



Los Angeles 5th Regional Investor Conference

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Economic Overview: Los Angeles County

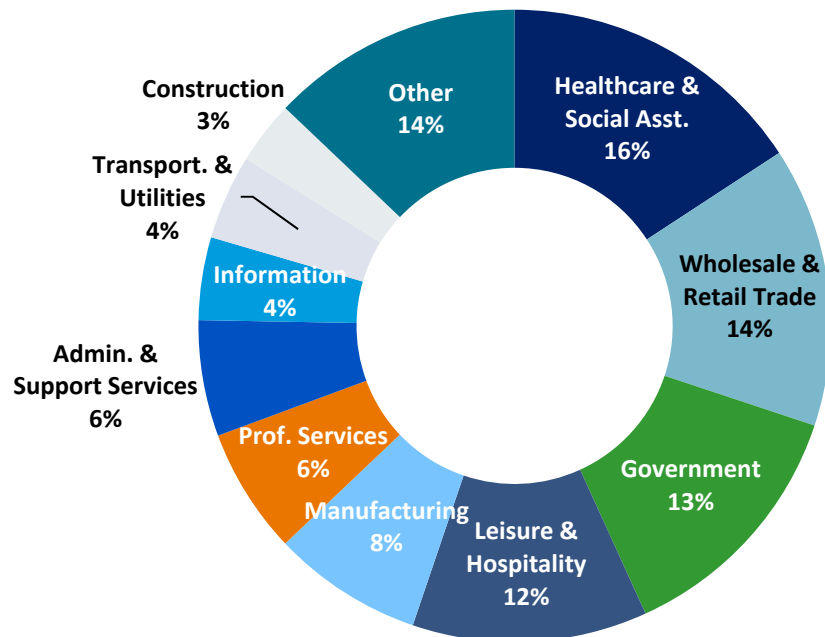
- Larger economy than 45 states and all but 17 countries
- Population of 10.2 million is 25.6% of total California population
- Larger population than 41 states
- Gross product of \$807.0 billion in 2018 was 27.3% of California's economic output
- Continued economic growth of 2.7% projected for 2020
- Total personal income level in the County increased by 3.8% in 2018, with continued growth of 2.1% projected for 2020
- The City of Los Angeles will host the 2028 Olympic and Paralympic Games



Diversified Economy Continues to Experience Strong Employment Growth

- Highly diversified workforce – no industry accounting for more than 16% of total
- In 2019, the County’s unemployment rate fell to 4.4% – projected to be 4.3% in 2020
- Total net job growth of approximately 61,000 projected for 2020

