

TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED

#54


On May 2, 2013, the City of Los Angeles (City) facilitated the execution and delivery of \$31,230,000 of Certificates of Participation, Series 2013 (Department of Public Social Services Facility) (Certificates). The proceeds of the Certificates refinanced the outstanding Certificates of Participation, Series 1999A (Department of Public Social Services Facility) (Series 1999 Certificates), the execution and delivery of which were also facilitated by the City. The proceeds of the Series 1999 Certificates and other funds were used to acquire, construct and equip a 135,000- square foot office building, a 525-car parking structure, and an adjacent child-care facility to house various County of Los Angeles (County) social services programs and the child-care center (Facilities).

The Facilities are located at 3833 South Vermont Avenue, Los Angeles, California 90037 and 1024 West 38th Street, Los Angeles, California 90037. The Facilities are owned by Exposition Park West Asset Leasing Corporation, a California nonprofit public benefit corporation (the Corporation), and leased to the County. The County uses the Facilities to administer its Greater Avenues for Independence (GAIN) Program, providing basic education and job search and training for adults on Aid to Families with Dependent Children. The interest rate with respect to the Certificates must be converted from the London InterBank Offered Rate (LIBOR) to the Secured Overnight Finance Rate (SOFR) as LIBOR will cease to be available as of June 30, 2023.

No City funds were used in connection with the Facilities and the Certificates. The City is merely a conduit for the financing for the benefit of the Corporation. The City has no responsibility or liability for the repayment of the Certificates. The Certificates are payable solely from revenues or other funds provided by the Corporation. However, the City is a party to the documents governing the Certificates and is required to join in the amendment of the documents to reflect the conversion of the interest rate with respect to the Certificates from LIBOR to SOFR.

I THEREFORE MOVE that Council adopt the attached Resolution approving the execution and delivery of all documents necessary to effectuate the implementation of the Secured Overnight Finance Rate and other matters related thereto in connection with the Certificates of Participation, Series 2013 (Department of Public Social Services Facility) at the City Council Meeting to be held on March 28, 2023 at 10:00 a.m. located at 200 North Spring Street, Room 340, Los Angeles, California 90012.

PRESENTED BY


Marqueece Harris-Dawson
Councilmember, 8th District

SECONDED BY



MAR 24 2023

ORIGINAL

RESOLUTION

A RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD AMENDMENT TO INSTALLMENT SALE AGREEMENT AND A THIRD SUPPLEMENTAL TRUST AGREEMENT IN CONNECTION WITH THE CERTIFICATES OF PARTICIPATION, SERIES 2013 (DEPARTMENT OF PUBLIC SOCIAL SERVICES FACILITY) RELATING TO A FINANCING UNDERTAKEN FOR THE BENEFIT OF EXPOSITION PARK WEST ASSET LEASING CORPORATION AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Los Angeles is a charter city and municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "City");

WHEREAS, Community Resource and Talent Development ("CRTD"), a nonprofit public benefit corporation, entered into a Lease Agreement, dated as of February 9, 1999 (the "Original Lease Agreement"), with the County of Los Angeles (the "County"), pursuant to which CRTD agreed to lease to the County certain real property located in the County of Los Angeles (the "Site") and the improvements to be constructed and installed on such Site including one or more buildings and accompanying parking facilities and the furniture, fixtures and equipment to be provided pursuant to the Original Lease Agreement (the "Original Project" and, together with the Site, the "Premises") to house various social services programs (the "Programs") managed by the County's Department of Public Social Services;

WHEREAS, pursuant to an Assignment and Assumption Agreement, dated as of August 1, 1999, between CRTD and Exposition Park West Asset Leasing Corporation (the "Corporation"), CRTD assigned all of its rights and responsibilities under the Original Lease Agreement to the Corporation;

WHEREAS, the Corporation, with financing assistance from the City, undertook to acquire, construct, improve, expand and equip the Premises;

WHEREAS, the Corporation and the City entered into that certain Installment Purchase Agreement, dated as of August 1, 1999, as amended by the First Amendment to Installment Purchase Agreement, dated as of August 1, 2001, and the Second Amendment to Installment Purchase Agreement, dated as of May 1, 2013 (collectively, the "Original Purchase Agreement"), pursuant to which the Corporation sold the Premises to the City;

WHEREAS, the City and the Corporation entered into that certain Installment Sale Agreement, dated as of August 1, 1999, as amended by the First Amendment to Installment Sale Agreement, dated as of August 1, 2001, and the Second Amendment to Installment Sale Agreement, dated as of May 1, 2013 (collectively, the "Original Sale Agreement") pursuant to which the City sold all of the City's right, title and interest in and to all of the Premises back to the Corporation;

WHEREAS, the purchase price of the Premises to be paid by the City in installments pursuant to the Original Purchase Agreement (the "Installment Payments") is payable solely from payments received from the Corporation pursuant to the Original Sale Agreement;

