

BUDGET AND FINANCE COMMITTEE REPORT relative to requesting authorization for the issuance and sale in a principal amount up to \$990 million of Municipal Improvement Corporation of Los Angeles (MICLA) lease revenue bonds 2025-A (Los Angeles Convention Center) and MICLA lease revenue bonds series 2025-B (Los Angeles Convention Center) (Federally Taxable).

Recommendations for Council action:

INSTRUCT the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA), with the support of other City Departments to:

- a. Close out all activities associated with the current Convention Center Expansion (LACC Expansion) project plan.
- b. Use the city's investment in the Early Works Agreement to evaluate and report back within 30 days with deferred maintenance on the existing footprint Convention Center, upgrades necessary and appropriate to bring the Convention Center into the 21st Century, including technology and accessibility, with options that can be completed prior to March 2028, and a competitive bidding process to select project delivery partners (the "Convention Center Modernization Project"). This Convention Center Modernization Project scope of work should include: major activities, such as installation of Figueroa-facing Digital Signage and installation of Freeway-facing Digital Signage to the degree allowed by law; renovation of Gilbert Lindsay Plaza; implementation of electrical system improvements to ensure adequate electrical service to an expanded LACC and enhanced signage program; focused improvements such as ADA improvements in the West Hall and South Hall; cosmetic upgrades to enhance the visitor experience; elevator and escalator improvements; replacement of West Hall airwalls; repair/replacement of existing Fire Pump systems; upgrades to the South Hall Smoke Control System; replacement of existing facility BIMS controls; and other facility upgrades.
- c. Identify and report back within 30 days on any infrastructure improvements needed to support the Convention Center Modernization Project, including utility upgrades to support the project, and a plan to initiate and complete those improvements at the earliest possible date, with all work to be completed no later than March 2028.
- d. Identify and report back within 30 days on any additional actions necessary to reduce risks and deliver the LACC Modernization Project ahead of the 2028 Olympic and Paralympic Games.
- e. Instruct the CAO, with support of the CLA, Bureau of Engineering (BOE), and the City Tourism Department, to report within 30 days with an expenditure plan to fund the Convention Center Modernization Project.
- f. Evaluate and report back within 120 days on options to initiate a new Request for Proposal (RFP) for an Expansion project that would expand the footprint of the existing Los Angeles Convention Center upon conclusion of the 2028 Games, and consider and report back on other options for the Convention Center site that would maximize the site's positive economic impacts on the Downtown Los Angeles and greater regional economy; It should include an evaluation of potential closure of Pico Boulevard instead of a bridge; housing and/or hotels on the Convention Center site.

Fiscal Impact Statement: The CAO reports, based on their original recommendations, the first lease payment from the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) and Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the “Series 2025 Bonds”) will be due on April 15, 2026. There is no additional General Fund impact in 2025-26 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, 2026 through October 15, 2028 will be paid from the Capitalized Interest Fund. Lease payments beginning in April 15, 2029 through April 15, 2055 will require future budget appropriations.

Similarly, first lease payment from the second bond issuance (the “Series 2026 Bonds”) is expected to be due on April 15, 2027. Expected 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 is \$5.39 billion of which \$409.43 million will be paid from capitalized interest (bond proceeds) and the remaining \$4.98 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, based on their original recommendations, that the issuance of the Series 2025 Bonds and 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 2025 Bonds and the Series 2026 Bonds, the projected non-voter approved debt ratio is the highest in 2030-31 at 3.98 percent (Attachment B of the CAO report attached to the Council file).

Debt Impact Statement: The CAO reports, based on their original recommendations, that the Series 2025 Bonds will be payable from lease payments made by the City which is a General Fund obligation. Lease payments due on April 15, 2026 through October 15, 2028 will be paid from the Capitalized Interest Fund. Lease payments due on April 15, 2029 through April 15, 2055 will be annually budgeted in the Capital Finance Administration Fund (Fund 100, Department 53). Based on current market rates, the estimated average annual debt service for the Series 2025 Bonds is \$63.0 million over 30 years, through May 1, 2055. The total estimated debt service, including total principal and interest, over the life of the Series 2025 Bonds is approximately \$1.89 billion. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. The Series 2026 Bonds will be payable from lease payments made by the City which is a General Fund obligation. Lease payments due on April 15, 2027 through October 15, 2029 will be paid from the Capitalized Interest Fund. Lease payments due on April 15, 2030 through April 15, 2056 will be annually budgeted in the Capital Finance Administration Fund (Fund 100, Department 53). Based on current market rates, the estimated average annual debt service for the Series 2026 Bonds is \$116.7 million over 30 years, through May 1, 2056. The total estimated debt service, including total principal and interest, over the life of the Series 2026 Bonds is approximately \$3.50 billion. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance.

Community Impact Statement: None submitted

SUMMARY

At a Special meeting held on September 9, 2025, the Budget and Finance Committee considered a CAO report relative to requesting authorization for the issuance and sale in a principal amount up to \$990 million of Municipal Improvement Corporation of Los Angeles (MICLA) lease revenue bonds 2025-A (Los Angeles Convention Center) and MICLA lease revenue bonds series 2025-B (Los Angeles Convention Center) (Federally Taxable).

After public comment was heard, and presentations were made, the item was continued to the September 16, 2025 regular meeting of the Budget and Finance Committee. Representatives from the Offices of the CAO, CLA, BOE, DWP, APCLA were present and provided additional details regarding the project, and responded to questions posed by the Committee members.

After an opportunity for public comment was held, the Committee Chair introduced substitute recommendations, and a majority of the Committee approved the recommendations in the substitute Motion. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,
BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	NO
McOSKER:	NO
HERNANDEZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-