

ATTACHMENT A

TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

THE COUNCIL OF THE CITY OF LOS ANGELES

TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City on

September 1, 2021

and

SUPPLEMENTING THE

WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION

Which Was

Adopted by the Council of the City on

March 26, 1991

AND AUTHORIZING AND APPROVING THE ISSUANCE OF
WASTEWATER SYSTEM SUBORDINATE REVENUE BOND, SERIES 2021 (WIFIA),
THE PRIVATE PLACEMENT OF SUCH BOND, THE EXECUTION AND DELIVERY OF
DOCUMENTS RELATED THERETO AND RELATED ACTIONS

TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

TABLE OF CONTENTS

(This table of contents is not part of the Twenty-Sixth Supplemental Resolution and has been added only for convenience of reference. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of this Twenty-Sixth Supplemental Resolution.)

Page

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01.	Definitions	3
Section 1.02.	Incorporation of Definitions in the Subordinate General Resolution.....	5
Section 1.03.	Article and Section References	6

ARTICLE II

SECURITY AND AUTHORIZATION

Section 2.01.	Subordinate General Resolution; Special Obligation.....	6
Section 2.02.	Authorization.....	6

ARTICLE III

DESCRIPTION OF THE SERIES 2021 WIFIA BOND

Section 3.01.	Designation of the Series 2021 WIFIA Bond; Principal Amount.....	7
Section 3.02.	Series 2021 WIFIA Bond Under the Subordinate General Resolution; Security.....	7
Section 3.03.	Terms of the Series 2021 WIFIA Bond; Signature	7
Section 3.04.	Exchange and Transfer of Series 2021 WIFIA Bond.....	8
Section 3.05.	Draw Down Bond.....	8
Section 3.06.	Form of Series 2021 WIFIA Bond	8

ARTICLE IV

REDEMPTION

Section 4.01.	Notices to Bondholders	8
Section 4.02.	Optional Redemption of the Series 2021 WIFIA Bond	9
Section 4.03.	Mandatory Redemption	9
Section 4.04.	Payment of Series 2021 WIFIA Bond Called for Redemption	9
Section 4.05.	Selection of Series 2021 WIFIA Bond for Redemption; Series 2021 WIFIA Bond Redeemed in Part.....	9

ARTICLE V

APPLICATION OF PROCEEDS

Section 5.01.	Application of Proceeds	10
---------------	-------------------------------	----

ARTICLE VI

DEBT SERVICE FUND

Section 6.01.	Debt Service Fund	10
---------------	-------------------------	----

ARTICLE VII

AGENTS

Section 7.01.	Appointment of Agent	10
Section 7.02.	Resignation; Removal	11
Section 7.03.	Replacement	11

ARTICLE VIII

APPROVALS AND AUTHORIZATIONS

Section 8.01.	Findings Related to Private Placement of the Series 2021 WIFIA Bond	11
Section 8.02.	Approval of WIFIA Loan Agreement	11
Section 8.03.	Execution of Documents; Additional Actions	11

ARTICLE IX

MISCELLANEOUS

Section 9.01.	Notices	12
Section 9.02.	Limitation of Rights	12
Section 9.03.	Supplemental Resolution a Contract	12
Section 9.04.	Severability	12
Section 9.05.	Payments due on Non-Business Days	13
Section 9.06.	Governing Law	13
Section 9.07.	Captions	13
Section 9.08.	Ratification of Prior Actions	13
Section 9.09.	Effective Date	13

Exhibit A – Form of the Series 2021 WIFIA Bond	A-1
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TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

Providing for

City of Los Angeles
Wastewater System Subordinate Revenue Bond
Series 2021 (WIFIA)

WHEREAS, the City Council (the "Council") of the City of Los Angeles (the "City") on November 10, 1987 adopted a resolution designated as the "Wastewater System Revenue Bonds General Resolution," as amended and supplemented by supplemental resolutions thereto (collectively, the "General Resolution"), which sets forth the basic terms under which the City may issue wastewater system revenue bonds and which provides for a pledge of Revenues (as defined in the General Resolution) to secure all Bonds (defined below) issued thereunder; and

WHEREAS, the General Resolution provides that each Series of Bonds issued thereunder shall be authorized by, and the terms thereof set forth in, a Supplemental Resolution; and

WHEREAS, the Council, by resolution adopted on February 24, 1987, submitted to the qualified voters of the City the proposition of issuing bonds pursuant to the procedures set forth in the Revenue Bond Law of 1941, §54300 *et seq.* of the California Government Code (the "Revenue Bond Law") for the purpose of financing a portion of a major wastewater system improvement program; and

WHEREAS, at three elections, the voters voting on the respective propositions authorized a total of \$3,500,000,000 in bonds for the purpose of financing a portion of a major wastewater system improvement program; and

WHEREAS, on June 8, 1999, the City adopted a new Charter of the City (the "Charter"), which Charter became operative on and as of July 1, 2000; and

WHEREAS, pursuant to Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the "Procedural Ordinance"), the Council, exercising the powers reserved to the City under the Constitution of the State of California, and its powers under Section 361 of the Charter, may determine that revenue bonds, notes and other indebtedness or obligations (as defined in said Article 6.7 and as used for purposes of this preamble, "Bonds") be issued as provided in said Article 6.7 for the purpose of financing project costs, refunding outstanding Bonds, establishing reserves and paying costs of issuance in connection with such Bonds, payable from the SCM Fund (as defined in the General Resolution), and said Article 6.7 shall provide a complete alternative method of issuing such Bonds without a vote of qualified voters in the City; and

