

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: March 21, 2025

CAO File No. 0220-05291-1635

Council File No.

Council District: All

To: The Mayor  
The City Council

From: Matthew W. Szabo, City Administrative Officer 

Subject: **ISSUANCE OF LOS ANGELES WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2025-A, SERIES 2025-B, AND REFUNDING SERIES 2025-C, AND LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS, REFUNDING SERIES 2025-A**

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### RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. ADOPT the Twenty-Ninth Supplemental Subordinate General Resolution, which authorizes the negotiated sale of up to \$900 million of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025 (the "2025 Subordinate Bonds"), including refunding bonds, in one or more series, on a tax-exempt and taxable basis, reaffirms previously proposed amendments and supplements to the Subordinate General Resolution which require bondholder consent, and authorizes the execution of various documents required to consummate the transactions, including approval for the City Administrative Officer to take necessary actions required to manage and effectuate the transaction;
2. ADOPT the Thirty-First Supplemental General Resolution, which authorizes the negotiated sale of up to \$800 million of Los Angeles Wastewater System Revenue Bonds, Series 2025 (the "2025 Senior Bonds," and together with the 2025 Subordinate Bonds, the "Bonds"), including refunding bonds, in one or more series, on a tax-exempt and taxable basis, proposes amendments and supplements to the General Resolution which require bondholder consent, and authorizes the execution of various documents required to consummate the transactions, including approval for the City Administrative Officer to take necessary actions required to manage and effectuate the transaction;
3. ADOPT the Fund Ordinance to create new special funds for recording accounting transactions in connection with refunding of commercial paper issuances with the Bonds, for the purpose of payment of principal and interest on the Bonds, and for the administration of the bond proceeds released from the reserve fund for Senior Lien Bonds and other

reimbursements received by the City to facilitate compliance with certain federal tax law requirements, as submitted by the City Attorney under separate cover; and,

4. AUTHORIZE the City Administrative Officer to make technical corrections and adjustments as necessary to those transactions included in this report to implement the City Council's intentions.

## SUMMARY

The City Administrative Officer ("CAO") requests authority to issue Los Angeles Wastewater ("LAWW") System Subordinate Revenue Bonds, Series 2025-A, Series 2025-B (Taxable), and Refunding Series 2025-C, (collectively the "2025 Subordinate Bonds") to: (i) refinance all or a portion of the outstanding LAWW Commercial Paper Notes, (ii) current refund all or a portion of the outstanding LAWW Series 2013-A, Refunding Series 2013-B, Subordinate Refunding Series 2013-A, and Subordinate Refunding Series 2017-C (Taxable) bonds, and (iii) pay certain costs of issuing the 2025 Subordinate Bonds. Additionally, the CAO requests authority to issue LAWW System Revenue Bonds, Refunding Series 2025-A (the "2025 Senior Bonds," and together with the 2025 Subordinate Bonds, the "Bonds") to: (i) current refund all or a portion of the outstanding LAWW Series 2010-A (Taxable Build America Bonds), Series 2010-B (Taxable Recovery Zone Economic Development Bonds), Series 2015-A, Refunding Series 2015-B, Series 2015-C, Refunding Series 2015-D, and Subordinate Refunding Series 2017-C (Taxable) bonds (unless refunded by the 2025 Subordinate Bonds), and (ii) pay certain costs of issuing the 2025 Senior Bonds. The principal and interest on the Bonds will be secured and payable solely from the revenues and from amounts in the Sewer Construction and Maintenance Fund ("SCM"). The General Fund of the City is not liable for the payment of the principal and interest on the Bonds.

This Office recommends the sale of the Bonds on a negotiated basis and recommends using the following underwriting teams for each series of bonds:

Series	Senior Manager	Co-Senior Manager	Co-Managers
2025 Subordinate Bonds	Goldman Sachs & Co. LLC	Ramirez & Co., Inc. (MBE*) Siebert Williams Shank & Co., LLC (MBE/WBE*)	Morgan Stanley & Co. LLC Stifel, Nicolaus & Company, Incorporated TD Securities (USA) LLC
2025 Senior Bonds	Jefferies LLC	Barclays Capital Inc.	Cabrera Capital Markets, LLC (MBE*) Morgan Stanley & Co. LLC TD Securities (USA) LLC

\* MBE = Minority Business Enterprise, WBE = Women Business Enterprise

As part of the selection process, the CAO released a mini-Request for Proposals ("RFP") on July 3, 2024 to several underwriters from the City's approved qualified list (C.F. 22-0195). As a team, the underwriters selected have the underwriting capacity and extensive institutional and retail investor networks to support and sell the Bonds.

To proceed with these transactions, the City Council will need to adopt the Twenty-Ninth Supplemental Subordinate General Resolution (Attachment A) which authorizes the issuance of the 2025 Subordinate Bonds through a negotiated sale, reaffirms previously proposed amendments and supplements to the Subordinate General Resolution which require bondholder consent, and authorizes the execution and delivery of various documents related to the 2025 Subordinate Bonds, including the Preliminary Official Statement (Attachment B) and Bond Purchase Agreement (Attachment C), and other related actions.

Additionally, the City Council will also need to adopt the Thirty-First Supplemental General Resolution (Attachment D) which authorizes the issuance of the 2025 Senior Bonds through a negotiated sale, proposes amendments and supplements to the General Resolution which require bondholder consent, and authorizes the execution and delivery of various documents relating to the 2025 Senior Bonds, including the Preliminary Official Statement (Attachment E) and Bond Purchase Agreement (Attachment F), and other related actions.

The Mayor and the City Council will also need to approve an Ordinance establishing special funds for the Bonds for recording accounting transactions in connection with refunding of commercial paper issuances with the Bonds, for the purpose of payment of principal and interest on the Bonds, and for the administration of the bond proceeds released from the reserve fund for Senior Lien Bonds and other reimbursements received by the City to facilitate compliance with certain federal tax law requirements, as submitted by the City Attorney under separate cover.

The sale of the 2025 Subordinate Bonds is scheduled for late-April 2025 and closing is scheduled for early-May 2025. The sale and closing of the 2025 Senior Bonds is scheduled to occur shortly thereafter in late-May 2025.

These recommendations are in compliance with the City's Financial Policies. This report contains the good faith estimates relating to the Bonds required by Section 5852.1 of the California Government Code. By placing this report on the City Council Agenda, the City fulfills the requirement to disclose the financing information in a meeting open to the public.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund from approval of the proposed recommendations in this report. Principal and interest on the Bonds will be paid solely from revenues and from amounts in the Sewer Construction and Maintenance Fund.

## **FINANCIAL POLICIES STATEMENT**

The recommendations in this report comply with the City's Financial Policies in that principal and interest on the Bonds will be paid from the Sewer Construction and Maintenance Fund.