2018 County Employment by Industry



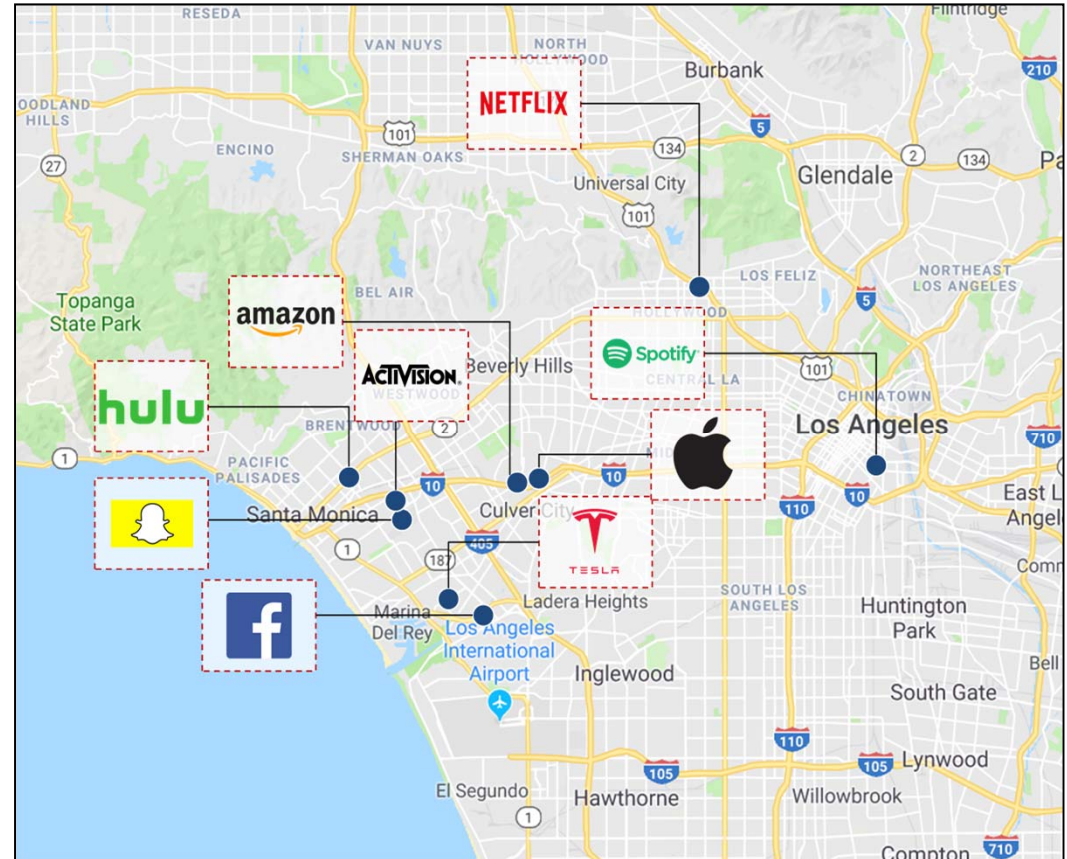
2018 Largest Private Sector Employers



Burgeoning Tech Industry Adds Further Diversification

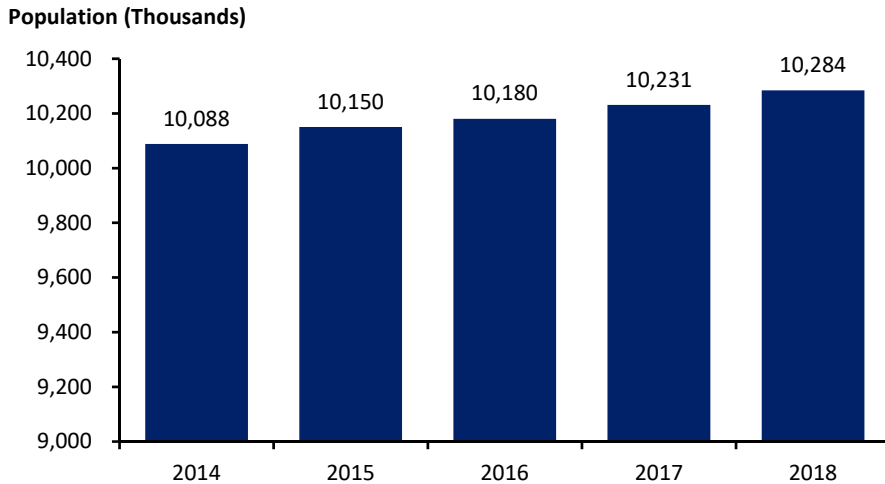
- “Silicon Beach” area continues to attract leading and emerging tech companies
- Westside is home to over 500 tech companies
- Top tech companies with a presence in the Los Angeles area include Google, SpaceX, YouTube, Netflix, Hyperloop One, Snapchat, Spotify