WHEREAS, the City has, under the General Resolution and individual supplemental resolutions thereto, issued wastewater system revenue bonds, all of which are Senior Lien Bonds (to the extent Outstanding) and are collectively referred to herein as the "Prior Senior Bonds," \$971,695,000 of which are Outstanding as of the date hereof; and

WHEREAS, the Council on March 26, 1991 adopted a resolution designated as the "Wastewater System Subordinate Revenue Bonds General Resolution," as amended and

supplemented by supplemental resolutions thereto (collectively, the "Subordinate General Resolution"), which sets forth the basic terms under which the City may issue wastewater system subordinate revenue bonds and which provides for a pledge of Revenues to secure all Subordinate Bonds (as defined in the Subordinate General Resolution) issued thereunder on a basis subordinate to the Senior Lien Bonds issued under the General Resolution; and

WHEREAS, the City has, under the Subordinate General Resolution and individual supplemental resolutions thereto, authorized the issuance of \$400,000,000 maximum authorized amount of its Wastewater System Commercial Paper Revenue Notes (the "Commercial Paper Notes"), and wastewater system subordinate revenue bonds, \$1,558,245,000 of which are outstanding as of the date hereof (the "Prior Subordinate Bonds"), all of which are Subordinate Bonds (to the extent Outstanding); and

WHEREAS, the Subordinate General Resolution provides that additional Subordinate Bonds may be issued in one or more Series, and the City has determined that it is now appropriate to authorize the issuance of a Series of Subordinate Bond, designated as the Wastewater System Subordinate Revenue Bond, Series 2021 (WIFIA), with such additional Series and subseries designations as shall be deemed necessary or appropriate as provided herein (the "Series 2021 WIFIA Bond"), through the adoption of this Twenty-Sixth Supplemental Resolution (the "Twenty-Sixth Supplemental Resolution") for the purpose of (i) refunding all or a portion of any interim debt obligation, including bond anticipation notes, that may be issued to finance or refinance the WIFIA Project (the "Refunded Subordinate Bond") and/or (ii) paying all or a portion of outstanding Commercial Paper Notes issued to finance the WIFIA Project; and

WHEREAS, the Series 2021 WIFIA Bond shall be issued pursuant to and in accordance with the Procedural Ordinance, and, with respect to the portion of the proceeds of the Series 2021 WIFIA Bond used to refund the Refunded Subordinate Bond and designated as "Refunding Bonds," if applicable, Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 *et seq.* and Section 53580 *et seq.*, respectively) of the California Government Code (the "Refunding Law") and the provisions of the Subordinate General Resolution, including this Twenty-Sixth Supplemental Resolution; and

WHEREAS, the Series 2021 WIFIA Bond may be issued in such amount and with such payment terms and details as the City Administrative Officer, upon the advice of the City's municipal advisors shall determine to be in the City's best interests and which are otherwise consistent with the provisions and parameters of the Subordinate General Resolution and this Twenty-Sixth Supplemental Resolution; and

WHEREAS, any refunding to be accomplished with the proceeds of the Series 2021 WIFIA Bond issued pursuant to this Twenty-Sixth Supplemental Resolution will result in either (A) (1) a minimum present value savings equal to at least 90% of the maximum call option value of the Refunded Subordinate Bond being refunded or (2) a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Subordinate Bond being refunded, or (B) a desirable restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System, as determined by the City Administrative Officer, upon the advice of the City's municipal advisors, at or before the time

of issuance and in accordance with the City's Debt Management Policy , dated September 23, 2020 (the "Debt Management Policy"); and

WHEREAS, the aggregate principal amount of the Series 2021 WIFIA Bond issued pursuant to this Twenty-Sixth Supplemental Resolution for the purpose of refunding the Refunded Subordinate Bond shall not be limited in principal amount if such refunding satisfies the Debt Management Policy; and

WHEREAS, Sections 5450 *et seq.* of the California Government Code (the "Government Code") provide statutory authority for pledging collateral for the payment of principal or redemption price of, and interest on bonds, and the Government Code creates a continuing perfected security interest which shall attach immediately to such collateral irrespective of whether the parties to the pledge documents have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the City hereby warrants and represents that pursuant to the Subordinate General Resolution and this Twenty-Sixth Supplemental Resolution, the Owner of the Series 2021 WIFIA Bond has a second priority perfected security interest in Revenues that serve as the collateral for the Series 2021 WIFIA Bond pursuant to the Government Code; and

WHEREAS, the City has determined, based upon the existing market conditions and upon the advice of its municipal advisor, that it is in the best financial interests of the City to sell the Series 2021 WIFIA Bond through a private placement with the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the "WIFIA Lender"); and

WHEREAS, the City has further determined that it is not practicable or compatible with the City's best interests to select the other professionals for the Series 2021 WIFIA Bond by sealed competitive bids, and the Council desires to make relevant findings in this regard in order to comply with recent judicial interpretations of such requirements; and

WHEREAS, the City will receive an opinion of Bond Counsel in accordance with Section 11.02 of the Subordinate General Resolution; and

WHEREAS, it is desirable that the Council provide for the issuance, securing and private placement of the Series 2021 WIFIA Bond; and

WHEREAS, the Twenty-Sixth Supplemental Resolution is adopted in accordance with the provisions of the Subordinate General Resolution;

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

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Definitions. Unless otherwise specifically provided in this Section, capitalized terms used in this Twenty-Sixth Supplemental Resolution shall have the meanings ascribed to them in the Subordinate General Resolution, or if not used therein, in the General

Resolution. The following definitions shall apply to terms used in this Twenty-Sixth Supplemental Resolution unless the context clearly requires otherwise:

“Authorized City Representative” means the Mayor, the City Clerk, the City Controller, the City Administrative Officer or a duly authorized designee of any of the foregoing, or any one or more of them and, in addition to the foregoing, for the purpose of directing the investment of money under the Subordinate General Resolution only, the Treasurer or any Assistant Treasurer.

