

BUDGET AND FINANCE COMMITTEE REPORT, RESOLUTIONS, AND ORDINANCES FIRST CONSIDERATION relative to authorization to issue up to \$200 million in Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds, Series 2014 (Capital Equipment), Series 2014-A (Real Property) and Refunding Series 2014-B (Real Property).

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

1. PRESENT and ADOPT the accompanying ORDINANCES relative to issuance of MICLA Lease Revenue Bonds, Series 2014-A and 2014-B amending two ordinances for the lease/leaseback of real properties, approving the lease/leaseback of real properties and amending the Los Angeles Administrative Code (LAAC) to add Sections 5.162.34 and 5.162.35 to create related special funds.
2. PRESENT and ADOPT the accompanying ORDINANCE amending the LAAC to add Section 5.162.33 to create a special fund related to the lease of equipment from MICLA to the City.
3. ADOPT the accompanying AUTHORIZING RESOLUTIONS, including various documents required for the execution of the bonds, which authorizes the issuance of up to \$200 million in MICLA Lease Revenue Bonds.
4. AUTHORIZE the City Administrative Officer (CAO) to pay Fiscal Year 2014-15 debt service on the bond issuance from monies in the Capital Finance Administration Fund (Fund 100/53).
5. AUTHORIZE the Controller to create three new accounts in the Capital Finance Administration Fund that will be used to pay for future debt service: MICLA 2014 Commercial Paper Capital Equipment Refinancing), MICLA 2014-A (Commercial Paper Real Property Refinancing), MICLA 2014-B (Refunding of MICLA Series 2002-AT, 200-AV, and 2003-AW).

Fiscal Impact Statement: The CAO reports that the issuance of up to \$200 million in MICLA Lease Revenue Bonds Series 2014 (Capital Equipment), Series 2014-A (Real Property) and Refunding Series 2014-B (Real Property) will be an obligation of the General Fund and the resulting debt service will be paid from funds in the Capital Finance Administration Fund (CFAF). The total debt service for Fiscal Year 2014-15 is projected to be approximately \$13.4 million for Series 2014 (Capital Equipment), Series 2014-A (Real Property) and Refunding Series 2014-B (Real Property) which is budgeted in the 2014-15 CFAF.

Debt Impact Statement: The CAO reports that the issuance of up to \$200 million in MICLA Lease Revenue Bonds Series 2014, Series 2014-A and Refunding Series 2014-B 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. The debt service for Fiscal Year 2014-15 is projected to be approximately \$13.4 million for Series 2014 (Capital Equipment), Series 2014-A (Real Property) and Refunding Series 2014-B (Real Property). During the life of the bonds, the average annual debt service will be approximately \$8.1 million for Series 2014 (Capital Equipment) over 10 years, \$4.1 million for Series 2014-A over 20 years and \$3.7 million for Refunding Series 2014-B over 18 years. Based on current

market rates, the interest savings for the potential refunding of outstanding MICLA Series 2002-AT, 2003-AV, and 2003-AW bonds is approximately \$9.7 million over the life of the bonds. The average annual interest savings from the potential refunding is approximately \$539,000.

Community Impact Statement: None submitted.

SUMMARY

At its meeting of August 11, 2014, the Budget and Finance Committee considered a CAO report and Authorizing Resolutions and two City Attorney reports with three accompanying Ordinances. The CAO is requesting authority to issue up to \$200 million in MICLA fixed-rate lease revenue bonds to: 1) refinance (refund) outstanding MICLA Commercial Paper (CP) notes used for the acquisition of capital equipment and the construction of capital improvements to certain City facilities, and 2) to refund approximately \$51.2 million of outstanding MICLA bonds to achieve interest savings, subject to the refunding parameters in the City's Debt Management Policy.

During Committee discussion, a CAO representative provided an overview of the request and responded to related questions from Committee members. After consideration and having provided an opportunity for public comment, the Budget and Finance Committee recommended approval of the recommendations contained in the CAO report and approval of the accompanying Resolutions and Ordinances. 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:	ABSENT
BLUMENFIELD:	YES
BONIN:	ABSENT

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-NOT OFFICIAL UNTIL COUNCIL ACTS-