## **DEBT IMPACT STATEMENT**

There is no debt impact to the City's General Fund from the approval of the recommendations in this report as debt service on the Bonds will be paid from the Sewer Construction and Maintenance Fund. Based on current market rates, total debt service for the approximate \$798 million of 2025 Subordinate Bonds is projected to be \$1.4 billion, including \$606 million in interest, over 30 years at an interest rate of 4.47 percent. Total debt service for the approximate \$470 million of 2025 Senior Bonds is projected to be \$727 million, including \$257 million in interest, over 20 years at an interest rate of 3.71 percent.

The refunding components of the 2025 Subordinate Bonds are expected to generate present value savings of approximately \$43 million or 8.23 percent of the refunded bonds. The 2025 Senior Bonds are expected to generate present value savings of approximately \$32 million or 6.24 percent of the refunded bonds.

The estimated debt service, interest rates, and projected savings are based on market conditions as of March 17, 2025. Actual debt service, interest rates, and savings will be determined at the time of pricing.

**(Statement of Findings attached)**



## **FINDINGS**

### **1. Background**

The 2025 Senior Bonds are issued pursuant to the Wastewater System Revenue Bonds General Resolution, adopted by the City Council on November 10, 1987, as amended and supplemented (the “Senior General Resolution”). The 2025 Subordinate Bonds are issued pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on March 26, 1991, as amended and supplemented (the “Subordinate General Resolution”).

Under the Senior General Resolution, the City has previously issued multiple series of Senior Bonds (the “Existing Senior Bonds”) that have a first lien on revenues of SCM and revenues otherwise attributable to the Wastewater System (“Revenues”). As of March 1, 2025, the City currently has outstanding Existing Senior Bonds in the aggregate principal amount of \$869,190,000. Under the Subordinate General Resolution, the City has previously issued multiple series of Subordinate Bonds (the “Existing Subordinate Bonds”) that have a second lien on Revenues subordinate to that of the Existing Senior Bonds. As of March 1, 2025, the City currently has outstanding Existing Subordinate Bonds in the aggregate principal amount of \$1,456,730,000, not including \$359,024,000 in aggregate principal of outstanding commercial paper notes, or \$36,753,440.35 of drawn and outstanding principal relating to the Water Infrastructure Finance and Innovation Act loan agreement between the City and the United States Environmental Protection Agency (C.F. 20-1176).

### **2. 2025 Subordinate Bonds - Proposed Transaction and Use of the Bond Proceeds**

The CAO requests authority to issue LAWW System Subordinate Revenue Bonds, Series 2025-A, Series 2025-B (Taxable), and Refunding Series 2025-C to: (i) refinance all or a portion of the outstanding LAWW Commercial Paper Notes, (ii) current refund all or a portion of certain outstanding LAWW bonds, and (iii) pay certain costs of issuing the 2025 Subordinate Bonds.

Commercial Paper (“CP”) is a short-term borrowing mechanism for financing capital project costs. The LAWW System CP Program (“LAWW CP Program”) allows the City to access the financial markets quickly to obtain flexible, short-term financing, as cash is needed, to pay invoices for capital projects relating to the Clean Water Capital Improvement Program managed by the Bureau of Sanitation. CP notes, as opposed to long-term bonds, have short maturities ranging from one to 270 days. Upon maturity, the CP notes are either resold (replaced by newly issued CP) in the market or refinanced into long-term bonds. Long-term refinancing typically occurs when the amount of outstanding CP notes approaches the maximum LAWW CP Program limit, currently \$400 million, in order to restore the borrowing capacity available under the LAWW CP Program for additional capital projects. As of March 1, 2025 there is approximately \$359 million of outstanding CP notes outstanding, consisting of \$214 million in tax-exempt CP notes, and \$145 million in taxable CP notes. The Subordinate Series 2025-A bonds will refinance up to \$214 million of the outstanding tax-exempt CP Notes into long-term tax-exempt fixed rate bonds. The Subordinate Series 2025-B (Taxable) bonds will refinance up to \$145 million of the outstanding taxable CP Notes into taxable long-term fixed rate bonds. The proposed CP refinancings will restore up to \$359 million of LAWW’s

CP capacity to be used on future capital projects.

The Subordinate Refunding Series 2025-C bonds are being issued to achieve interest savings, which will result in reduced debt service costs over the life of the bonds for SCM. Based on market conditions as of March 17, 2025, this Office expects to refund all or a portion of the outstanding Series 2013-A, Refunding Series 2013-B, Subordinate Refunding Series 2013-A, and Subordinate Refunding Series 2017-C (Taxable) bonds. The estimated present value savings from the Subordinate Refunding Series 2025-C bonds is \$43 million, or 8.23 percent of the refunded bonds, which exceeds the City's goal of three percent established in the City's Debt Management Policy.

The costs of issuance ("COI") for the 2025 Subordinate Bonds include fees for bond counsel, disclosure counsel, municipal advisors, rating agencies, underwriters' discount, which is the compensation the underwriters receive for marketing the bonds, and other associated costs. COI will be paid solely from bond proceeds. At this time, the estimated total COI amount for the 2025 Subordinate Bonds is \$2.6 million.

### **3. 2025 Senior Bonds - Proposed Transaction and Use of the Bond Proceeds**

The CAO requests authority to issue LAWW System Revenue Bonds, Refunding Series 2025-A to: (i) current refund all or a portion of certain outstanding LAWW bonds, and (ii) pay certain costs of issuing the 2025 Senior Bonds.

The 2025 Senior Bonds are being issued to achieve interest savings, which will result in reduced debt service costs over the life of the bonds for SCM. Based on market conditions as of March 17, 2025, this Office expects to refund all or a portion of the outstanding Series 2010-A (Taxable Build America Bonds), Series 2015-A, Refunding Series 2015-B, Series 2015-C, and Refunding Series 2015-D bonds. The estimated present value savings from the 2025 Senior Bonds is \$32 million, or 6.24 percent of the refunded bonds, which exceeds the City's goal of three percent established in the City's Debt Management Policy. Additionally, the 2025 Senior Bonds may also refund all or a portion of the outstanding Series 2010-B (Taxable Recovery Zone Economic Development Bonds) bonds as well as the Subordinate Refunding Series 2017-C (Taxable) bonds (if such bonds are not refunded by the 2025 Subordinate Bonds). Based on current market conditions, the refunding of the Series 2010-B (Taxable Recovery Zone Economic Development Bonds) bonds is not considered to be economical and have been excluded from the amounts assumed in this report, including the estimated savings provided above. Additionally, based on current market conditions, the refunding of the Subordinate Refunding Series 2017-C (Taxable) bonds is assumed to occur with the 2025 Subordinate Bonds, but may instead be refunded by the 2025 Senior Bonds depending on which transaction is considered to offer the optimal refunding opportunity. The CAO will continue to monitor these refunding candidates as this transaction moves closer to pricing, and may refund the Series 2010-B (Taxable Recovery Zone Economic Development Bonds) bonds and/or the Subordinate Refunding Series 2017-C (Taxable) bonds with the 2025 Senior Bonds based on market conditions.