“Authorized Denominations” means denominations of \$5,000 and integral multiples thereof.

“Charter” means the Charter of the City of Los Angeles.

“City Administrative Officer” means the City Administrative Officer of the City, any Assistant City Administrative Officer of the City or any duly authorized designee thereof.

“Commercial Paper Notes” means the City’s Wastewater System Commercial Paper Revenue Notes which the City has issued and will issue from time to time on a parity with the other Subordinate Bonds, as authorized as of the date hereof under the Subordinate General Resolution, as supplemented.

“Fitch” means Fitch Ratings, Inc. and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

“General Resolution” means the resolution entitled “Wastewater System Revenue Bonds General Resolution” adopted by the Council on November 10, 1987 and setting forth the terms under which wastewater system Senior Lien Bonds may be issued and secured, as amended and supplemented from time to time in accordance with the terms thereof.

“Interest Payment Date” for the Series 2021 WIFIA Bond, means each June 1 and December 1, commencing on the Debt Service Payment Commencement Date (as defined in the WIFIA Loan Agreement).

“Kroll” means Kroll Bond Rating Agency and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

“Opinion of Bond Counsel” means an Opinion of Counsel by Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel who is acceptable to the City. The counsel may be an employee of or counsel to the City.

“Prior Senior Bonds” means, collectively, all Senior Lien Bonds issued by the City pursuant to the General Resolution prior to this Twenty-Sixth Supplemental Resolution.

“Prior Subordinate Bonds” means, collectively, all Subordinate Bonds issued by the City pursuant to the Subordinate General Resolution prior to this Twenty-Sixth Supplemental

Resolution; provided, that, as used in this Twenty-Sixth Supplemental Resolution, the term “Prior Subordinate Bonds” does not include the Commercial Paper Notes.

“Refunded Subordinate Bond” means all or any interim debt obligation, including bond anticipation notes, that may be issued to finance or refinance the WIFIA Project, which is to be refunded by proceeds of the Series 2021 WIFIA Bond.

“SCM Fund” means, collectively, the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund previously created by the City and more particularly described in Section 5.03 of the General Resolution.

“Series 2021 WIFIA Bond” means the City of Los Angeles Wastewater System Subordinate Revenue Bond, Series 2021 (WIFIA) authorized to be issued pursuant to this Twenty-Sixth Supplemental Resolution.

“S&P” means Standard & Poor’s Corporation and its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the City.

“Subordinate General Resolution” means the resolution entitled “Wastewater System Subordinate Revenue Bonds General Resolution” adopted by the Council on March 26, 1991 and setting forth the terms under which wastewater system Subordinate Bonds may be issued and secured, as amended and supplemented from time to time in accordance with the terms thereof.

“Subordinate 2021 WIFIA Bond Debt Service Fund” has the meaning provided in Section 6.01.

“WIFIA Construction Fund” has the meaning provided in the WIFIA Loan Agreement.

“WIFIA Lender” means the United States Environmental Protection Agency, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns.

“WIFIA Loan Agreement” means the WIFIA Loan Agreement, by and between the City and the WIFIA Lender, providing for the purchase of the Series 2021 WIFIA Bond by the WIFIA Lender.

“WIFIA Project” has the meaning ascribed to the term “Project,” as set forth in the WIFIA Loan Agreement.

“WIFIA Reserve Fund” has the meaning provided in the WIFIA Loan Agreement.

Section 1.02. Incorporation of Definitions in the Subordinate General Resolution. Except as otherwise provided in Section 1.01 hereof, all words, terms and phrases defined in the Subordinate General Resolution shall have the same meanings in this Twenty-Sixth Supplemental Resolution as in the Subordinate General Resolution. Except as otherwise provided in any Supplemental Resolution hereafter adopted, all terms which are defined in this Twenty-Sixth Supplemental Resolution, unless the context otherwise requires, shall have the same meanings in such Supplemental Resolution as in this Twenty-Sixth Supplemental Resolution.

Section 1.03. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Twenty-Sixth Supplemental Resolution.

ARTICLE II

SECURITY AND AUTHORIZATION

Section 2.01. Subordinate General Resolution; Special Obligation. The Series 2021 WIFIA Bond authorized by this Twenty-Sixth Supplemental Resolution is a Subordinate Bond issued under the terms of the Subordinate General Resolution and secured by and entitled to the security and the rights granted by the Subordinate General Resolution. The Series 2021 WIFIA Bond shall be issued subordinate to the Prior Senior Bonds and any other Senior Lien Bonds issued hereafter and shall be issued on a parity with the Commercial Paper Notes, the Prior Subordinate Bonds and any other Subordinate Bonds issued hereafter.

