

BUDGET AND FINANCE COMMITTEE REPORT relative to the annual review of the status of Reserve Fund loans and recommended loan write-offs.

Recommendations for Council action, **SUBJECT TO THE APPROVAL OF THE MAYOR:**

1. **WRITE OFF \$3,006,061.63** in Reserve Fund loans and advances listed on Attachment 1 of the City Administrative Officer (CAO) report dated January 17, 2018 (attached to Council file [C.F.] No. 13-1465).
2. **INSTRUCT** departments with pending billings to work with the special fund administrators and report back to the CAO in 90 days on the status of loans listed on Attachment 1 of the CAO report dated January 17, 2018 (attached to C.F. No. 13-1465) as requiring further analysis.
3. **INSTRUCT** departments to continue to submit invoices as soon as possible to the appropriate City department(s) in order to recover Reserve Fund loans made for special fund expenditures.
4. **WRITE OFF \$38,949,166.12** in Reserve Fund loans, identified as Judgment Obligation Bonds on Attachment 1 of the CAO report dated January 17, 2018 (attached to C.F. No. 13-1465), if the receipt of Judgment Obligation Bond proceeds does not occur by April 4, 2018 (C.F. No. 16-1322).
5. **AUTHORIZE** the CAO to make technical corrections as necessary to those transactions included in this report to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that there is no General Fund impact resulting from the actions recommended within this report, as the 2017-18 Budget does not assume the repayment of these loans. In addition, these actions will not impact the current status of the Reserve Fund.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on January 29, 2018, the Budget and Finance Committee considered a report from the CAO dated January 17, 2018 relative to the annual review of the status of Reserve Fund loans and recommended loan write-offs. The CAO reports that Council instructed its Office to annually review the status of Reserve Fund loans and recommend loan write-offs.

The CAO states that its Office has reviewed a total of 217 loans, approximately \$92.2 million, on the City's books as of September 30, 2017, of which 129 were either partially paid or remain unpaid as of December 31, 2017. Loans made after September 30, 2017 are not part of this study. Of the \$92.2 million outstanding, \$38.9 million is attributed to liability settlements to be reimbursed from proceeds following the issuance of a Judgment Obligation Bond. If proceeds from a JOB are not received by April 4, 2018, then \$38.9 million in Reserve Fund loans are recommended to be written off.

Additionally, the CAO worked with departments and special fund administrators to determine the status and estimated repayment dates of each loan and identify uncollectible loans. The results of this study are detailed in the CAO report and attachment which are attached to the Council file. Based on the study the CAO recommends 10 loans for write-off for a total of approximately \$3.0 million.

After providing an opportunity for public comment, the Budget and Finance Committee approved the recommendations in the CAO report. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	ABSENT

REW 1/29/18 FILE NO. 13-1465

-NOT OFFICIAL UNTIL COUNCIL ACTS-