The COI for the 2025 Senior Bonds include fees for bond counsel, disclosure counsel, municipal advisors, rating agencies, underwriters' discount, and other associated costs. COI will be paid

solely from bond proceeds. At this time, the estimated total COI amount for the 2025 Senior Bonds is \$2.0 million.

#### **4. Springing Amendments to the Master Resolutions**

##### **Amended and Restated Subordinate General Resolution**

The City is planning to amend and restate the Subordinate General Resolution to include several material amendments. These amendments were originally introduced in 2022 and first proposed in the Twenty-Seventh Supplemental Subordinate General Resolution (C.F. 22-0032) relating to the Subordinate Series 2022-A, Subordinate Series 2022-B (Taxable), and Subordinate Refunding Series 2022-C bonds (collectively, the “2022 Subordinate Bonds”). The form of these changes is included as Exhibit B to the Twenty-Ninth Supplemental Subordinate General Resolution (Attachment A). The Preliminary Official Statement for the 2025 Subordinate Bonds will also include a marked copy of the Amended and Restated Subordinate General Resolution which shows the amendments and modifications that the City intends to make to the Subordinate General Resolution.

The Amended and Restated Subordinate General Resolution will effectuate several significant amendments to the Subordinate General Resolution, including:

- Increase in percentage of bondholders required to accelerate (51 percent versus 25 percent);
- Amend Section 3.09 of the Subordinate General Resolution to provide that Average Annual Debt Service will be used to calculate the test for the issuance of additional Subordinate Bonds (as compared to Maximum Annual Debt Service, which is currently set forth in the Subordinate General Resolution); and,
- Amend Section 6.03 of the Subordinate General Resolution to permit the City to use any monies in the SCM Fund to satisfy the Rate Covenant and to make other modifications.

There are also other amendments to the Subordinate General Resolution contained within the Amended and Restated Subordinate General Resolution that are intended to modernize and improve the outdated master resolution.

Under the Subordinate General Resolution, the Amended and Restated Subordinate General Resolution will not become effective until bondholders owning 51 percent or more of the then-outstanding Subordinate Bonds have consented to such proposed amendments and the other requirements of the Subordinate General Resolution have been satisfied. The City is planning to effectuate these consents through a “springing consent” process, which means that the City will require the holders of each new series of Subordinate Bonds that it issues, including the previously issued 2022 Subordinate Bonds and 2025 Subordinate Bonds, to be deemed to have consented to the Amended and Restated Subordinate General Resolution until the requisite consents have been obtained. After giving effect to the issuance of the 2025 Subordinate Bonds as contemplated in this report, the CAO expects that it would have the requisite consent to the Amended and

Restated Subordinate General Resolution of the then-outstanding Subordinate Bonds. This Office will transmit the Amended and Restated Subordinate General Resolution to the City Council for final adoption at a later date after these transactions relating to the 2025 Subordinate Bonds and 2025 Senior Bonds have closed and the threshold consents (51 percent or more) have been obtained.

As described above, the City has authorized a maximum of \$400 million aggregate principal amount of Subordinate Bonds under the LAWW CP Program. Under the Subordinate General Resolution, the City may secure a portion of the consents from the holders of these CP notes, which the City could also secure by requiring future holders of such CP notes to be deemed to consent to the Amended and Restated Subordinate General Resolution.

#### *Amended and Restated Senior General Resolution*

The City also plans to amend and restate the Senior General Resolution to make similar amendments to the Senior General Resolution. Many of these amendments will be conforming amendments to mirror provisions shared by both the Senior General Resolution and the Subordinate General Resolution, including substantially the same changes to Sections 3.09 and 6.03 and provisions intended to modernize and improve the outdated master resolution, as described above. The City also plans to make additional amendments to provisions in the Senior General Resolution that are not mirrored in the Subordinate General Resolution, including the elimination of the Reserve Fund and the Emergency Fund, with respect to both existing and future Senior Lien Bonds. The form of these changes is included as Exhibit B to the Thirty-First Supplemental General Resolution (Attachment D). The Preliminary Official Statement for the 2025 Senior Bonds will also include a marked copy of the Amended and Restated General Resolution which shows the amendments and modifications that the City intends to make to the Senior General Resolution.

The City also plans to secure consents from the holders of the Senior Lien Bonds on a “springing consent” basis by requiring holders of the Senior Lien Bonds the City issues, including the 2025 Senior Bonds, to consent to these amendments. While these amendments were first introduced in 2022 and disclosed in the Preliminary Official Statement for the 2022 Subordinate Bonds, this transaction will be the first issuance of Senior Lien Bonds that proposes these amendments to the Senior General Resolution. After giving effect to the issuance of the 2025 Senior Bonds as contemplated in this report, the CAO expects that it would have the requisite consent to the Amended and Restated General Resolution of the then-outstanding Senior Lien Bonds. This Office will transmit the Amended and Restated General Resolution to the City Council for final adoption at a later date after these transactions have closed and the threshold consents (51 percent or more) have been obtained.

#### **5. Section 5852.1 of the California Government Code**

Section 5852.1 of the California Government Code requires that prior to the authorization of the issuance of bonds with a term greater than 13 months, the governing body of a public entity shall obtain and disclose specified information regarding the bonds in a meeting open to the public. The

amounts below are good faith estimates as of March 17, 2025, and subject to change at the time of issuance. The following information is required under Section 5852.1:

1. True interest cost ("TIC") of the bonds;
2. Finance charge of the bonds (Sum of all fees and charges paid to third parties, including "Costs of Issuance");
3. Amount of proceeds received from the sale of the bonds; and,
4. Total payment amount ("Total Debt Service").

The table below contains the financing information required by Section 5852.1:

<b>Series</b>	<b>True Interest Cost</b>	<b>Costs of Issuance and Third Party Fees</b>	<b>Amount of Proceeds <sup>(1)</sup></b>	<b>Total Debt Service <sup>(2)</sup></b>
2025 Subordinate Bonds	4.47%	\$2,639,314	\$847,863,178	\$1,403,466,612
2025 Senior Bonds	3.71%	\$1,980,264	\$520,513,493	\$726,728,125

(1) Net of all fees and charges paid to third parties, including Costs of Issuance.

(2) Includes total principal and interest to maturity.

## 6. Financing Team

The firms providing municipal advisory services for this financing are Public Resources Advisory Group, Inc. and Omnicap Group LLC, previously approved by the Mayor and City Council (C.F. 19-0355-S1). Nixon Peabody LLP serves as Bond and Tax Counsel and Stradling Yocca Carlson & Rauth LLP serves as Disclosure Counsel. These law firms are on the City's qualified list of legal services for the City's various bond programs, previously approved by the Mayor and City Council (C.F. 22-0248).

