

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT, RESOLUTION, and ORDINANCES FIRST CONSIDERATION relative to the proposed issuance of the Municipal Improvement Corporation of Los Angeles Lease (MICLA) Revenue Bonds, Series 2023-A (Capital Equipment and Real Property).

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

1. ADOPT the accompanying Authorizing RESOLUTION, which authorizes the issuance and sale in a principal amount up to \$210 million of MICLA Lease Revenue Bonds, Series 2023-A (Capital Equipment and Real Property) (Bonds) to be sold on a negotiated basis, and authorizes the execution and delivery of various bond documents in connection with the issuance and sale of the Bonds, and the execution and delivery of an Omnibus Lease Amendment relating to existing MICLA equipment leases
2. PRESENT and ADOPT the accompanying Fund ORDINANCE, dated September 14, 2023, attached to the Council file, adding a new Section 5.162.54 to the Los Angeles Administrative Code to create a special fund for the lease financing referred to herein as the MICLA Lease Revenue Bonds, Series 2023-A (Capital Equipment and Real Property) (Bonds) to record certain accounting transactions related to the Bonds.
3. PRESENT and ADOPT the accompanying Lease/Leaseback ORDINANCE, dated September 14, 2023, attached to the Council file, providing for the issuance of lease revenue bonds by the MICLA, which are being issued to retire certain commercial paper notes issued by MICLA, by approving the lease and leaseback of certain real properties by and between the City of Los Angeles and MICLA.
4. INSTRUCT the Controller to create an account in the Capital Finance Administration Fund (Fund No. 100/53) that will be used to pay for future lease payments entitled "MICLA 2023-A (Capital Equipment and Real Property)".
5. AUTHORIZE the City Administrative Officer (CAO) to make technical corrections and adjustments as necessary to those transactions included in this report to implement the Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that the issuance of the Bonds in an aggregate principal amount up to \$210 million will be payable from lease payments to be made by the City to MICLA pursuant to the Lease Agreement, which is an obligation of the General Fund, subject to annual appropriations in the Adopted Budget. The resulting semi-annual lease payments will be due on April 15 and October 15 in sufficient amounts to pay semi-annual debt service payments for the Bonds. The lease payments will be paid from funds in the Capital Finance Administration Fund (Fund No. 100/53). The first lease payment will be due on April 15, 2024. There is no additional General Fund impact as sufficient funding is provided in the 2023-24 Adopted Budget to pay the first lease payment.

Financial Policies Statement: The CAO reports that the issuance of the Bonds in an aggregate principal amount up to \$210 million and the payment of the supporting lease payments 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. After the issuance of the Bonds, the projected non-voter approved debt ratio is estimated to be 2.68 percent (Attachment B), attached to the CAO report dated September 15, 2023, attached to the Council file.

Debt Impact Statement: The CAO reports that the Bonds will be payable from lease payments to be made by the City pursuant to the Lease Agreement, which is a General Fund obligation. These lease payments to MICLA will be annually budgeted in the Capital Finance Administration Fund (Fund No. 100/53). The Bonds will be sized and sold such that the lease payments will be in sufficient amounts to

pay debt service on the Bonds as and when due. Based on current market rates, the average annual debt service for the Bonds is estimated to be \$13.9 million over 20 years, through May 1, 2043. The total debt service, including total principal and interest, over the life of the Bonds is estimated to be approximately \$277 million. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. After the issuance of the Bonds, the projected non-voter approved debt ratio is estimated to be 2.68 percent (Attachment B).

Community Impact Statement: None submitted

SUMMARY

At its regular meeting held on September 27, 2023, the Budget, Finance and Innovation Committee considered CAO and City Attorney reports, Authorizing Resolution, and two Draft Ordinances relative to the proposed issuance of the Municipal Improvement Corporation of Los Angeles Lease (MICLA) Revenue Bonds, Series 2021-C (Capital Equipment and Real Property).

After an opportunity for public comment was held, the Committee moved to approve the CAO recommendations, including the Authorizing Resolution and two Draft Ordinances, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD	YES
HARRIS-DAWSON	YES
YAROSLAVYSKY	YES
MCOSKER	YES
RODRIGUEZ	ABSENT

AS 9/27/23

-NOT OFFICIAL UNTIL COUNCIL ACTS-