The Series 2021 WIFIA Bond shall be and is a special, limited obligation of the City, and the City shall be obligated to pay the principal of, premium, if any, and interest on the Series 2021 WIFIA Bond solely from the Revenues and from amounts in the SCM Fund, the WIFIA Reserve Fund (to the extent established pursuant to the terms of the WIFIA Loan Agreement), the WIFIA Construction Fund and the Subordinate 2021 WIFIA Bond Debt Service Fund. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Series 2021 WIFIA Bond. Neither the full faith and credit nor the taxing power of the City is pledged to pay the Series 2021 WIFIA Bond. The pledge, assignment and lien on the Revenues granted pursuant to the General Resolution to secure the Senior Lien Bonds shall, in all respects, be prior to the pledge, assignment and lien on the Revenues granted by the Subordinate General Resolution and this Twenty-Sixth Supplemental Resolution. The principal of and interest on the Series 2021 WIFIA Bond and any premiums upon the redemption of any thereof are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the Revenues and amounts in the SCM Fund, the WIFIA Reserve Fund (to the extent established pursuant to the terms of the WIFIA Loan Agreement), the WIFIA Construction Fund and the Subordinate 2021 WIFIA Bond Debt Service Fund.

Section 2.02. Authorization. The Series 2021 WIFIA Bond is hereby declared to be issued under the terms of the Charter, the Procedural Ordinance and/or the Refunding Law, as applicable, and secured as provided for in the Charter, the Procedural Ordinance and the Subordinate General Resolution; provided that the security provided for the Series 2021 WIFIA Bond is also granted subordinate to the prior and senior lien to secure Senior Lien Bonds issued under the General Resolution, and on a parity with the lien granted to secure other Subordinate Bonds, including Commercial Paper Notes, issued under the Subordinate General Resolution, and provided that liens on the Revenues which are subordinate to the liens securing the Subordinate Bonds may be granted. The Series 2021 WIFIA Bond may recite that it is issued pursuant to the Charter, the Procedural Ordinance and/or the Refunding Law, as applicable. It is hereby declared that the portion of the proceeds of the Series 2021 WIFIA Bond issued as refunding bonds may be held in part and for such time as the City may deem advisable in trust for the protection of the owners of the Refunded Subordinate Bond.

ARTICLE III

DESCRIPTION OF THE SERIES 2021 WIFIA BOND

Section 3.01. Designation of the Series 2021 WIFIA Bond; Principal Amount. The Series 2021 WIFIA Bond is hereby authorized to be issued under the Subordinate General Resolution and this Twenty-Sixth Supplemental Resolution. The aggregate principal amount of the Series 2021 WIFIA Bond issued pursuant to this Twenty-Sixth Supplemental Resolution to finance the WIFIA Project, including to pay Commercial Paper Notes and/or refund the Refunded Subordinate Bond, shall not exceed \$223,921,010. The aggregate principal amount of Series 2021 WIFIA Bond issued pursuant to this Twenty-Sixth Supplemental Resolution for the purpose of refunding the Refunded Subordinate Bond shall not be limited except as provided in the recitals hereto and Section 3.03 hereof. The Series 2021 WIFIA Bond shall be issued in such principal amount and shall be designated as the "City of Los Angeles Wastewater System Subordinate Revenue Bond, Series 2021 (WIFIA)," with such additional subseries designations (if any), as determined by the City.

Section 3.02. Series 2021 WIFIA Bond Under the Subordinate General Resolution; Security. The Series 2021 WIFIA Bond is issued under, secured by and subject to the terms of the Subordinate General Resolution and is secured by the Revenues in accordance with the terms of the Subordinate General Resolution. The Series 2021 WIFIA Bond is a special obligation of the City payable only from the Revenues, the SCM Fund, the WIFIA Construction Fund, the WIFIA Reserve Fund (to the extent established pursuant to the terms of the WIFIA Loan Agreement) and the Subordinate 2021 WIFIA Bond Debt Service Fund, and not from the general fund of the City, and the City is not obligated to pay the Series 2021 WIFIA Bond from any other source.

Section 3.03. Terms of the Series 2021 WIFIA Bond; Signature. The Series 2021 WIFIA Bond shall be issuable only as a fully registered bond. The Series 2021 WIFIA Bond shall be signed by the Mayor or the City Administrative Officer and shall be authenticated by any Authorized City Representative. Any such signature may be by facsimile, provided that there shall be at least one manual signature. The Series 2021 WIFIA Bond shall be numbered as any Authorized City Representative shall determine.

The Series 2021 WIFIA Bond, upon initial issuance, shall be dated the date of the WIFIA Loan Agreement. The Series 2021 WIFIA Bond shall bear interest as provided in the WIFIA Loan Agreement.

Interest on the Series 2021 WIFIA Bond shall be paid on each June 1 and December 1, commencing on the Debt Service Payment Commencement Date, as set forth in the WIFIA Loan Agreement. Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2021 WIFIA Bond shall mature on the date and in the amount set forth in the WIFIA Loan Agreement, subject to prior redemption (if applicable) or prepayment or acceleration, and bear interest at the annual rate set forth in the WIFIA Loan Agreement, provided, however, that the final maturity of the Series 2021 WIFIA Bond will not be later than 40 years from the date of issuance thereof and the true interest cost on the Series 2021 WIFIA Bond will not exceed 7%.