The CAO released a mini- RFP on July 3, 2024 to several underwriters from the City's approved qualified list (C.F. 22-0195). The CAO reviewed proposals submitted by 13 firms and recommends the following underwriting teams for each transaction:

<b>Series</b>	<b>Senior Manager</b>	<b>Co-Senior Manager</b>	<b>Co-Managers</b>
2025 Subordinate Bonds	Goldman Sachs & Co. LLC	Ramirez & Co., Inc. (MBE*) Siebert Williams Shank & Co., LLC (MBE/WBE*)	Morgan Stanley & Co. LLC Stifel, Nicolaus & Company, Incorporated TD Securities (USA) LLC
2025 Senior Bonds	Jefferies LLC	Barclays Capital Inc.	Cabrera Capital Markets, LLC (MBE*) Morgan Stanley & Co. LLC TD Securities (USA) LLC

\* MBE = Minority Business Enterprise, WBE = Women Business Enterprise

As a team, the selected underwriters have the underwriting capacity and extensive institutional and retail investor networks to support and sell the bonds.

## **7. Findings Related to Negotiated Sale of the Bonds and Selection of Professionals Pursuant to Charter Sections 371(e)(2) and 371(e)(10)**

There are three typical methods of issuing debt: 1) a competitive sale, wherein underwriters submit sealed bids and the bidder with the lowest True Interest Cost is awarded the bonds; 2) a negotiated sale, wherein the City selects underwriters through a RFP process and these underwriters assist in structuring and marketing the bonds; and 3) a private placement, a type of negotiated sale wherein the debt is placed directly with a private investor, generally a bank.

This Office finds and recommends that due to the complex legal structure and credit story of the Bonds and the benefits of maintaining flexibility and control of the timing and manner of the sale in the current market conditions, and upon the advice of its municipal advisors, the use of competitive bidding required under Section 371 of the Charter to sell the Bonds would be undesirable and impractical and that it is in the best financial interest of the City to propose to sell the bonds through a negotiated sale.

In addition, this Office finds and recommends that due to the technical nature of the services required for the sale and issuance of the Bonds, which services are of a temporary and occasional character, and upon the advice from the City Attorney with respect to legal professionals, the use of competitive bidding required under Section 371 of the Charter to select legal and other professionals necessary for the sale and issuance of the Bonds would not be practicable, advantageous, or compatible with the City's best interest. However, as described above, such professional services have been competitively procured through the use of previously approved prequalified lists pursuant to Section 372 of the City Charter.

## **8. Required Documents**

To proceed with the recommended transactions, the City Council will need to adopt the Twenty-Ninth Supplemental Subordinate General Resolution (Attachment A) and Thirty-First Supplemental General Resolution (Attachment D), which authorize the issuance of the Bonds and provide for the approval of the following documents as to form:

### **Twenty-Ninth Supplemental Subordinate General Resolution**

- Form of bond for the 2025 Subordinate Bonds (Exhibit A to Attachment A)
- Form of the Amended and Restated Subordinate General Resolution (Exhibit B to Attachment A)
- Preliminary Official Statements ("POS")(Attachment B), which is the primary disclosure and marketing document for the 2025 Subordinate Bonds. The POS describes the proposed bond issuance, the Wastewater System, and security for the 2025 Subordinate

Bonds. It also includes a form of the Continuing Disclosure Certificate, Audited Financial Statements and Debt Compliance Report for the System, and an abbreviated version of the City's general disclosure statement;

- Form of the Continuing Disclosure Certificate which is included in the POS as Appendix H; and,
- Form of the Bond Purchase Agreement, which is the agreement between the City and the underwriters for the sale and purchase of the 2025 Subordinate Bonds (Attachment C).

#### Thirty-First Supplemental General Resolution

- Form of bond for the 2025 Senior Bonds (Exhibit A to Attachment D)
- Form of the Amended and Restated General Resolution (Exhibit B to Attachment D)
- POS for the 2025 Senior Bonds (Attachment E);
- Form of the Continuing Disclosure Certificate, included in the POS as Appendix H; and,
- Form of the Bond Purchase Agreement for the 2025 Senior Bonds (Attachment F).

The Series 2010-A (Taxable Build America Bonds) and Series 2010-B (Taxable Recovery Zone Economic Development Bonds) bonds (collectively, the "Subsidy Bonds") were issued under the Twenty-Fifth Supplemental Resolution (C.F. 08-0951-S2). The Subsidy Bonds are taxable bonds that allow the City to receive periodic direct subsidies from the federal government equal to a percentage of the interest payable on the Subsidy Bonds, pursuant to the American Recovery and Reinvestment Act of 2009. Starting in 2013, these subsidy payments have been reduced due to federal sequestration resulting from the Budget Control Act of 2011. Currently, each federal subsidy payment received for the Subsidy Bonds are reduced by 5.7 percent. Pursuant to the Twenty-Fifth Supplemental Resolution, the Subsidy Bonds are subject to extraordinary optional redemption at the option of the City upon the occurrence of an "Extraordinary Event," which means there has been a determination by the City that a material adverse change has occurred under Sections 54AA or 6431 of the Internal Revenue Code, in the manner described in the Thirty-First Supplemental General Resolution (Attachment D), pursuant to which such direct cash subsidy payments are reduced, deferred, or eliminated. The Thirty-First Supplemental General Resolution (Attachment D) authorizes the CAO to make such determination or take any other action necessary to establish the existence of an "Extraordinary Event" in order to redeem the Subsidy Bonds pursuant to the extraordinary optional redemption provisions, in the event such bonds are refunded by the 2025 Senior Bonds.

Additionally, both the Twenty-Ninth Supplemental Subordinate General Resolution (Attachment A) and Thirty-First Supplemental General Resolution (Attachment D) authorize the CAO to take other additional actions and execute other documents as necessary to consummate the respective transactions and implement the intent of these resolutions, including to execute and deliver one or more escrow agreements to effectuate a defeasance, on such terms and conditions determined by the CAO and with one or more escrow agents selected by the CAO.

An accompanying City Attorney report and proposed ordinance, submitted under separate cover, will also need to be approved to amend the Los Angeles Administrative Code to establish the necessary special funds for the Bonds and accounting funds for prior commercial paper expenditures.