Major Tech Offices in Los Angeles

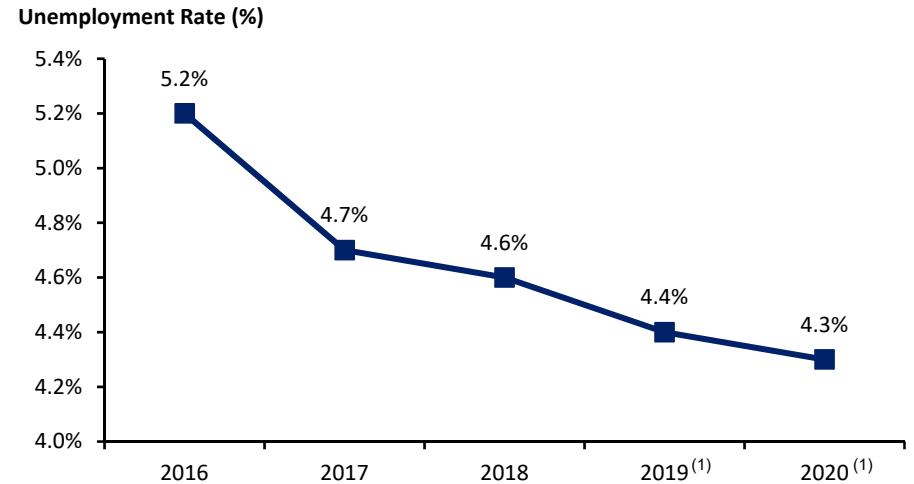


Strong Economic Trends in Los Angeles County

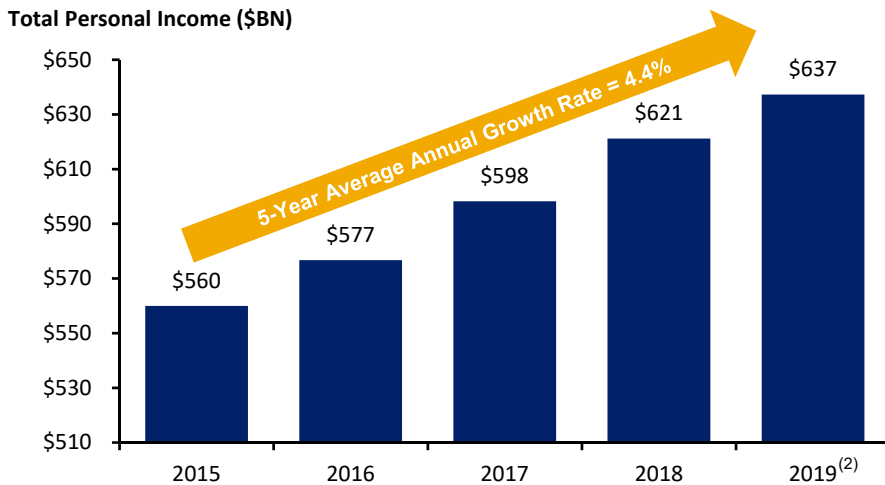
Stable Population Growth



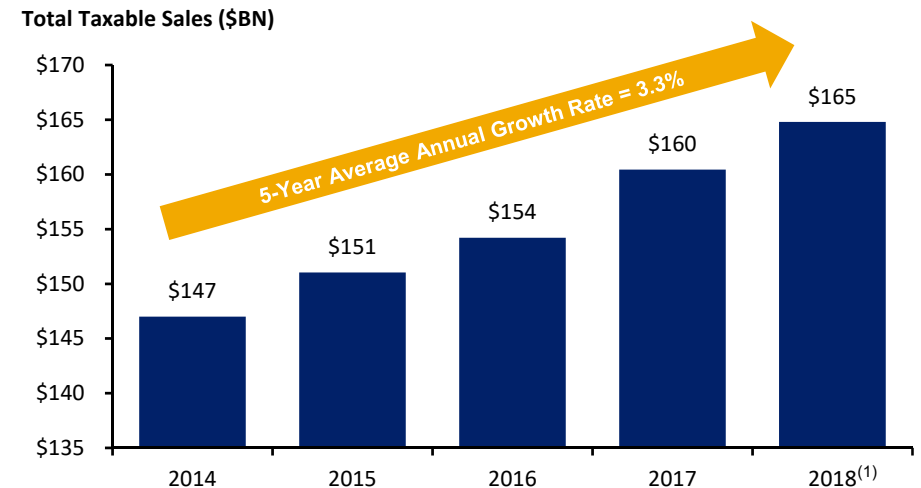
Low and Declining Unemployment



Improving Wealth Levels



Steady Growth in Consumer Spending



(1) Forecasted; Source: Los Angeles Economic Development Corporation FY 2019-20 Economic Forecast

(2) Based on Los Angeles Economic Development Corporation FY 2019-20 Economic Forecast's 2.6% growth for Los Angeles County



State of the County

Strategic capital investments to improve infrastructure and delivery of social services

