

ORDINANCE NO. _____

An ordinance amending a City of Los Angeles (City) ordinance authorizing the issuance and sale of bonds, notes, certificates or other evidence of indebtedness (Judgment Bonds) to pay judgment obligations by amending Section 11.27 of the Los Angeles Administrative Code to clarify and expand on the types of settlements that are eligible to be paid with Judgment Bonds and to provide more procedural flexibility.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Section 11.27 of the Los Angeles Administrative Code is hereby amended and restated in its entirety to read as follows:

Sec. 11.27. Power of the Council.

The Council, exercising the powers reserved to the City under the Constitution of the State of California, and its power under the provisions of the Charter of the City, may determine that bonds, notes, certificates or other evidence of indebtedness (hereinafter referred to as "**bonds**") shall be issued as provided in this article to pay or provide for the payment of "**Judgment Obligations**," as hereinafter defined. "**Judgment Obligations**" means one or more of the following:

(a) all or any portion of an outstanding indebtedness in the form of a judgment entered by a court (hereinafter referred to as a "judgment"), including but not limited to: a judgment entered by a court after trial or otherwise; a consent judgment approved or entered by a court; and a judgment entered by a court pursuant to the terms of a settlement agreement entered into by the City and one or more third parties for the purpose of resolving claims the third party or parties filed against the City in a court, whether in each case it is evidenced by such judgment or stipulation or by a warrant issued to the judgment creditor; and

(b) all or any portion of an obligation or indebtedness of the City (whether in the form of a contractual obligation or evidence of indebtedness, including, but not limited to, bonds or any interfund borrowing made by the City), provided that the proceeds of such obligation, indebtedness (or portion thereof) were used to pay a judgment owed by the City or a warrant issued to evidence a judgment; and

(c) all or any portion of the principal of any bond issued to pay an obligation or indebtedness described in (a) or (b) above previously issued or incurred by the City; provided that the proceeds of such bond (or portion thereof) were used to pay a judgment owed by the City or a warrant issued to evidence a judgment.

Bonds may be issued: (i) to pay Judgment Obligations; (ii) to reimburse the City for any advance made to pay any Judgment Obligations if prior to that advance the City determines that the advance is being made in anticipation of the issuance of such bonds; (iii) to pay the costs of issuance of such bonds; and (iv) to pay any bond issued to pay Judgment Obligations at the maturity thereof, or to refund any such bond.

Bonds may be issued to pay a Judgment Obligation consisting of a judgment entered by a court pursuant to the terms of a settlement agreement only if the Council finds, based on facts presented by the City Attorney and recommendations by the City Administrative Officer and the Chief Legislative Analyst, that the settlement is in the best interests of the City, and if the Council shall also have determined, based on information presented by the City Administrative Officer, that there are no other sources of available money to pay the settlement amount on a timely basis pursuant to the terms of the settlement. In the case of any interfund borrowing or advance in anticipation of the issuance of bonds, the Council shall find on or about the time of approval of (i) a settlement or, if applicable, a judgment, or (ii) the expenditure for payment of such settlement or judgment, that the City intends to make an interfund borrowing or advance to pay the settlement or judgment on an interim basis, which loan or advance will be refunded or reimbursed with the proceeds of a bond issuance; provided that such finding shall be made prior to such interfund borrowing or advance. Any advance or interfund borrowing made to pay any settlement or judgment which may be refinanced with a bond shall constitute an indebtedness owed to the fund from which such advance or interfund borrowing was made. Any settlement or judgment conforming to the requirements of this paragraph and approved by Council prior to the effective date of the ordinance adding this paragraph to the Los Angeles Administrative Code or the ordinance amending this paragraph, as applicable, may be paid from the proceeds of bonds.

In addition to the authorizations provided hereinabove, the Council may determine that bonds shall be issued in reliance upon the authority of the general laws of the State, including, without limitation, Article 10 and Article 11 (commencing with Section 53570 and Section 53580, respectively) of Chapter 3 of Division 2 of Title 5 of the California Government Code.

Sec. 2. Except as provided in Section 1 of this ordinance, no other provisions of Article 6 of Chapter 1 of Division II of the Los Angeles Administrative Code (regarding Judgment Bonds) are being amended, and all such provisions remain in full force and effect.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located in the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

HOLLY L. WOLCOTT, City Clerk

By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By  _____
GERALD KIM
Deputy City Attorney

Date 12-07-16

File No. 16-1322