Payment of principal of and interest on the Series 2021 WIFIA Bond shall be made on the payment dates therefor as provided in the WIFIA Loan Agreement. With respect to the Series 2021 WIFIA Bond, principal and interest shall be paid to the WIFIA Lender. The Series 2021 WIFIA Bond shall be substantially in the form set forth in Section 3.06 hereof. Principal, interest and premium, if any, will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Interest on overdue principal of the Series 2021 WIFIA Bond and, to the extent lawful, on overdue interest on the Series 2021 WIFIA Bond will be payable at the Default Rate (as defined in the WIFIA Loan Agreement).

Any refunding to be accomplished with the proceeds of the Series 2021 WIFIA Bond issued pursuant to this Twenty-Sixth Supplemental Resolution shall comply with the Debt Management Policy.

Section 3.04. Exchange and Transfer of Series 2021 WIFIA Bond. The Series 2021 WIFIA Bond which is delivered to the Treasurer for exchange may be exchanged for an equal total unpaid principal amount of the Series 2021 WIFIA Bond and maturity but of different Authorized Denominations. The Series 2021 WIFIA Bond presented to the Treasurer shall be transferred upon the registration books in accordance with the procedures determined by the Treasurer and as provided in Section 3.06 of the Subordinate General Resolution.

The Treasurer will not, however, be required to transfer or exchange the Series 2021 WIFIA Bond during the period beginning 15 days before the mailing of notice calling the Series 2021 WIFIA Bond for redemption and ending on the date notice of redemption is mailed nor to transfer or exchange the Series 2021 WIFIA Bond which has been selected for redemption.

Section 3.05. Draw Down Bond. The WIFIA Lender shall fund the purchase price of the Series 2021 WIFIA Bond (or if there are multiple draws, the purchase price of the related portion of the Series 2021 WIFIA Bond from time to time) in accordance with the WIFIA Loan Agreement to provide funds to finance or refinance the WIFIA Project. Amounts funded shall be noted as set forth in the WIFIA Loan Agreement. Upon each disbursement by the WIFIA Lender of money in accordance with the WIFIA Loan Agreement, the aggregate amount of the Series 2021 WIFIA Bond purchased shall be increased in such amount and the Series 2021 WIFIA Bond will be Outstanding in the aggregate amount of such disbursements (subject to any redemption of any portion of the Series 2021 WIFIA Bond) and the Series 2021 WIFIA Bond shall accrue interest as provided the WIFIA Loan Agreement.

Section 3.06. Form of Series 2021 WIFIA Bond. The Series 2021 WIFIA Bond shall be substantially in the form set forth in Exhibit A, with such additions, deletions and modifications as shall be necessary or appropriate to conform such form to the terms of such Series.

ARTICLE IV

REDEMPTION

Section 4.01. Notices to Bondholders. Prior to the redemption of the Series 2021 WIFIA Bond, the City shall give notice to the registered Owner of the Series 2021 WIFIA Bond to be

redeemed as provided in Section 4.03 of the Subordinate General Resolution. Such notice shall be given in accordance with Section 4.02 or Section 4.03 hereof, as applicable.

Each further notice of redemption given hereunder shall contain the information required by Section 4.03 of the Subordinate General Resolution plus (i) the CUSIP number for the Series 2021 WIFIA Bond, or portions thereof being redeemed; (ii) the date of original issuance of the Series 2021 WIFIA Bond; (iii) the rate of interest borne by the Series 2021 WIFIA Bond being redeemed; (iv) the maturity date of the Series 2021 WIFIA Bond being redeemed; (v) the redemption price or, if applicable, a description of the mechanism or method for determining the redemption price; and (vi) any other descriptive information to identify accurately the Series 2021 WIFIA Bond or portions thereof being redeemed.

Each further notice of redemption shall be sent at least 20 days to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System at <http://emma.msrb.org/>.

Any notice given pursuant to this Section 4.01 may be conditional, and may be rescinded by written notice given by the City. Upon such rescission, the City shall give notice of such rescission in the same manner (*i.e.*, by Mail or by telecopy or other electronic means of communication), and to the same persons, as notice of such redemption was given pursuant to this Section. Any optional redemption of the Series 2021 WIFIA Bond and notice thereof shall be rescinded and cancelled if for any reason on the date fixed for redemption moneys are not available and held in trust for such purpose in an amount sufficient to pay in full on such date the principal of, interest, and any premium due on such Series 2021 WIFIA Bond called for redemption.

Section 4.02. Optional Redemption of the Series 2021 WIFIA Bond. The Series 2021 WIFIA Bond may be subject to optional redemption from proceeds of any optional prepayments under the WIFIA Loan Agreement. Notice of optional redemption shall be given in accordance with the provisions for notice of optional prepayment under Section 9(b) of the WIFIA Loan Agreement, without duplication.

Section 4.03. Mandatory Redemption. The City shall redeem one hundred percent (100%) of the Series 2021 WIFIA Bond then Outstanding in full from proceeds of a mandatory prepayment pursuant to Section 9(a) of the WIFIA Loan Agreement upon the incurrence or existence of any Senior Project Obligations (as defined in the WIFIA Loan Agreement). Notice of redemption pursuant to this Section shall be given in accordance with the provisions for notice of mandatory prepayment under Section 9(a) of the WIFIA Loan Agreement, without duplication.

Section 4.04. Payment of Series 2021 WIFIA Bond Called for Redemption. Upon surrender to the Treasurer, the Series 2021 WIFIA Bond called for redemption shall be paid at the redemption price, including accrued and unpaid interest, if any, to the redemption date.