*MWS:HTT:DMP:09250131*

## ATTACHMENTS

- Attachment A – Twenty-Ninth Supplemental Subordinate Resolution
  - Exhibit A – Form of bond for the 2025 Subordinate Bonds
  - Exhibit B – Form of the Amended and Restated Subordinate General Resolution
- Attachment B – Preliminary Official Statement for the 2025 Subordinate Bonds
- Attachment C – Form of the Bond Purchase Agreement for the 2025 Subordinate Bonds
- Attachment D – Thirty-First Supplemental General Resolution
  - Exhibit A – Form of bond for the 2025 Senior Bonds
  - Exhibit B – Form of the Amended and Restated General Resolution
- Attachment E – Preliminary Official Statement for the 2025 Senior Bonds
- Attachment F – Form of the Bond Purchase Agreement for the 2025 Senior Bonds



# **Attachment A – Twenty-Ninth Supplemental Subordinate Resolution**

THE COUNCIL OF THE CITY OF LOS ANGELES

TWENTY-NINTH SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City on  
April \_\_, 2025  
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 BONDS, SERIES 2025,  
INCLUDING REFUNDING BONDS, IN ONE OR MORE SERIES, ON A TAX-EXEMPT  
AND TAXABLE BASIS, THE NEGOTIATED SALES OF SUCH BONDS, THE  
EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO AND RELATED  
ACTIONS, AND AFFIRMING PROPOSED AMENDMENTS AND SUPPLEMENTS TO THE  
SUBORDINATE GENERAL RESOLUTION

## TWENTY-NINTH SUPPLEMENTAL RESOLUTION

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(This table of contents is not part of the Twenty-Ninth 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-Ninth Supplemental Resolution.)

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## TWENTY-NINTH SUPPLEMENTAL RESOLUTION

Providing for

City of Los Angeles  
Wastewater System Subordinate Revenue Bonds  
Series 2025

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 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 the Procedural Ordinance and as used for purposes of this recital, “Bonds”) be issued as provided in the Procedural Ordinance 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 the Procedural Ordinance 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,” \$869,190,000 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 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 up to a maximum amount of \$400,000,000 of Wastewater System Commercial Paper Revenue Notes (the “Commercial Paper Notes”) and wastewater system subordinate revenue bonds, \$1,680,651,010 (which includes \$223,921,010 of authorized amounts under the City’s WIFIA loan) 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 one or more Series of Subordinate Bonds, designated as Wastewater System Subordinate Revenue Bonds Series 2025, with such additional Series and subseries designations, including “Refunding Bonds,” “Taxable” and “Green Bonds,” as shall be deemed necessary or appropriate as provided herein (the “Series 2025 Subordinate Bonds”), through the adoption of this Twenty-Ninth Supplemental Resolution (the “Twenty-Ninth Supplemental Resolution”) for the purpose of (i) refunding all or a portion of the outstanding Prior Senior Bonds (the “Refunded Senior Bonds”), (ii) refunding all or a portion of the outstanding Prior Subordinate Bonds (the “Refunded Subordinate Bonds,” and, together with the Refunded Senior Bonds, the “Refunded Bonds”), (iii) paying all or a portion of outstanding Commercial Paper Notes when due, and (iv) paying the costs of issuance in connection with the issuance of any Series of the Series 2025 Subordinate Bonds; and

WHEREAS, the Series 2025 Subordinate Bonds shall be issued pursuant to and in accordance with the procedures set forth in the Procedural Ordinance, and, with respect to any Series 2025 Subordinate Bonds designated as Refunding Bonds (the “Refunding Bonds”), 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-Ninth Supplemental Resolution; and

WHEREAS, the Series 2025 Subordinate Bonds may be issued in one or more Series, on a tax-exempt and/or taxable basis, in such amounts 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-Ninth Supplemental Resolution; and

WHEREAS, any refunding of Prior Senior Bonds or Prior Subordinate Bonds to be accomplished with the proceeds from the sale of any Series of the Series 2025 Subordinate Bonds

issued pursuant to this Twenty-Ninth Supplemental Resolution will result in either (A) a minimum present value savings of 3.00% of the refunded par amount for any one refunding transaction, 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 Series 2025 Subordinate Bonds issued pursuant to this Twenty-Ninth Supplemental Resolution for the purpose of refunding Refunded Bonds 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-Ninth Supplemental Resolution, the Owners of the Series 2025 Subordinate Bonds will have a second priority perfected security interest in Revenues that will serve as the collateral for the Series 2025 Subordinate Bonds pursuant to the Government Code; and

WHEREAS, the City Administrative Officer finds and recommends that, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, due to the complex legal structure and credit story of the wastewater revenue bonds and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Series 2025 Subordinate Bonds in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the Charter to sell the Series 2025 Subordinate Bonds would be undesirable and impractical and that it is in the best financial interest of the City to propose to sell the Series 2025 Subordinate Bonds through negotiated underwriting processes, provided that, if circumstances should change, nothing herein shall preclude the City from selling the Series 2025 Subordinate Bonds on a competitive basis; and

WHEREAS, the City Administrative Officer finds and recommends that, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, due to the technical nature of the services required for the sale and issuance of the Series 2025 Subordinate Bonds, which services are of a temporary and occasional character, and upon advice from the City Attorney with respect to legal professionals, the use of competitive bidding required under Section 371 of the Charter to select legal and other professionals necessary for the sale and issuance of the Series 2025 Subordinate Bonds would not be practicable, advantageous, or compatible with the City's best interest; and

WHEREAS, it is desirable and necessary that the Council provide for the issuance, securing and sale of the Series 2025 Subordinate Bonds; and



WHEREAS, Section 11.02(a) of the Subordinate General Resolution permits the City by supplemental resolution to supplement and/or amend the Subordinate General Resolution to provide for the issuance of a Series or multiple Series of Subordinate Bonds under the provisions of Section 3.09 of the Subordinate General Resolution and to set forth the terms of such Subordinate Bonds and the special provisions which shall apply to such Subordinate Bonds; and

WHEREAS, the City has received an Opinion of Bond Counsel in accordance with Section 11.02 of the Subordinate General Resolution; and

WHEREAS, Section 11.03 of the Subordinate General Resolution permits the City by supplemental resolution to amend and supplement the Subordinate General Resolution and any Supplemental Resolution thereto and Section 11.03 of the Subordinate General Resolution authorizes the City to distribute, the City has distributed, and the City will further distribute notice to all Bondholders of the Outstanding Subordinate Bonds of its intention to amend and restate the Subordinate General Resolution in the form attached hereto as Exhibit B (the “Amended and Restated Subordinate General Resolution”); and

WHEREAS, such Amended and Restated Subordinate General Resolution makes certain amendments to the First Supplemental Subordinate Resolution (as defined in the Amended and Restated Subordinate General Resolution); and

WHEREAS, the City has previously circulated and proposes to circulate for further approval of Bondholders a form of the Amended and Restated Subordinate General Resolution attached hereto as Exhibit B, which this Council intends to adopt in substantially such form when all required consents have been obtained; and

WHEREAS, any purchasers of the Series 2025 Subordinate Bonds shall be deemed to have granted their consent to the Amended and Restated Subordinate General Resolution by their purchase of the Series 2025 Subordinate Bonds; and

WHEREAS, the Twenty-Ninth 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-Ninth Supplemental Resolution shall have the meanings ascribed to them in the General Resolution or the Subordinate General Resolution. The following definitions shall apply to terms used in this Supplemental Resolution unless the context clearly requires otherwise:

“Authorized City Representative” means the Mayor, the City Clerk (including any interim 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, any Assistant Treasurer, the Chief Investment Officer or a duly authorized designee of any of the foregoing.

