13.5M for tenant improvements, City relocation costs.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	TOTALS
Additional Rent	\$ -	\$ (784,884)	\$ (1,292,165)	\$ (1,117,503)	\$ (937,601)	\$ (752,301)	\$ (3,396,326)	\$ (4,727,513)	\$ (3,463,699)	\$ (3,463,699)	\$ (3,463,699)	\$ (1,443,208)	\$ (24,842,597)
New Debt Service	\$ (250,000)	\$ (243,475)	\$ (242,808)	\$ (242,077)	\$ (240,964)	\$ (240,126)	\$ (239,543)	\$ (427,085)	\$ (945,760)	\$ (944,963)	\$ (944,081)	\$ (472,041)	\$ (5,432,925)
Net Expansion Difference	\$ (250,000)	\$ (1,028,360)	\$ (1,534,973)	\$ (1,359,580)	\$ (1,178,565)	\$ (992,427)	\$ (3,635,870)	\$ (5,154,598)	\$ (4,409,459)	\$ (4,408,662)	\$ (4,407,760)	\$ (1,915,248)	\$ (30,275,523)
Continued Lease Costs	\$ (425,722)	\$ -	\$ (758,748)	\$ (941,951)	\$ (974,663)	\$ (1,008,684)	\$ (1,044,065)	\$ (1,338,186)	\$ -	\$ -	\$ -	\$ -	\$ (6,492,020)
Lease Savings - Discontinued Leases	\$ -	\$ 1,307,324	\$ 1,338,386	\$ 1,370,379	\$ 1,403,333	\$ 1,437,275	\$ 1,472,238	\$ 2,512,324	\$ 4,047,564	\$ 4,167,058	\$ 4,290,535	\$ 2,050,873	\$ 25,397,287
Total Cost/Benefit	\$ (675,722)	\$ 278,964	\$ (955,335)	\$ (931,152)	\$ (749,895)	\$ (563,836)	\$ (3,207,699)	\$ (3,980,460)	\$ (361,895)	\$ (241,604)	\$ (117,245)	\$ 135,625	\$ (11,370,255)
Budget Impact	\$ (250,000)	\$ 278,964	\$ (196,587)	\$ 10,799	\$ 224,768	\$ 444,848	\$ (2,163,634)	\$ (2,642,274)	\$ (361,895)	\$ (241,604)	\$ (117,245)	\$ 135,625	\$ (4,878,236)

Years 1-7 Only: \$ (1,650,842) [Full 12 Months in Year 7]

Years 1-7 Only: \$ (388,723) [Only 5 Months in Year 7, to compare against 5-year alternatives]

NOTES

Add'l rent reflects difference between current receipts and expected rent under this scenario. Low rent in Year 2 thru Year 12 from expected arbitration rate of \$9.29 per sq. ft. NER.

Current existing space lease expires Nov. 30, 2012

Year 12 is prorated for five months.

Budget impact is cost/savings from 10-11 actual budget.

City TI costs are high range of costs

As to the debt service for IAD TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$0. Using a 30-year repayment schedule, the total of the remaining payments will be \$3.60M. While this does not affect the Budget Impact during the above analysis period, it is a continuing obligation for an additional 18 years.

As to the debt service for CDD/Office of Finance TI, using the original 10-year repayment schedule the total of the remaining payments after the 12-year analysis period is \$5.44M. Using a 30-year repayment schedule, the total of the remaining payments will be \$13.71M. While this does not affect the Budget Impact during the analysis period, it is a continuing obligation for an additional 25 years.