



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 16, 2019

FROM: DEBT & TREASURY MANAGEMENT

**SUBJECT: RESOLUTION NO. _____ ADOPT THE UPDATED DEBT
MANAGEMENT POLICY OF THE CITY OF LOS ANGELES HARBOR
DEPARTMENT**

SUMMARY:

Staff requests the Board of Harbor Commissioners (Board) to adopt this resolution to approve the proposed updates to the Debt Management Policy (Policy) of the City of Los Angeles Harbor Department (Harbor Department). The current Policy was approved by the Board on January 8, 2015 pursuant to Resolution 15-7743, and is being revised to fully comply with the Senate Bill No. 1029 (SB 1029), an act to amend Section 8855 of the Government Code, relating to debt issuance reporting, which was approved by the Governor on September 12, 2016.

RECOMMENDATIONS:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve and adopt the Harbor Department's Debt Management Policy as outlined in this report for full compliance with the Senate Bill No. 1029 (SB 1029), an act to amend Section 8855 of the Government Code, relating to debt issuance reporting, which was approved by the Governor on September 12, 2016; and
3. Adopt Resolution No. _____.

DATE: JULY 16, 2019

PAGE 2 OF 4

**SUBJECT: ADOPT THE CITY OF LOS ANGELES HARBOR DEPARTMENT
UPDATED DEBT MANAGEMENT POLICY**

DISCUSSION:

Background - In April 2005, the Los Angeles City Council adopted, and the Mayor approved, a comprehensive set of financial policies for the City of Los Angeles (City). On November 21, 2006, the City Council requested the Boards of the proprietary departments to adopt a comprehensive application of the City's Financial Policies "at their first opportunity". The Harbor Department had a Debt Management Policy in place at that time approved by the Board in August 2002.

The Financial Policies of the Department, including the Debt Management Policy were last approved by the Board on January 8, 2015.

The Debt Management Policy establishes guidelines for the issuance and management of the Harbor Department's debt. It also affirms the Harbor Department's commitment to practicing sound financial management, including timely repayment of all debt and borrowing at the lowest possible cost of capital while maintaining financial flexibility and preserving strong credit ratings.

The Harbor Department is authorized to borrow money and issue new money bonds, refunding bonds, notes, and other evidences of indebtedness for any lawful purpose, pursuant to Section 609 of the Los Angeles City Charter and a related procedural ordinance of the Los Angeles Administrative Code. These authorizations establish the authority for, and the procedures the Harbor Department must comply with, in order to issue bonds, notes and other evidence of indebtedness for any lawful purpose. This indebtedness is payable from the revenues of the Harbor Department.

Senate Bill 1029 was an act to amend Section 8855 of the Government Code relating to debt issuance reporting to California Debt and Investment Advisory Commission (CDIAC). The amendment was approved by then California Governor Jerry Brown on September 12, 2016.

Existing law requires the Harbor Department to submit reports to CDIAC, within specified timeframes, of its proposed issuance of debt and its final sale. SB 1029 requires that the report of proposed debt issuance additionally include a certification from the Harbor Department that it has adopted a comprehensive written debt management policy pursuant to the recommendation of the Government Finance Officers Association (GFOA), a professional organization of over 20,000 public officials united to enhance and promote professional management of governmental financial resources. The certification shall also include specific provisions concerning the use of debt and that the contemplated debt issuance is consistent with its debt policies.

DATE: JULY 16, 2019

PAGE 3 OF 4

**SUBJECT: ADOPT THE CITY OF LOS ANGELES HARBOR DEPARTMENT
UPDATED DEBT MANAGEMENT POLICY**

Revision of the Debt Management Policy - In order to comply with SB 1029, the current Debt Management Policy has been reviewed and revised to include:

- a. The purposes for which the debt proceeds may be used,
- b. The types of debt that may be issued,
- c. The internal control procedures that the Harbor Department has implemented to ensure that the proceeds of the proposed debt issuance will be directed to the intended use, and
- d. The submission of an annual report to cover a reporting period from July 1 to June 30 (inclusive) within seven months after the end of the reporting period for any issue of debt that is still outstanding for which it has submitted a report of the final sale on or after January 21, 2017.

This Resolution, when adopted, would approve the revised Policy. The revised Debt Management Policy was benchmarked to debt policies of the City's other proprietary Departments as well as GFOA's best practices. It has been reviewed for accuracy by an independent municipal advisor (KNN Public Finance) and bond counsel (Hawkins Delafield & Wood LLP) for SB 1029 compliance, and overall thoroughness of the document.

The proposed Resolution does not require City Council approval.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a revised Debt Management Policy by the City of Los Angeles Harbor Department, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from CEQA in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

If approved, there is no immediate impact to the financial condition of the Harbor Department; however, the policies as proposed will provide direction and performance targets relative to maintaining a steady and strong financial position. Such policies establish defined parameters of financial and operational transparency, consistent with federal and state guidelines and will help to maintain consistent adherence to good financial practices and sensible management of financial risk.

DATE: JULY 16, 2019

PAGE 4 OF 4

SUBJECT: ADOPT THE CITY OF LOS ANGELES HARBOR DEPARTMENT
UPDATED DEBT MANAGEMENT POLICY

CITY ATTORNEY:

The Office of the City Attorney has reviewed the revised Debt Management Policy and the proposed action raises no legal issues at this time.

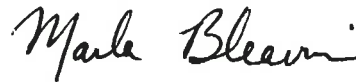
TRANSMITTALS:

1. Redlined Debt Management Policy for the City of Los Angeles Harbor Department
2. Updated Debt Management Policy for the City of Los Angeles Harbor Department

FIS Approval: 
CA Approval: 



SOHEILA SAJADIAN
Director, Debt & Treasury Management
Division



MARLA BLEAVINS
Deputy Executive Director and Chief
Financial Officer

APPROVED:



EUGENE D. SEROKA
Executive Director