Board Priorities and Strategic Goals

- Make Investments That Transform Lives
- Foster Vibrant and Resilient Communities
- Realize Tomorrow's Government Today

Strong Financial Management

- Fiscal prudence and long term strategic planning

Strategic Investments

- Action Plan to Prevent and Combat Homelessness
- Continued Investment in Infrastructure and Environment
- Focus on Economic Development

Managing Climate Change

- County Sustainability Plan establishes 12 goals

Commitment to Diversity and Inclusion

Culture of Professional Management



Strong Commitment to Diversity and Inclusion

Focus on outreach to support diversity and inclusion

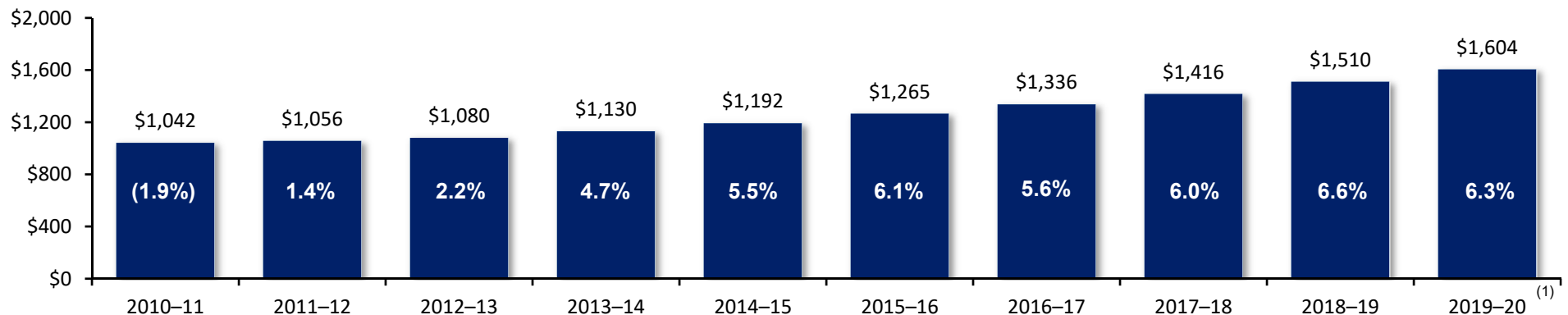
- Increased outreach and vendor engagement
- Reduce barriers to participation
- Participation and support for organizations
- Interest in seeing more diverse ownership



Assessed Valuation Remains Strong and Continues to Grow

- FY 2019–20 was the ninth consecutive increase in the County's net Assessed Valuation
 - Net assessed value of \$1.6 trillion
 - Increase of 6.3% from FY 2018–19
- Significant "stored value" from Proposition 13 impact minimized decrease in property tax revenue from falling home values during 2008 recession
 - Decline of 48.0% in median home prices but property tax rolls only declined 2.4%
- FY 2019–20 tax roll indicates significant stored value for future tax rolls

Net Assessed Valuation, YoY Growth Rates (\$BN)



(1) 2019 Assessor Annual Report dated December 12, 2019.



Total Property Tax Collections Average 100% of Levies

- Over the prior six years, tax collections have approximated 100% of annual tax levy
- Delinquent collections include prior year payments plus penalties:
 - 10% delinquency penalty on gross amount
 - 1.5% monthly interest rate penalty

County of Los Angeles 1% AD Valorem Property Tax Levy

Fiscal Year	Total Tax Levy	Collections	Collections as % of Original Levy	Delinquent Collections	Total Collections	Total Collections as % of Original Levy
2013–14	2,662,214,197.49	2,623,480,895.39	98.55%	48,308,441.63	2,671,789,337.02	100.36%
2014–15	2,813,474,388.97	2,773,124,192.62	98.57%	45,708,965.93	2,818,833,158.55	100.19%
2015–16	2,951,863,732.59	2,919,629,055.93	98.91%	38,974,853.29	2,958,603,909.22	100.23%
2016–17	3,134,636,611.21	3,097,916,528.24	98.83%	37,231,341.34	3,135,148,869.58	100.02%
2017–18	3,316,064,681.97	3,277,406,885.03	98.83%	37,732,285.88	3,315,139,170.91	99.97%
2018–19	3,524,838,020.30	3,476,693,411.99	98.63%	38,475,430.39	3,315,168,842.38	99.73%

