

**BOARD OF  
SUPERVISORS**

Hilda L. Solis  
First District

Holly J. Mitchell  
Second District

Lindsey P. Horvath  
Third District

Janice Hahn  
Fourth District

Kathryn Barger  
Fifth District



**Chief  
Executive  
Office.**

**COUNTY OF LOS ANGELES**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, CA 90012  
(213) 974-1101  
ceo.lacounty.gov

**Chief Executive Officer**

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

November 26, 2024

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**BOND ANTICIPATION NOTES  
AUTHORIZATION AND REIMBURSEMENT RESOLUTION  
(ALL DISTRICTS) (3-VOTES)**

**SUBJECT**

These actions will provide for interim financing of equipment acquisitions for various County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the issuance of short-term Bond Anticipation Notes (BANs) in an aggregate amount not-to-exceed \$26,000,000 to finance the acquisitions of various equipment through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL).
2. Adopt the Resolution of the Board of Supervisors (Board) of the County of Los Angeles, declaring its intention to reimburse certain capital expenditures from the proceeds of tax-exempt obligations (2024-25 Equipment Bond Anticipation Notes Program).

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Adoption of the recommended actions will authorize the issuance of short-term BANs to provide interim financing of equipment acquisitions for County departments and enable the County to maximize reimbursement for costs related to the financing of this equipment in accordance with federal tax regulations. This routine Board letter is submitted annually to seek Board approval on the LAC-CAL Equipment Program acquisition.

## BANs Authorization for Equipment Acquisitions

The recommended actions will authorize the issuance of BANs in an aggregate amount not-to-exceed \$26,000,000 to provide interim financing for equipment acquisitions by various County departments. The summary of the \$26,000,000 in authorized equipment purchases using the LAC-CAL Equipment Program is attached to the Reimbursement Resolution recommended for adoption as part of this action.

The BANs will be issued by LAC-CAL and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Subsequently, the BANs will be refinanced by issuing intermediate-term lease-revenue bonds or other debt securities. Proceeds from the sale of the debt securities will be used to redeem the outstanding BANs from the Treasury Pool.

Due to procurement or delivery delays, authorized LAC-CAL equipment acquisitions are occasionally received in the fiscal year following the one in which they were initiated. The BANs authorization may be carried over into a subsequent fiscal year to fund these acquisitions.

## Reimbursement Resolution

In addition to the approval of the BANs issuance for equipment acquisitions, we are requesting that the Board execute the enclosed Reimbursement Resolution, which has been approved by County Counsel. The Reimbursement Resolution is required by Federal tax regulations to enable the County to be reimbursed for prior capital expenditures from the future issuance of tax-exempt obligations and will enable the County to maximize reimbursement for costs related to equipment financing for various County departments.

## Federal Tax Requirements

The current regulations governing the reimbursement of expenditures from tax-exempt obligations are found in Treasury Regulation 1.150-2. To ensure the continued recovery of allowable expenditures related to equipment acquisitions, the regulations require the Board to adopt an official intent in the form of the Reimbursement Resolution, which states the following:

- The Board's intention to finance capital expenditures related to equipment acquisitions through the issuance of tax-exempt obligations;
- A general description of the proposed project for which the original expenditures are paid;
- The maximum principal amount of obligations expected to be issued for the project; and
- Identification of the expected source(s) of funds from which the original expenditures are paid.

The enclosed Reimbursement Resolution complies with Federal tax regulations and will allow for maximum reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. A description of the proposed equipment is attached to the Reimbursement Resolution for your review.

**Implementation of Strategic Plan Goals**

The recommendations support the Board-adopted County Strategic Plan: North Star 3, Realize Tomorrow's Government Today; Focus Area Goal G. – Internal Controls and Processes; Strategy ii. – Manage and Maximize County Assets, by optimizing and leveraging resources to provide cost-effective financing for the County's equipment acquisitions.

**FISCAL IMPACT/FINANCING**

Adoption of the recommended actions will enable the County to issue BANs to provide interim financing for equipment acquisitions and maximize reimbursement of County expenditures for equipment from the future sale of tax-exempt obligations. The term of the equipment financing will match the estimated useful life of the assets being financed (between three to five years). The Auditor-Controller collects monthly payments from County departments participating in the LAC-CAL Equipment Program, which are used to pay the debt service on outstanding BANs and future debt securities issued to refinance the BANs. Funding for equipment financing payments due in Fiscal Year 2024-25 has been included in the Fiscal Year 2024-25 Final Adopted Budget.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The enclosed Reimbursement Resolution has been reviewed by County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended actions will ensure the continuation of the long-standing practice of using the LAC-CAL Equipment Program to provide cost-effective financing for the County's capital equipment needs.

**CONCLUSION**

Upon approval of the recommendations, please forward an adopted copy of this Board letter and an executed copy of the Reimbursement Resolution to the Chief Executive Office, Capital Programs Division.

