

COMMUNICATION FROM CHAIR AND MEMBER, BUDGET AND FINANCE COMMITTEE relative to defeasance of certain General Obligation Bonds relating to Propositions 1, 2, 4, F, Q, CC, and DD Bond Programs.

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

1. AUTHORIZE the defeasance of (and, where applicable, redeem in advance of maturity) a portion of General Obligation Bonds, Series 2005-B, Series 2011-B, and Series 2012-A.
2. APPROVE up to \$69.8 million from General Obligation Bond Construction Funds in connection with Propositions 1 (Branch Libraries), 2 (Police Facilities), 4 (Fire Safety Improvements), F (Fire and Animal Shelters), Q (Citywide Security), CC (Zoo Facilities), and DD (Branch Libraries) to provide funding for the defeasance.
3. AUTHORIZE the Controller to appropriate up to \$69.8 million in available cash balance in the various General Obligation Bond Construction Funds to new accounts entitled 2017 Defeasance Escrow Deposit within the same Funds that will be used to fund the escrow account at the time of defeasance, under the direction of the City Administrative Officer (CAO).
4. APPROVE the Escrow and Custodial Agreement (Attachment 1 of the CAO report dated May 18, 2017 attached to the Council file) between the City and U.S. Bank N.A. to serve as escrow agent.
5. AUTHORIZE the CAO to execute any and all documents, including one or more escrow and custodial agreements with U.S. Bank, as escrow agent, substantially in the form attached to the CAO report dated May 18, 2017, attached to the Council file (see Attachment 1), and perform any and all acts and things to carry out the defeasance, consistent with the applicable Bond Resolutions.

Fiscal Impact Statement: The CAO reports that the defeasance contemplated in this report will not have a fiscal impact to the General Fund.

Debt Impact Statement: The CAO reports that the defeasance contemplated in this report will not result in a debt impact to the General Fund as General Obligation Bonds are repaid from ad valorem taxes levied on taxable property in the City. The defeasance is currently expected to retire up to approximately \$63.4 million of principal and pay accrued interest of approximately \$6.4 million of the Defeased Bonds.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on May 22, 2017, the Chair and a Member of the Budget and Finance Committee considered a report from the CAO relative to defeasance of certain General Obligation Bonds relating to Propositions 1 (Branch Libraries), 2 (Police Facilities), 4 (Fire Safety Improvements), F (Fire and Animal Shelters), Q (Citywide Security), CC (Zoo Facilities),

and DD (Branch Libraries)Bond Programs.

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

Respectfully Submitted,



COUNCILMEMBER PAUL KREKORIAN, CHAIR
BUDGET AND FINANCE COMMITTEE

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

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5/22/17
FILE NO. 17-0560

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