Source: County of Los Angeles Auditor-Controller (Accounting Division)

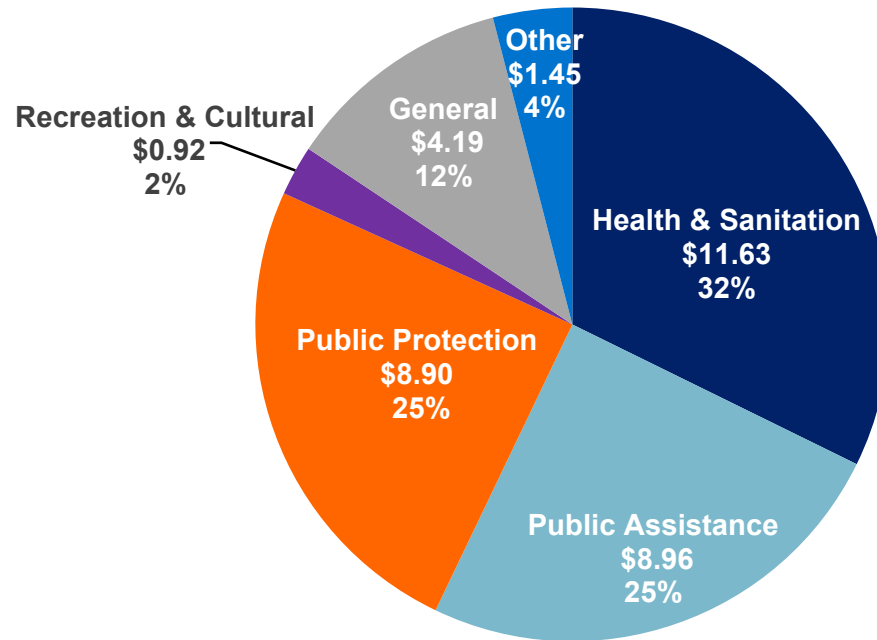


FY 2019–20 Final Adopted Budget: Supports Delivery of Critical Services With Conservative Fiscal Practices

FY 2019–20 Final Adopted Budget Approved by Board of Supervisors on October 1, 2019

Fund (\$BN)	FY 2018–19 Final Adopted Budget	FY 2019–20 Final Adopted Budget	\$ Change from FY 2018-19 Final Adopted Budget	% Change From FY2018-19 Final Adopted Budget
General County	\$25.699	\$27.925	\$2.226	8.66%
Special Funds/Districts	7.100	8.130	1.030	14.51
Total	\$32.799	\$36.055	\$3.256	9.93%

Total Budget Requirements (\$BN)⁽¹⁾



(1) Source: FY 2019-20 Final Adopted Budget.



Well-Funded Pension System - Continued OPEB Improvement

Strong Funding Levels for Pension System

- LACERA provides retirement benefits
- Membership of 178,260 as of June 30, 2018, including 64,880 retirees
- Investments total \$58.4 billion as of June 30, 2019
- Full ARC payment made every year since 1998
- No Pension Obligation Bonds outstanding
- Assumed rate of return lowered from 7.50% to 7.25%
 - Increase in County contribution rate phased in over a three-year period starting in FY 2017–18
- Funded Ratio as of June 30, 2018 was 80.6%
- Annualized return for last 3 years (as of June 30, 2019) was 9.4%