The Honorable Board of Supervisors

11/26/2024

Page 4

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fesia A. Davenport". The signature is fluid and cursive, with a large initial "F" and "D".

FESIA A. DAVENPORT

Chief Executive Officer

FAD:JMN:JTC

VBM:JY:LQ:er

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Treasurer and Tax Collector

**RESOLUTION OF THE BOARD OF SUPERVISORS  
OF THE COUNTY OF LOS ANGELES  
DECLARING ITS INTENTION TO REIMBURSE CERTAIN CAPITAL EXPENDITURES  
FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS  
(2024-25 EQUIPMENT BANs PROGRAM)**

WHEREAS, from time to time the County of Los Angeles (the "County") desires and intends to undertake the purchase of tangible personal property having a useful life of three years or more (the "Equipment"), as set forth in the schedule attached hereto; and

WHEREAS, no funds of the County or of any other entity which is a part of the controlled group of which the County is a part (the "Controlled Group"), as such term is defined in Section 1.150-1 of the United States Treasury Regulations under the Internal Revenue Code of 1986, as amended (the "Treasury Regulations") are, or are reasonably expected to be, allocated, reserved or otherwise set aside in the County's budget or in the Controlled Group's budget on a long-term basis to pay the costs of the Equipment; and

WHEREAS, the costs of the Equipment will initially be paid from the proceeds of Bond Anticipation Notes ("BANs") issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and purchased by the Los Angeles County Treasury Pool; and

WHEREAS, the costs of the Equipment paid with the proceeds of the BANs are expenditures of a type which are properly chargeable to a capital account under general federal income tax principles in connection with the Equipment, and

WHEREAS, the County expects to issue tax-exempt obligations ("Obligations") to reimburse the capital expenditures of the County with respect to the Equipment which were paid with the proceeds of the BANs; and

WHEREAS, upon issuance of the Obligations, the County will: (1) evidence the reimbursement allocation with an entry in the books or records which it maintains with respect to the Obligations, (2) identify in such entry the actual prior expenditure being reimbursed or the fund from which the expenditure was paid, and (3) be relieved of any restrictions under the relevant legal documents and applicable state law with respect to the amount received as reimbursement as a result of the reimbursement allocation; and

WHEREAS, this Resolution will be reasonably available for public inspection within a reasonable period of time after its date of adoption and in the manner governing the public availability of records of other official acts of the County Board of Supervisors; and



The foregoing Resolution was adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies, and authorities for which said Board so acts.

EDWARD YEN  
Executive Officer of the  
Board of Supervisors of the  
County of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By   
Senior Deputy County Counsel

SCHEDULE ATTACHMENT  
 TO  
 RESOLUTION OF THE BOARD OF SUPERVISORS  
 OF THE COUNTY OF LOS ANGELES  
 DECLARING ITS INTENTION TO REIMBURSE CERTAIN CAPITAL EXPENDITURES  
 FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS  
 (2024-25 EQUIPMENT BANs PROGRAM)

**LOS ANGELES COUNTY CAPITAL ASSET LEASING (LAC-CAL)  
 EQUIPMENT PROGRAM ACQUISITION  
 Summary of Authorized Transactions/Financing Uses by Department - All Funds**

<b>Department</b>	<b>Equipment Category</b>	<b>Anticipated 2024-25 Acquisitions</b>
<b>General Fund</b>		
Beaches and Harbors	Agriculture and Landscape Equipment	\$ 341,000
Beaches and Harbors	Vehicles and Transportation Equipment	236,000
Internal Services Department	Vehicles and Transportation Equipment	4,039,000
Sheriff Department	Vehicles and Transportation Equipment	<u>21,384,000</u>
Total General Fund		<u>\$ 26,000,000</u>
<b>Total Financing</b>		<b>\$ 26,000,000</b>

The equipment identified on this page reflects County equipment requirements to be financed through the LAC-CAL Equipment Program in Fiscal Year 2024-25. The Board has not allocated, reserved, or otherwise set aside any funds in the County’s 2024-25 Final Adopted Budget to purchase the equipment identified above.

It is officially the intention of the Board that the acquisition of such equipment be initially funded through the issuance of Bond Anticipation Notes (BANs) or another short-term financing mechanism. The BANs will be issued through the LAC-CAL Equipment Program and purchased as an investment by the County Treasury Pool in an amount sufficient to acquire and deliver the identified equipment. Any such costs, which are initially funded by BANs, will be properly capitalized under general federal income tax principles.

Further, the Board expects the outstanding BANs to be redeemed and the County Treasury Pool to be reimbursed, through the issuance of tax-exempt, intermediate-term lease revenue bonds, certificates of participation, or through leases with third-party lessors. The amounts specified above represent the maximum principal amounts of such intermediate-term obligations to be issued for the specified equipment.

These official intentions of the Board with respect to the LAC-CAL Equipment Program have been specified in accordance with U.S. Treasury Regulation 1.150-2.