WHEREAS, the City, the Corporation and U.S. Trust Company, National Association (the predecessor-in-interest to The Bank of New York Mellon Trust Company, N.A.), as trustee, entered into the Trust Agreement, dated as of August 1, 1999, as supplemented by the First Supplemental Trust Agreement, dated as of August 1, 2001, and the Second Supplemental Trust Agreement, dated as of May 1, 2013 (the "Original Trust Agreement"), pursuant to which the Trustee executed and delivered \$31,230,000 aggregate principal amount of Certificates of Participation, Series 2013 (Department of Public Social Services Facility) (the "Series 2013 Certificates"), each evidencing a proportionate interest in the Installment Payments to be made by the City on the terms and conditions set forth therein with a principal component equal to the aggregate principal amount of Series 2013 Certificates so executed and delivered;

WHEREAS, the Series 2013 Certificates are currently outstanding in the approximate aggregate principal amount of \$17,057,919.96 and PNC Bank, National Association (as successor-in-interest to Compass Bank) is the sole holder of the Series 2013 Certificates (the "Holder");

WHEREAS, the Series 2013 Certificates currently bear interest that is determined by reference to the London InterBank Offered Rate ("LIBOR") and on March 5, 2021, the ICE Benchmark Administration, the administrator of LIBOR (the "IBA") and the U.K. Financial Conduct Authority, the regulatory supervisor for the IBA, announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1-week, 1-month, 2-month, 3-month, 6-month and 12-month USD LIBOR tenor settings (collectively, the "Cessation Announcements");

WHEREAS, as a result of the Cessation Announcements, the Holder and the Corporation have determined that the interest rate with respect to the Series 2013 Certificates should be converted to an interest rate based on the Secured Overnight Financing Rate with a fallback to any other generally acceptable interest rate;

WHEREAS, pursuant to Section 10.08 of the Original Sale Agreement, the Original Sale Agreement may be amended with the written agreement of the Corporation and the City, and the concurring written consent of the Trustee given in accordance with the provisions of the Original Trust Agreement;

WHEREAS, pursuant to Section 9.01(a) of the Original Trust Agreement, the Original Sale Agreement and the Original Trust Agreement, and the rights and obligations of the City, the Corporation, the Holders of the Certificates and the Trustee may be modified or amended from time to time and at any time by a Supplemental Sale Agreement and a Supplemental Trust Agreement, as applicable, which shall have been filed with the Trustee and which the City, the Corporation and the Trustee, as applicable, may enter into with the written consent of the Holders of at least 66 2/3% in aggregate principal amount of Certificates then Outstanding;

WHEREAS, there has been presented to this meeting and is now on file with the Clerk of the City:

1. A proposed form of Third Amendment to Installment Sale Agreement (the "Third Amendment to Sale Agreement"), by and between the Corporation and the City; and
2. A proposed form of Third Supplemental Trust Agreement (the "Third Supplemental Trust Agreement"), by and among the City, the Corporation and the Trustee; and

WHEREAS, upon adoption of this resolution, all acts, conditions and things required by the City's Charter and the Constitution and the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Third Amendment to Sale Agreement, the Third Supplemental Trust Agreement and the consummation of the transactions authorized hereby do exist, have happened and have been performed as required by law, and the City is duly authorized and empowered, pursuant to each and every requirement of the Charter and the law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Los Angeles, as follows:

Section 1. All of the above recitals are true and correct, and the Council so finds and determines.

Section 2. The City hereby specifically finds and declares that the actions authorized hereby constitute municipal affairs of the City.

Section 3. The Council approves of and consents to the amendments to the Original Sale Agreement and the Original Trust Agreement subject the satisfaction of the conditions for amendments contained in such documents.

Section 4. The form of Third Amendment to Sale Agreement presented to this meeting and on file with the City Clerk is hereby approved. The General Manager or any Assistant General Manager of the Economic & Workforce Development Department are, and each of them acting alone is, hereby authorized and directed for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation said Third Amendment to Sale Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of Third Supplemental Trust Agreement presented to this meeting and on file with the City Clerk is hereby approved. The General Manager or any Assistant General Manager of the Economic & Workforce Development Department are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the City, to execute, acknowledge and deliver to the Corporation and the Trustee said Third Supplemental Trust Agreement in substantially said form, with such changes therein as such officer may

require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The City Clerk is hereby authorized and directed to attest the signature of the General Manager or any Assistant General Manager of the Economic & Workforce Development Department, as applicable, and to affix and attest the seal of the City, as may be required or appropriate in connection with the execution and delivery of the Third Amendment to Sale Agreement and the Third Supplemental Trust Agreement.

Section 7. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to consummate the execution and delivery of the Third Amendment to Sale Agreement and the Third Supplemental Trust Agreement and carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 8. The approvals provided in this Resolution shall be subject to receipt by the Trustee of the written consent of the Holder of the Series 2013 Certificates to the execution and delivery of the Third Amendment to Sale Agreement and the Third Supplemental Trust Agreement.

Section 9. This Resolution shall take effect immediately upon its passage.