Section 4.05. Selection of Series 2021 WIFIA Bond for Redemption; Series 2021 WIFIA Bond Redeemed in Part. The Series 2021 WIFIA Bond may be optionally redeemed in inverse order of maturity.

Upon surrender of the Series 2021 WIFIA Bond to be redeemed, the Authorized City Representative acting as Authenticating Agent or other Authenticating Agent, if one has been

appointed, will authenticate for the holder a new Series 2021 WIFIA Bond of the same maturity equal in principal amount to the unredeemed portion of the Series 2021 WIFIA Bond surrendered.

ARTICLE V

APPLICATION OF PROCEEDS

Section 5.01. Application of Proceeds. The proceeds of the Series 2021 WIFIA Bond received by the City shall be applied by the City in accordance with the WIFIA Loan Agreement for the following purposes and in such amounts and in such manner as directed by the City:

- (a) the amount needed to refund the Refunded Subordinate Bond shall be transferred to the paying agent for the Refunded Subordinate Bond and used to pay the Refunded Subordinate Bond; and/or
- (b) the amount needed to pay the Commercial Paper Notes when due shall be transferred to the issuing and paying agent for the Commercial Paper Notes and deposited into the Commercial Paper Notes Debt Service Fund and used to pay the Commercial Paper Notes.

ARTICLE VI

DEBT SERVICE FUND

Section 6.01. Debt Service Fund.

(a) The City will, by ordinance create a separate fund for the Series 2021 WIFIA Bond within the City Treasury for the Series 2021 WIFIA Bond, designated as the "Wastewater System Subordinate Revenue Bonds Debt Service Fund, Series 2021 (WIFIA)" (the "Subordinate 2021 WIFIA Bond Debt Service Fund"), which shall be a Debt Service Fund as provided in the Subordinate General Resolution for the Series 2021 WIFIA Bond. Amounts in the Subordinate 2021 WIFIA Bond Debt Service Fund shall be used to pay principal of, and interest and any premium on, the Series 2021 WIFIA Bond as the same become due and payable.

(b) Amounts in the Subordinate 2021 WIFIA Bond Debt Service Fund and the WIFIA Reserve Fund (to the extent established pursuant to the terms of the WIFIA Loan Agreement) shall be pledged to secure the Series 2021 WIFIA Bond.

(c) All moneys in the Subordinate 2021 WIFIA Bond Debt Service Fund shall be held (i) uninvested, (ii) in Government Obligations with a maturity not longer than 30 days or such earlier date on which funds will be needed to make payments on the Series 2021 WIFIA Bond, or (iii) in repurchase agreements which are fully secured by Government Obligations.

ARTICLE VII

AGENTS

Section 7.01. Appointment of Agent. The City may from time to time appoint a bank, trust company or other financial institution to serve as Paying Agent, Registrar or Authenticating

Agent in place of or in addition to the City with respect to the Series 2021 WIFIA Bond. The City hereby appoints the City Clerk as Authenticating Agent for the Series 2021 WIFIA Bond.

Section 7.02. Resignation; Removal. Any entity at any time serving as Paying Agent, Authenticating Agent and/or Registrar may resign any one or more of such positions in accordance with the terms of its agreement with the City or may be removed by the City in accordance with the terms of such agreement.

Section 7.03. Replacement. If the Paying Agent, Authenticating Agent, Registrar or other agent resigns or is removed, the City may appoint a new Paying Agent, Authenticating Agent or Registrar or may provide that such functions as were provided by the Paying Agent, Authenticating Agent and/or Registrar be undertaken directly by the City.

ARTICLE VIII

APPROVALS AND AUTHORIZATIONS

Section 8.01. Findings Related to Private Placement of the Series 2021 WIFIA Bond. Pursuant to Section 371(e)(10) of the Charter, the Council hereby finds that, due to current market conditions, the use of sealed competitive bidding to sell bonds to finance the WIFIA Project would be undesirable and impractical and it is in the best financial interests of the City to finance or refinance the WIFIA Project through a private placement with the WIFIA Lender.

Section 8.02. Approval of WIFIA Loan Agreement. The WIFIA Loan Agreement in substantially the form before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into the WIFIA Loan Agreement with the WIFIA Lender with respect to the Series 2021 WIFIA Bond, in substantially the form presented to this Council, with such changes as said City Administrative Officer, upon the advice of the City Attorney, deems necessary and appropriate. The signature of any City Administrative Officer shall be sufficient to bind the City and cause the WIFIA Loan Agreement to be a valid and binding obligation of the City.

Section 8.03. Execution of Documents; Additional Actions. The City Administrative Officer is hereby authorized to execute any documents necessary to procure municipal bond insurance upon such terms as the City Administrative Officer determines (if the City Administrative Officer, upon the advice of the City's municipal advisor, determines that such municipal bond insurance is cost effective) and to execute such certificates, agreements, forms and other closing documents, and such other instruments or documents as are necessary or appropriate to consummate the transactions contemplated by this Twenty-Sixth Supplemental Resolution and to carry out the intent hereof. The City Administrative Officer is authorized and directed to do any and all things and to take any and all further actions to carry out the intent hereof.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Twenty-Sixth Supplemental Resolution or the Series 2021 WIFIA Bond shall be in writing except as expressly provided otherwise in this Twenty-Sixth Supplemental Resolution or the Series 2021 WIFIA Bond.