Commitment to Prefund OPEB Liability

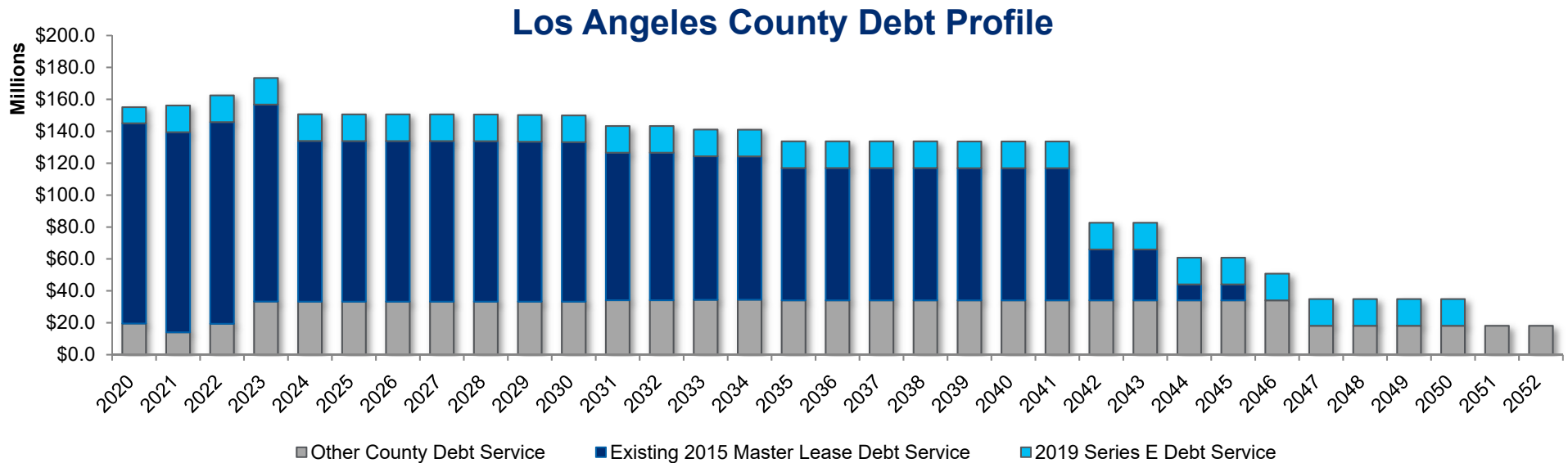
- Most recent OPEB Valuation reported a net OPEB liability of \$25.2 billion
- Implemented annual pre-funding program in FY 2015–16 to manage OPEB liability
- Latest value of irrevocable OPEB Trust approximately \$1.1 billion
- Annual prefunding increases \$60 million per year (\$25 million - Net County Cost and \$35 million - subvention payments)
- \$182.9 million prefunding contribution to OPEB Trust in FY 2018–19
- \$246.2 million prefunding contribution to OPEB Trust in FY 2019–20
- OPEB ARC projected to be fully funded by FY 2027–28



Modest County Debt Burden

Debt Burden Leaves Capacity for New Capital Projects

- The County had \$1.94 billion of outstanding intermediate and long-term debt in fixed rate obligations as of July 1, 2019
- Annual debt service payments represent approximately 0.6% of FY 2019-20 Budget
- Substantial debt capacity with flexibility to meet future financing needs for capital projects, deferred maintenance, and funding of long-term pension and OPEB liabilities
- On August 29, 2019, the County issued \$251.89 million of 2019 Series E-1 and E-2 Lease Revenue Bonds



Steady Improvement in County Credit Ratings

Los Angeles County Historical Long-Term Ratings - Fiscal Year End 2011 to 2020

ISSUER RATINGS (General Obligation Bonds)										
FYE June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fitch	AA-	AA-	AA-	AA-	AA- Outlook changed to Positive from Stable	AA Outlook changed to Stable from Positive	AA	AA	AA+	AA+
Moody's	Aa2	Aa2	Aa2	Aa2	Aa2 Outlook changed to Positive from Stable	Aa2	Aa1	Aa1	Aa1	Aa1
S & P	AA- Outlook changed from Stable to Positive	AA	AA Outlook changed to Stable from Positive	AA+	AA+	AA+	AA+	AA+	AA+ Outlook changed to Positive from Stable	AAA

LEASE RATINGS (Lease Revenue Bonds)										
FYE June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fitch	A+	A+	A+	A+	A+	AA-	AA-	AA-	AA	AA
Moody's	A1	A1	A1	A1	A1	A1	Aa2	Aa2	Aa2	Aa2
S & P	A+	A+	AA-	AA	AA	AA	AA	AA	AA	AA+



