

BUDGET AND FINANCE COMMITTEE REPORT, RESOLUTIONS, and ORDINANCES FIRST CONSIDERATION relative to the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Taxable Lease Revenue Refunding Bonds, and the creation of a MICLA Lease Revenue Commercial Paper Note Program to finance capital improvements at the Los Angeles Convention Center.

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

1. ADOPT the accompanying RESOLUTION authorizing and approving the issuance and sale of up to \$330 MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center).
2. PRESENT and ADOPT the accompanying ORDINANCE amending the Los Angeles Administrative Code (LAAC) to add section 5.162.38 to create a special fund to record accounting transactions for a MICLA financing transaction for the MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center).
3. PRESENT and ADOPT the accompanying ORDINANCE providing for the issuance of taxable lease revenue refunding bonds by MICLA by approving the lease and sublease of certain real property by the City of Los Angeles, to and from MICLA, as lessee and sublessor.
4. AUTHORIZE the City Administrative Officer (CAO) to pay Fiscal Year 2015-16 lease payment resulting from the bond issuance from monies in the Capital Finance Administration Fund No. 100/53.
5. AUTHORIZE the Controller to create a new account entitled MICLA 2015-A Refunding (Convention Center) in the Capital Finance Administration Fund that will be used to pay for future lease payments.
6. AUTHORIZE the Controller to re-appropriate \$2,284,209 or the amount necessary at the time of bond issuance from the Unallocated Account in the Staples Arena Trust Fund No. 908/10 to a new account entitled 2015 Refunding Escrow Deposit within the same Fund, for a partial bond defeasance in connection with Los Angeles Convention And Exhibition Center Authority Taxable Lease Revenue Bonds, 1998 Series A.
7. INSTRUCT the CAO to decrease appropriation and disencumber the following accounts within the Capital Projects Bond Reserves Fund No. 49Y/10 as the purpose of these accounts have been completed:

<u>Account</u>	<u>Title</u>	<u>Disencumber Amount</u>	<u>Decrease Appropriation Amount</u>
10C077	Citywide Infrastructure Improvement	\$ -	\$2,115.07
10C087	Citywide Elevator Repair	-	4,050.02
50E077	Citywide Infrastructure Improvement	-	6,776.85
50E140	GSD	-	7,066.72
50E318	Contaminated Soil Removal/Mitigation	<u>21,833.68</u>	<u>65,109.45</u>
Total:		\$21,833.68	\$85,118.11

8. AUTHORIZE the Controller to appropriate the higher of \$691,905 or the entire amount in the available cash balance at the time of bond issuance, primarily from interest savings, in the Capital Projects Bond Reserves Fund No. 49Y/10 to a new account entitled 2015 Refunding Escrow Deposit within the same Fund that will be used towards the MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center, under the direction of the CAO).
9. ADOPT the accompanying RESOLUTION authorizing and approving the negotiation and execution of certain legal documents in connection with the MICLA Lease Revenue Commercial Paper Note Program to provide for the issuance of commercial paper notes to provide short-term financing for capital improvements to the Los Angeles Convention Center.
10. PRESENT and ADOPT the accompanying ORDINANCE amending the LAAC to add Sections 5.162.36 and 5.162.37 to create two special funds to record accounting transactions for two MICLA financing transactions, one special fund for the MICLA Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) Tax-Exempt Series A-1 and another special fund for the MICLA Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) Taxable Series B-1.
11. PRESENT and ADOPT the accompanying ORDINANCE providing for the issuance by MICLA of lease revenue commercial paper notes, Tax-Exempt Series A-1 and Taxable Series B-1 by approving the lease and sublease of certain real properties by the City of Los Angeles to and from MICLA, as lessee and sublessor.
12. AUTHORIZE the CAO to make technical corrections and adjustments as necessary to those transactions included in this report to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that the issuance of up to \$330 million MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (Refunding Bonds; Series 2015-A) and the creation of the MICLA Lease Revenue Commercial Paper Note Program for the Los Angeles Convention Center (CP Program) will be obligations of the General Fund and the resulting lease payments will be paid from funds in the Capital Finance Administration Fund (CFAF). The total lease payments for Fiscal Year 2015-16 are projected to be \$3.6 million and \$2 million for the Refunding Bonds, Series 2015-A and the CP Program, respectively. Both lease payments for Fiscal Year 2015-16 have been budgeted in the CFAF.

Debt Impact Statement: The CAO reports that the issuance of up to \$330 million Refunding Bonds, Series 2015-A and the creation of the CP Program will not cause the City's debt service payments to exceed six percent of General Fund revenues for non-voter approved debt as established in the City's Financial Policies, Debt Management Section. During the life of the Refunding Bonds, Series 2015-A, the projected aggregate cash flow savings for the Refunding Bonds, Series 2015-A is \$11.7 million over the life of the bonds. The Refunding Bonds, Series 2015-A annual average lease payment is estimated to be \$41.46 million over the life of the bonds.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on October 19, 2015, the Budget and Finance Committee considered a report from the CAO dated October 8, 2015 and Resolutions, and reports from the City Attorney dated October 9, 2015 and Ordinances, relative to the issuance of MICLA Taxable Lease Revenue Refunding Bonds and the creation of a MICLA Lease Revenue Commercial Paper Note Program to finance capital improvements at the Los Angeles Convention Center.

The CAO's Chief of Debt Management addressed the Committee and provided a brief overview of the matter, and the Executive Director of the Los Angeles Department of Convention and Tourism Development also addressed the Committee. During discussion of the matter, the Chief of Debt Management reported that refinancing the current tax-exempt bonds to taxable bonds will be advantageous to the City in that it will allow the City to save approximately \$11.7 million, provide the City and the Los Angeles Convention Center with more flexibility and greater opportunities (such as selling naming rights for the facility and entering into public/private partnerships), and enable the City to better organize its collateralization of MICLA funded properties by using the Los Angeles Convention Center as its own collateral, thereby freeing up other properties for other collateral uses. Additionally, in response to questions from the Chair and the Committee relative to concerns about over-extension of MICLA financing, the Chief of Debt Management noted that the City will still be well within the strictures of its Financial and Debt Policies if the proposed debt refinancing and bond issuances are approved.

After consideration and after providing an opportunity for public comment, the Committee approved the recommendations in the CAO report, which include approval of the necessary Resolutions and Ordinances (the Economic Development Committee also considered this matter and approved the CAO's recommendations at its meeting of October 13, 2015). 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:	ABSENT
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW
10/20/15
FILE NO. 15-1206

-NOT OFFICIAL UNTIL COUNCIL ACTS-