(b) Any notice or other communication, otherwise specified, shall be sufficiently given and deemed given when delivered by hand or by Mail or by such other means as is specifically provided therefor, and addressed as provided in the Subordinate General Resolution.

(c) Any addressee may designate additional or different addresses for purposes of this Section.

(d) If any of S&P, Fitch and/or Kroll shall have provided a credit rating for any of the Series 2021 WIFIA Bond at the request of the City, the City shall give written notice to each of S&P, Fitch and/or Kroll then providing a credit rating on any of the Series 2021 WIFIA Bond if at any time (i) payment of principal and interest on the Series 2021 WIFIA Bond is accelerated pursuant to the provisions of Section 9.02(a) of the General Resolution or (ii) there is any amendment to the General Resolution or this Twenty-Sixth Supplemental Resolution. Notice, in the case of an event referred to in clause (ii) hereof, shall include a copy of any such amendment. Notices sent to S&P shall be addressed to Standard & Poor's, 55 Water Street, New York, New York 10041; notices sent to Fitch shall be addressed to Fitch at Fitch, Inc., One State Street Plaza, New York, New York 10004; notices sent to Kroll shall be addressed to Kroll Bond Rating Agency, 845 Third Avenue, New York, New York 10022, or to such other address as S&P, Fitch or Kroll, respectively, shall supply to the City.

Section 9.02. Limitation of Rights. Nothing expressed or implied in this Twenty-Sixth Supplemental Resolution or the Series 2021 WIFIA Bond shall give any person other than the City, and the Bondholders any right, remedy or claim under or with respect to this Twenty-Sixth Supplemental Resolution.

Section 9.03. Supplemental Resolution a Contract. This Twenty-Sixth Supplemental Resolution), together with the Subordinate General Resolution, is adopted by the City for the benefit of the Bondholders and together they constitute a contract with the Subordinate Bondholders.

Section 9.04. Severability. If any provision of the Twenty-Sixth Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this Twenty-Sixth Supplemental Resolution.

Section 9.05. Payments due on Non-Business Days. If a payment date is not a Business Day, then payment may be made on the next Business Day, and no interest shall accrue for the intervening period.

Section 9.06. Governing Law. This Twenty-Sixth Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 9.07. Captions. The captions in this Twenty-Sixth Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Twenty-Sixth Supplemental Resolution.

Section 9.08. Ratification of Prior Actions. All actions heretofore taken by any officers, employees, agents or directors of the City, with respect to the issuance, delivery or sale of the Series 2021 WIFIA Bond, or in connection with or related to any of the agreements or documents referenced herein or to the refunding of the Refunded Subordinate Bond are hereby approved, confirmed and ratified.

Section 9.09. Effective Date. This Twenty-Sixth Supplemental Resolution shall take effect from and upon its adoption.

Approved as to Form

MICHAEL N. FEUER, City Attorney

By:  _____
Deputy City Attorney

EXHIBIT A

FORM OF SERIES 2021 WIFIA BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF LOS ANGELES
WASTEWATER SYSTEM SUBORDINATE REVENUE BOND,
SERIES 2021 (WIFIA)

No. 1

D.C. TILLMAN ADVANCED WATER PURIFICATION FACILITY PROJECT

**(WIFIA – N18109CA)
WIFIA BOND**

Registered Owner: UNITED STATES ENVIRONMENTAL PROTECTION AGENCY, acting
by and through the Administrator of the United States Environmental Protection Agency

Maximum Principal Amount: \$223,921,010

Effective Date: [●]

Interest Rate Per Annum: [●]

Due: June 1, 2056

CITY OF LOS ANGELES, a municipal corporation and a charter city of the State of California, organized and operating under the terms of the Charter of the City of Los Angeles and the Constitution of the State of California (the “**Borrower**”), for value received, hereby promises to pay to the order of the **UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**, acting by and through the Administrator of the United States Environmental Protection Agency, or its assigns (the “**WIFIA Lender**”), the lesser of (x) the Maximum Principal Amount set forth above and (y) the aggregate unpaid principal amount of all disbursements (the “**Disbursements**”) made by the WIFIA Lender (such lesser amount being hereinafter referred to as the “**Outstanding Principal Sum**”), together with accrued and unpaid interest (including, if applicable, interest at the Default Rate, as defined in the WIFIA Loan Agreement (as defined below)) on the Outstanding Principal Sum and all fees, costs and other amounts payable in connection therewith, as more fully described in the WIFIA Loan Agreement. The principal hereof shall be payable in the manner and at the place provided in the WIFIA Loan Agreement in accordance with **Exhibit F** (*WIFIA Debt Service*) to the WIFIA Loan Agreement, as revised from time to time in accordance with the WIFIA Loan Agreement, until paid in full (which **Exhibit F**, as modified from time to time in accordance with the terms of the WIFIA Loan Agreement, is incorporated in and is a part of this WIFIA Bond). The WIFIA Lender is hereby authorized to modify the Loan Amortization Schedule included in **Exhibit F** to the WIFIA Loan Agreement from time to time in accordance

with the terms of the WIFIA Loan Agreement to reflect the amount of each disbursement made thereunder and the date and amount of principal or interest paid by the Borrower thereunder. Absent manifest error, the WIFIA Lender's determination of such matters as set forth on **Exhibit F** to the WIFIA Loan Agreement shall be conclusive evidence thereof; provided that neither the failure to make any such recordation nor any error in such recordation shall affect in any manner the Borrower's obligations hereunder or under any other WIFIA Loan Document.