Infrastructure Investments Will Help Drive Future Growth

Ongoing Funding for Infrastructure and Services in LA County

- Significant new financing measures approved by State Legislature and County voters

Measure Name	Date Approved	Purpose	Revenue Source	Annual Revenue (\$MM)	Estimated Total Revenue (\$MM)
Statewide- NPLH (AB1628) ⁽²⁾	September 2016	Housing	PIT- Millionaire's Tax	\$ -	\$ 500.0
LA City Homeless Housing (Measure HHH)	November 2016	Housing	Parcel Tax	-	1,200.0
LA County Parks and Open Space (Measure A) ⁽³⁾	November 2016	Environment	Parcel Tax	94.0	940.0 ⁽¹⁾
LACMTA (Measure R/M) ⁽³⁾	November 2016	Transportation	Sales Tax	860.0	8,600.0 ⁽¹⁾
Proposition 51 (School Construction) ⁽⁴⁾	November 2016	Schools	State General Fund	-	2,250.0
LA County Homeless Services (Measure H) ⁽³⁾	March 2017	Services	Sales Tax	355.0	3,550.0 ⁽¹⁾
Statewide (SB-1) ⁽⁴⁾	April 2017	Transportation	State Fuel Tax	187.5	1,875.0 ⁽¹⁾
LA County Flood Control District (Measure W) ⁽³⁾	November 2018	Environment	Parcel Tax	300.0	3,000.0 ⁽¹⁾
K-12 Schools & Community College Districts ⁽⁵⁾	Various ⁽⁶⁾	Schools	Ad Valorem Tax	-	12,090.4
Total				\$ 1,796.5	\$ 34,005.4

Countywide Measures Under Consideration

- Fire District:** Ballot measure would generate approximately \$1.4 billion

Other Ongoing Regional Capital Improvement Programs

- LAX, Port of Los Angeles, Port of Long Beach, LADWP, LA Wastewater,
- K-12 schools and community college districts (authorized, unissued G.O. Bonds) ⁽⁵⁾: \$19.4 billion

(1) Estimated annual revenue over a 10 year period

(2) Assumes 25% of 'No Place Like Home' funding will be allocated to the County of Los Angeles

(3) Measure has no sunset provision. Tax will continue in perpetuity unless repealed by voters

(4) Assumes 25% of funding will be allocated to County of Los Angeles jurisdictions

(5) Source: County of Los Angeles Auditor-Controller. As of December 31, 2018

(6) Based on total measures approved by voters in June 2016, November 2016, November 2017, June 2018, and November 2018 elections



Future County Financings

- **FY 2020-21 Tax and Revenue Anticipation Notes - \$700 Million Par (June 2020)**
- **Anticipated Long-term Bond Financings Include:**
 - 2020 Tobacco Settlement Refunding Bonds - \$345 Million Par (March 2020)
 - 2020 LAC-CAL Equipment Program - \$40 Million Par (June 2020)
 - LACMA Museum Replacement Facility - \$425 Million Par (Aug 2020)
 - MLK Medical Campus Behavior Health Center Renovation Project - \$256 Million Par (Timing TBD)
- **Valencia CFD Project ⁽¹⁾**
 - Planned 25,000 residential units
 - Planned 13,000,000 square feet of commercial, industrial and non-residential
 - Potential for \$2.0 Billion of public improvements
- **Tesoro CFD Project ⁽¹⁾**
 - Planned 705 units with amenities and utilities
 - Possible \$39.9 Million of public improvements and eligible costs

⁽¹⁾ Specific community facilities district projects subject to approval by the County Mello-Roos Task Force and the Board of Supervisors.



Closing Remarks

- **County has a \$1.60 trillion property tax base with an economy larger than all but 5 U.S. states**
- **History of responsible and conservative financial management practices**
 - Board Priorities and Initiatives funded with new revenue streams
 - Culture of professional management
- **Significant capital improvements**
 - Targeted revitalization projects (Vermont Corridor Project)
 - Investment in art and public space (i.e. LACMA expansion)
- **Commitment to supporting and enhancing diversity**
- **Robust action plan to tackle homelessness**
- **Strong credit with underlying ratings of AAA/Aa1/AA+**

Thank you!



Dodger Stadium