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

“Beneficial Owner” means, whenever used with respect to a Series 2025 Subordinate Bond, the person in whose name such Bond is recorded as the beneficial owner by a Participant on the records of such Participant or such person’s subrogee.

“Bond Purchase Agreement” means each agreement between the City and the respective Underwriters identified therein providing for the purchase by such Underwriters for reoffering of one or more Series of the Series 2025 Subordinate Bonds.

“Book-Entry Bonds” means the Series 2025 Subordinate Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 3.05 hereof.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2025 Subordinate Bonds.

“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 amended and supplemented.

“Continuing Disclosure Certificate” means each Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of any Series of the Series 2025 Subordinate Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of any Series of the Series 2025 Subordinate Bonds and the refunding of any Refunded Bonds pursuant to this Twenty-Ninth Supplemental Resolution, including, but not limited to, costs and expenses of printing and copying documents and the Series 2025 Subordinate Bonds, any fees incurred in connection with agreements described in Section 8.04 hereof, and the fees, costs and expenses of rating agencies, legal counsels, accountants, verification specialists, underwriters, municipal advisors, escrow agents, if any, insurance consultants and other consultants and agents.

“Costs of Issuance Fund” means the fund by such name created pursuant to Section 6.03 hereof.

“Costs of Issuance Agreement” means each agreement between the City and the respective Custodian identified therein, and related to the deposit and use of a portion of the proceeds of any

one or more Series of the Series 2025 Subordinate Bonds to pay the Costs of Issuance of such Series of the Series 2025 Subordinate Bonds.

“Custodian” means the custodian appointed pursuant to Section 8.04 hereof.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Escrow Agent” means a financial institution appointed pursuant to Section 8.01 hereof to serve as escrow agent under an Escrow Agreement.

“Escrow Agreement” means each agreement between the City and the respective Escrow Agent identified therein, and related to the deposit, investment and use of a portion of the proceeds of any one or more Series of the Series 2025 Subordinate Bonds and the earnings thereon to pay principal of, and premium and interest on any Refunded Bonds.

“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” or “Senior Lien 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 any Series of the Series 2025 Subordinate Bonds, means each June 1 and December 1, commencing on December 1, 2025, or such other interest payment dates as may be designated in the Bond Purchase Agreement with respect to such Series.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

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

“Prior Subordinate Bonds” means, collectively, all Outstanding Subordinate Bonds issued by the City pursuant to the Subordinate General Resolution prior to this Supplemental Resolution; provided, that, as used in this Supplemental Resolution, the term “Prior Subordinate Bonds” does not include the Commercial Paper Notes.

“Record Date” means, for a June 1 Interest Payment Date, the close of business on the preceding May 15 and, for a December 1 Interest Payment Date, the close of business on the preceding November 15, whether or not such day is a Business Day, or such other record dates designated in the Bond Purchase Agreement with respect to such Series.

“Refunded Bonds” means all or any of the Refunded Senior Bonds and the Refunded Subordinate Bonds to be refunded by the Series 2025 Subordinate Bonds, as the context may require.

“Refunded Senior Bonds” means all or any of the Prior Senior Bonds which are to be refunded by the Series 2025 Subordinate Bonds, which may include the Series 2013-A Senior Bonds and the Series 2013-B Senior Bonds, with the final determination to be based on market conditions or as otherwise in accordance with the Debt Management Policy, as determined by the City Administrative Officer, upon the advice of the City’s municipal advisors.

“Refunded Subordinate Bonds” means all or any of the Prior Subordinate Bonds which are to be refunded by the Series 2025 Subordinate Bonds, which may include the Series 2013-A Subordinate Bonds and the Series 2017-C Subordinate Bonds, with the final determination to be based on market conditions or as otherwise in accordance with the Debt Management Policy, as determined by the City Administrative Officer, upon the advice of the City’s municipal advisors.

“Representation Letter” means the Blanket Letter of Representations from the City to DTC which Representation Letter applies to the Series 2025 Subordinate Bonds.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

“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 Senior Lien Resolution.

“Series” means any series of the Series 2025 Subordinate Bonds.

“Series 2013-A Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Series 2013-A issued pursuant to the General Resolution and the Twenty-Seventh Supplemental Resolution.

“Series 2013-A Subordinate Bonds” means the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A issued pursuant to the Subordinate General Resolution and the Sixteenth Supplemental Resolution.

“Series 2013-B Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2013-B issued pursuant to the General Resolution and the Twenty-Seventh Supplemental Resolution.

“Series 2017-C Subordinate Bonds” means the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) issued pursuant to the Subordinate General Resolution and the Twenty-First Supplemental Resolution.

“Series 2025 Subordinate Bonds” means the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025 and the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025 of each Series authorized to be issued pursuant to this Twenty-Ninth Supplemental Resolution.

“Sixteenth Supplemental Resolution” means the Sixteenth Supplemental Resolution, adopted by the City Council on May 7, 2013, amending and supplementing the Subordinate General 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.

“Tax Certificate” means the Tax Certificate relating to federal tax matters to be executed on behalf of the City at the time of issuance of any one or more Series of Tax-Exempt Series 2025 Subordinate Bonds, as amended from time to time.

“Tax-Exempt Series 2025 Subordinate Bonds” means the Series 2025 Subordinate Bonds issued as bonds the interest on which is exempt from federal income taxation.

“Taxable Series 2025 Subordinate Bonds” means the Series 2025 Subordinate Bonds issued as bonds the interest on which is not exempt from federal income taxation.

“Twenty-First Supplemental Resolution” means the Twenty-First Supplemental Resolution, adopted by the City Council on April 7, 2017, amending and supplementing the Subordinate General Resolution.

“Twenty-Seventh Supplemental Resolution” means the Twenty-Seventh Supplemental Resolution, adopted by the City Council on May 7, 2013, amending and supplementing the General Resolution.

“Underwriters” means the respective underwriters identified in a Bond Purchase Agreement with the City with respect to any one or more Series of the Series 2025 Subordinate Bonds.

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-Ninth 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-Ninth Supplemental Resolution, unless the context otherwise requires, shall have the same meanings in such Supplemental Resolution as in this Twenty-Ninth 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-Ninth Supplemental Resolution.