THIS SUBORDINATE BOND IS A SPECIAL, LIMITED OBLIGATION OF THE CITY OF LOS ANGELES. THE PRINCIPAL HEREOF, PREMIUM, IF ANY, AND INTEREST HEREON ARE PAYABLE SOLELY FROM CERTAIN WASTEWATER SYSTEM REVENUES AND OTHER AMOUNTS ON DEPOSIT IN CERTAIN SPECIAL LIMITED FUNDS AS DESCRIBED IN THE WIFIA LOAN AGREEMENT. THIS SUBORDINATE BOND IS AN OBLIGATION THAT IS JUNIOR AND SUBORDINATE TO SENIOR BONDS ISSUED UNDER THE SENIOR RESOLUTION AS TO LIEN AND SOURCE OF SECURITY FOR PAYMENT FROM REVENUES. THE BORROWER IS NOT OBLIGATED TO MAKE PAYMENT HEREON FROM ANY OTHER SOURCE. THIS SUBORDINATE BOND IS NOT PAYABLE FROM THE GENERAL FUND OF THE BORROWER AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE BORROWER IS PLEDGED TO THE PAYMENT OF ANY AMOUNTS DUE ON THIS SUBORDINATE BOND.

Payments hereon are to be made in accordance with Section 8(e) (*Payment of Principal and Interest – Manner of Payment*) and Section 31 (*Notices*) of the WIFIA Loan Agreement as the same become due. Principal of and interest on this WIFIA Bond shall be paid in funds available on or before the due date and in any lawful coin or currency of the United States of America that at the date of payment is legal tender for the payment of public and private debts.

This WIFIA Bond has been executed pursuant to that certain WIFIA Loan Agreement, dated as of [●], 2021, between the WIFIA Lender and the Borrower (the “**WIFIA Loan Agreement**”) and is issued to evidence the obligation of the Borrower under the WIFIA Loan Agreement to repay the loans made by the WIFIA Lender and any other payments of any kind required to be paid by the Borrower under the WIFIA Loan Agreement or the other WIFIA Loan Documents referred to therein. Reference is made to the WIFIA Loan Agreement for details relating to the Borrower's obligations hereunder. All capitalized terms used in this WIFIA Bond and not defined herein shall have the meanings set forth in the WIFIA Loan Agreement.

This WIFIA Bond may be prepaid at the option of the Borrower in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid are to be determined in accordance with the WIFIA Loan Agreement; provided that such prepayments shall be in principal amounts of at least \$1,000,000 or any integral multiple of \$1 in excess thereof), from time to time, but not more than annually, without penalty or premium, by paying to the WIFIA Lender all or part of the principal amount of the WIFIA Bond in accordance with the WIFIA Loan Agreement.

This WIFIA Bond shall be subject to mandatory prepayment on the terms and conditions set forth in the WIFIA Loan Agreement.

Payment of the obligations of the Borrower under this WIFIA Bond is secured pursuant to the Subordinate Resolution and the WIFIA Supplemental Resolution.

To secure the payment of this WIFIA Bond and all Subordinate Bonds issued pursuant to the terms of the Subordinate Resolution, the Borrower has pledged, placed a second lien upon and assigned to the WIFIA Lender and Bondholders of the other Subordinate Bonds (1) the Revenues and (2) the Revenues held in the SCM Fund including the earnings on such Revenues. The Borrower has previously pledged and assigned the Revenues and granted a lien upon the Revenues to secure all Senior Bonds, whenever issued, including Senior Bonds issued subsequent to the execution and delivery of this WIFIA Bond. The pledge, assignment and lien on the Revenues granted to secure the Senior Bonds shall, in all respects, be prior to the pledge, assignment and lien granted by the Subordinate Resolution.

Any delay on the part of the WIFIA Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted with respect to one default shall not operate as a waiver in the event of any subsequent default.

All acts, conditions and things required by the Constitution and laws of the State to happen, exist, and be performed precedent to and in the issuance of this WIFIA Bond have happened, exist and have been performed as so required. This WIFIA Bond is issued with the intent that the federal laws of the United States of America shall govern its construction to the extent such federal laws are applicable and the internal laws of the State shall govern its construction to the extent such federal laws are not applicable.

This Subordinate Bond shall not be valid until the City Clerk, as Authenticating Agent, signs the certificate of authentication on the first page of this Subordinate Bond.

Customary abbreviations may be used in the name of a Bondholder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and UGMA (= Uniform Gifts to Minors Act).

Dated:

CITY CLERK, as duly Authorized
AUTHENTICATING AGENT FOR THE
CITY OF LOS ANGELES, certifies that
this is one of the Subordinate Bonds
referred to in the Subordinate General
Resolution and Twenty-Sixth
Supplemental Resolution referred to
herein.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

By: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or type, write Name and Address, including Zip Code,
and Federal Taxpayer Identification or Social Security Number of Assignee)

this Subordinate Bond and all rights hereunder, and hereby irrevocably constitutes and appoints

Agent to transfer this Subordinate Bond on the books of the Borrower, with full power of substitution in the premises.

Dated: _____, 20__

Signed by:

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of this Subordinate Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed by:

NOTICE: Signature must be guaranteed by a member firm of the New York Stock exchange or a commercial bank or trust company.