Council file No. 15-1207-S10

BUDGET AND FINANCE COMMITTEE REPORT, RESOLUTION, and ORDINANCES FIRST CONSIDERATION relative to the Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds for the Los Angeles Convention Center (LACC) Expansion and Modernization Project.

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

1. ADOPT the accompanying Authorizing RESOLUTION, included as Attachment A of the City Administrative Officer (CAO) report dated July 22, 2026, which authorizes the issuance and sale in an aggregate principal amount up to $2.01 billion of MICLA Lease Revenue Bonds, Series 2026-C (LACC) and MICLA Lease Revenue Bonds, Series 2026-D (LACC) (Federally Taxable) (collectively, Series 2026 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 Series 2026 Bonds.

2. ADOPT the accompanying Lease/Leaseback ORDINANCE, dated July 23, 2026, approving the lease and leaseback of certain real properties and improvements thereon by and between the City and the MICLA, in connection with the Series 2026 Bonds, with such additional series and subseries as determined by the City.

3. ADOPT the accompanying ORDINANCE, dated July 23, 2026, amending Section 5.162.55 of Article 2.5 of Chapter 9 of Division 5 of the Los Angeles Administrative Code (LAAC) to permit the previously established Series 2025 Construction Fund No. 27M to receive, invest, and expend proceeds of the Series 2026 Bonds to be issued by the MICLA, in one or more series, with such additional series and subseries designations as determined by the City of Los Angeles.

4. AUTHORIZE the Controller to establish up to $1.7 billion in appropriations within the "MICLA Lease Revenue Bonds, Los Angeles Convention Center Construction Fund" (Fund No. 27M).

5. REQUEST the Controller to create two accounts in the Capital Finance Administration Fund (Fund No. 100/53) that will be used to pay for future lease payments entitled "MICLA 2026-C (Los Angeles Convention Center)" and "MICLA 2026-D (Los Angeles Convention Center) (Federally Taxable)".

6. AUTHORIZE the CAO to provide Controller instructions and make technical corrections and adjustments as necessary to those transactions included in said CAO report to implement the Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that the first lease payment from the issuance of the MICLA Series 2026 Bonds will be due on April 15, 2027. There is no additional General Fund impact in 2026-27 as sufficient funding for the first lease payment will be paid from bond proceeds within the Capitalized Interest Fund. Lease payments due on April 15, 2027 through October 15, 2029 will be paid from the Capitalized Interest Fund. Lease payments beginning in April 15, 2030 through April 15, 2056 will require future budget appropriations. Total estimated debt service for the Series 2026 Bonds and the Series 2025 Bonds is $5.43 billion of which $411.13 million will be paid from capitalized interest (bond proceeds) and the remaining $5.02 billion (net debt service) will be payable from lease payments to be made by the City to MICLA, which is an obligation of the General Fund. The lease payments will require future budget appropriations in the Capital Finance Administration Fund (Fund No. 100/53).

Financial Policies Statement: The CAO reports that the issuance of the Series 2026 Bonds will not cause the City's debt obligation payments to exceed six percent of General Revenues for non-voter approved debt as established in the City's Financial Policies. After the issuances of the Series 2026 Bonds, the projected non-voter approved debt ratio is the highest in 2030-31 at 4.00 percent, as detailed in Attachment B of said CAO report.

Community Impact Statement: None submitted

SUMMARY

At its meeting held on August 18, 2026, your Budget and Finance Committee considered the CAO report and Resolution dated July 22, 2026, and the City Attorney report and draft Ordinances dated July 23, 2026, relative to the issuance and sale of the MICLA Series 2026 Bonds in an aggregate principal amount up to $2.01 billion for the LACC Expansion and Modernization Project (Project). The Series 2026 Bond will be sold through a negotiated underwriting process to finance approximately 65 percent of Project costs, fund capitalized interest, and pay for issuance costs. The draft Lease/Leaseback Ordinance approves the lease and sublease of certain real properties and improvements thereon between the City and MICLA to pay the principal and interest on the Series 2026 Bonds. The draft Ordinance to amend LAAC Section 5.162.55 will permit the previously established Series 2025 Construction Fund No. 27M to receive, invest, and expend proceeds of the Series 2026 Bonds. The Committee and CAO's Office representative discussed the Series 2026 Bond issuance process, financing structure, the negotiated underwriting process in comparison with a competitive bidding process, and the investment strategy for the Bond proceeds. Representatives of the Bureau of Engineering and Project Executive provided an update on construction payments and City retained costs, and discussed the Project schedule and mitigation measures for adverse weather conditions. Councilmember Yaroslavsky discussed the need to reconsider the financing approach for future major capital projects, particularly when it comes to the timing of debt issuance and how idle proceeds are invested. After discussion and having provided an opportunity for public comment, the Committee moved to approve the recommendations contained in the CAO report, Authorizing Resolution, City Attorney report and draft Ordinances, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

MEMBER	VOTE
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-