## ARTICLE II

### SECURITY AND AUTHORIZATION

Section 2.01. Subordinate General Resolution; Special Obligations. The Series 2025 Subordinate Bonds authorized by this Twenty-Ninth Supplemental Resolution are Subordinate Bonds 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 2025 Subordinate Bonds 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 2025 Subordinate Bonds shall be and are special, limited obligations of the City, and the City shall be obligated to pay the principal of, premium, if any, and interest on the Series 2025 Subordinate Bonds solely from the Revenues and from amounts in the SCM Fund and the 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 2025 Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to pay the Series 2025 Subordinate Bonds. The pledge, assignment and lien on the Revenues granted pursuant to the Senior Lien 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-Ninth Supplemental Resolution. The principal of and interest on the Series 2025 Subordinate Bonds 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 and the Debt Service Fund.

Section 2.02. Authorization. The Series 2025 Subordinate Bonds are hereby declared to be issued under the terms of the Charter, the Procedural Ordinance and, with respect to the Refunding Bonds, the Refunding Law, as applicable, and secured as provided in the Charter, the Procedural Ordinance and the Subordinate General Resolution; and provided, that the security provided for the Series 2025 Subordinate Bonds is also granted subordinate to the prior and senior lien to secure Senior Lien Bonds issued under the Senior Lien 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 2025 Subordinate Bonds may recite that they are issued pursuant to the Charter, the Procedural Ordinance and/or the Refunding Law, as applicable. It is hereby declared that a portion of the proceeds of the Series 2025 Subordinate Bonds 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 Bonds.

## ARTICLE III

### DESCRIPTION OF THE SERIES 2025 SUBORDINATE BONDS

Section 3.01. Designation of the Series 2025 Subordinate Bonds; Principal Amounts. The Series 2025 Subordinate Bonds are hereby authorized to be issued in one or more Series (and

any subseries thereof) under the Subordinate General Resolution and this Twenty-Ninth Supplemental Resolution. The aggregate principal amount of Series 2025 Subordinate Bonds issued pursuant to this Twenty-Ninth Supplemental Resolution, including to retire Commercial Paper Notes, shall not exceed \$900,000,000. The Series 2025 Subordinate Bonds shall be issued in such principal amounts and shall be designated as the “City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025,” with such additional Series and subseries designations (if any), including “Refunding Bonds,” “Taxable Bonds” and/or “Green Bonds,” as determined by the City. References herein to a Series of the Series 2025 Subordinate Bonds shall be equally applicable to a subseries thereof.

Section 3.02. Series 2025 Subordinate Bonds Under the Subordinate General Resolution; Security. The Series 2025 Subordinate Bonds are issued under, secured by and subject to the terms of the Subordinate General Resolution and are secured by the Revenues in accordance with the terms of the Subordinate General Resolution. The Series 2025 Subordinate Bonds are special obligations of the City payable only from the Revenues, the SCM Fund and the Debt Service Fund, and not from the general fund of the City, and the City is not obligated to pay the Series 2025 Subordinate Bonds from any other source.

Section 3.03. Terms of the Series 2025 Subordinate Bonds; Signature. The Series 2025 Subordinate Bonds shall be issued in Authorized Denominations and shall be issuable only as fully registered bonds. The Series 2025 Subordinate Bonds 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, except that on one of each Series 2025 Subordinate Bond there shall be at least one manual signature. The Series 2025 Subordinate Bonds shall be numbered as any Authorized City Representative shall determine.

The Series 2025 Subordinate Bonds of each Series, upon initial issuance, shall be dated the date of delivery (or have such other dated date as set forth in the Bond Purchase Agreement related to such Series). Each Series 2025 Subordinate Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is after a Record Date and on or prior to the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such next succeeding Interest Payment Date or unless such date of authentication is on or before the first Interest Payment Date, in which event such Bond shall bear interest from its dated date. If interest on the Series 2025 Subordinate Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2025 Subordinate Bonds surrendered.

Interest on the Series 2025 Subordinate Bonds shall be paid on each June 1 and December 1, commencing on December 1, 2025 (or such other interest payment dates as set forth in the Bond Purchase Agreement related to such Series). Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2025 Subordinate Bonds shall mature on June 1 (or on such other date as set forth in the Bond Purchase Agreement related to such Series) in the years and in the amounts, subject to prior redemption (if applicable), and bear interest at the annual rates set forth in the Bond Purchase Agreement related to such Series, provided, however, that the final maturity of the Series

2025 Subordinate Bonds will not be later than 40 years from the date of issuance of such Series and the true interest cost on the Series 2025 Subordinate Bonds of any Series will not exceed 7.00%.

Payment of principal of the Series 2025 Subordinate Bonds shall be made upon surrender of such Series 2025 Subordinate Bonds to the Treasurer, provided that, with respect to the Series 2025 Subordinate Bonds which are Book-Entry Bonds, the Treasurer may make other arrangements for the payment of principal as provided in the Representation Letter. Payment of interest on Series 2025 Subordinate Bonds which are not Book-Entry Bonds shall be paid by check of the City or a Paying Agent, if a Paying Agent has been appointed, mailed by first-class mail, postage prepaid, to the registered owners at their addresses as they appear on the registration books maintained for the Series 2025 Subordinate Bonds. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.05 hereof. With respect to all Series 2025 Subordinate Bonds, interest shall be paid to the person who was, on the Record Date, the registered owner thereof. The Series 2025 Subordinate Bonds 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 a Series 2025 Subordinate Bond and, to the extent lawful, on overdue interest on a Series 2025 Subordinate Bond will be payable at the stated interest rate on such Series 2025 Subordinate Bond on the day before the default occurred.

Any refunding to be accomplished with the proceeds from the sale of any Series of the Series 2025 Subordinate Bonds issued pursuant to this Twenty-Ninth Supplemental Resolution shall comply with the Debt Management Policy.

Section 3.04. Exchange and Transfer of Series 2025 Subordinate Bonds. Series 2025 Subordinate Bonds which are delivered to the Treasurer for exchange may be exchanged for an equal total unpaid principal amount of Series 2025 Subordinate Bonds of the same Series and maturity but of different Authorized Denominations. Series 2025 Subordinate Bonds 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 any such Series 2025 Subordinate Bond during the period beginning 15 days before the mailing of notice calling any such Series 2025 Subordinate Bond for redemption and ending on the date notice of redemption is mailed nor to transfer or exchange any Series 2025 Subordinate Bond which has been selected for redemption.

Section 3.05. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 3.05, the registered owner of all of the Series 2025 Subordinate Bonds shall be DTC and the Series 2025 Subordinate Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal or interest for any Series 2025 Subordinate Bond registered in the name of Cede & Co. shall be made on the payment date by wire transfer of New York clearing house or equivalent next day funds or



by wire transfer of same day funds to the account of Cede & Co. Such payments shall be made to Cede & Co. at the address which is, on the regular Record Date or special record date, as the case may be, shown for Cede & Co. in the registration books of the City.

(b) The Series 2025 Subordinate Bonds shall be initially issued in the form of a separate single authenticated fully registered Series 2025 Subordinate Bond for each separate stated maturity of the Series 2025 Subordinate Bonds. Upon initial issuance, the ownership of all Series 2025 Subordinate Bonds shall be registered on the registration books of the City in the name of Cede & Co., as nominee of DTC. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2025 Subordinate Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 2025 Subordinate Bonds, respectively, selecting the Series 2025 Subordinate Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Subordinate General Resolution or this Twenty-Ninth Supplemental Resolution, registering the transfer of Series 2025 Subordinate Bonds, as the case may be, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2025 Subordinate Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment to DTC or any Participant of any amount in respect of the principal of, redemption price of or interest on the Series 2025 Subordinate Bonds; any notice which is permitted or required to be given to Bondholders under the Subordinate General Resolution or this Twenty-Ninth Supplemental Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2025 Subordinate Bonds; or any consent given or other action taken by DTC as Bondholder. The City shall pay all principal of and premium, if any, and interest on the Series 2025 Subordinate Bonds only to or “upon the order of” DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations, with respect to the principal of and premium, if any, and interest on the Series 2025 Subordinate Bonds, respectively, to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2025 Subordinate Bond evidencing the obligation of the City to make payments of principal of and premium, if any, and interest pursuant to the Subordinate General Resolution or this Twenty-Ninth Supplemental Resolution. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word “Cede & Co.” in this Twenty-Ninth Supplemental Resolution shall refer to such new nominee of DTC.

(c) If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and that such certificates should, therefore, be made available, and notifies DTC of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event the Treasurer shall authenticate and shall transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2025 Subordinate Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no

successor securities depository), the City shall be obligated to deliver Bond certificates as described in this Twenty-Ninth Supplemental Resolution. If Bond certificates are issued, the provisions of the General Resolution and this Twenty-Ninth Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 2025 Subordinate Bonds to any DTC Participant having Series 2025 Subordinate Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2025 Subordinate Bonds.

(d) Notwithstanding any other provision of the Subordinate General Resolution or this Twenty-Ninth Supplemental Resolution to the contrary, so long as any Series 2025 Subordinate Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2025 Subordinate Bond and all notices with respect to such Series 2025 Subordinate Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Subordinate General Resolution and this Twenty-Ninth Supplemental Resolution by the City with respect to any consent or other action to be taken by Bondholders, the City shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

Section 3.06. Form of Series 2025 Subordinate Bonds. The Series 2025 Subordinate Bonds of each Series (and any subseries thereof) 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 any Series 2025 Subordinate Bonds, the City shall give notice to the registered owners of the Series 2025 Subordinate Bonds to be redeemed as provided in Section 4.03 of the Subordinate General Resolution. Such notice shall be given by Mail or other electronic means of communication, at least 20 days and not more than 60 days before the redemption date and shall be given to each registered owner of a Series 2025 Subordinate Bond to be redeemed.

In addition to the notice required by Section 4.03 of the Subordinate General Resolution, upon any redemption, further notice shall be given by the City as set out below, but no defect in any such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

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 numbers of all Series 2025 Subordinate Bonds, or portions thereof being redeemed; (ii) the date of original issuance of the Series 2025 Subordinate Bonds; (iii) the rate of interest borne by the Series 2025 Subordinate Bonds being redeemed; (iv) the maturity date of the Series 2025 Subordinate Bonds 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 2025 Subordinate Bonds or portions thereof being redeemed.

Each further notice of redemption shall be sent at least 20 days before the redemption date by registered or certified mail or overnight delivery service to:

The Depository Trust Company  
140 58<sup>th</sup> Street  
Brooklyn, NY 11220

and 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, other than notice of redemption from mandatory sinking fund payments pursuant to Section 4.03, 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 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 2025 Subordinate Bonds 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 2025 Subordinate Bonds called for redemption.

Section 4.02. Optional Redemption of the Series 2025 Subordinate Bonds. The Series 2025 Subordinate Bonds of any Series may be subject to optional redemption as set forth in the Bond Purchase Agreement related to such Series. The Series 2025 Subordinate Bonds of any Series which are subject to optional redemption at par shall be subject to optional redemption not later than the tenth calendar year following the date of issuance of such Series 2025 Subordinate Bonds or as otherwise set forth in the Bond Purchase Agreement related to such Series. Additionally, any Taxable Series 2025 Subordinate Bond may be subject to make-whole optional redemption as set forth in the Bond Purchase Agreement related to such Series.

Section 4.03. Mandatory Sinking Fund Redemption of the Series 2025 Subordinate Bonds. The Series 2025 Subordinate Bonds of any Series shall be subject to mandatory sinking fund redemption as set forth in the Bond Purchase Agreement related to such Series. On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the City shall proceed to select for redemption (by lot or pro rata in such manner as the City may determine and consistent with Section 4.05 herein), from all Series 2025 Subordinate Bonds subject to such redemption, an aggregate principal amount of such Subordinate Bonds equal to the amount for such year as set forth in the table in the Bond Purchase Agreement related to such Series and shall call such Subordinate Bonds or portions thereof in Authorized Denominations for redemption and shall give

notice of such call. At the option of the City, the City may credit against any mandatory sinking fund redemption requirement, the Series 2025 Subordinate Bonds, or portions thereof in Authorized Denominations of the stated maturity subject to such redemption which, prior to said date, have been purchased by the City or redeemed (otherwise than under the provisions of this Section 4.03) and canceled and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2025 Subordinate Bond or portion thereof so purchased or previously redeemed shall be credited by the City at one hundred percent (100%) of the principal amount thereof against the obligation of the City on such mandatory sinking fund redemption date.

Section 4.04. Payment of Series 2025 Subordinate Bonds Called for Redemption. Upon surrender to the Treasurer, Series 2025 Subordinate Bonds called for redemption shall be paid at the redemption price, including accrued and unpaid interest, if any, to the redemption date, provided that, with respect to Book-Entry Bonds, the City may make other arrangements for payment as provided in the Representation Letter.

Section 4.05. Selection of Series 2025 Subordinate Bonds for Redemption; Series 2025 Subordinate Bonds Redeemed in Part. The Series 2025 Subordinate Bonds which are subject to optional redemption will be selected among such maturities as the City may designate or, absent such designation, pro rata among maturities or as set forth in the Bond Purchase Agreement related to such Series. The Series 2025 Subordinate Bonds may be redeemed by lot or pro rata within any one maturity, in a manner the City shall deem appropriate.

Upon surrender of a Series 2025 Subordinate 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 2025 Subordinate Bond of the same Series and maturity equal in principal amount to the unredeemed portion of the Series 2025 Subordinate Bond surrendered.

## ARTICLE V

### APPLICATION OF PROCEEDS

Section 5.01. Application of Proceeds. The proceeds of the sale of any Series of the Series 2025 Subordinate Bonds (and any subseries thereof) received by the City shall be applied by the City for the following purposes and in such amounts and in such manner as directed by the City in connection with such Series:

(a) the amount needed to pay Costs of Issuance associated with the issuance of such Series of the Series 2025 Subordinate Bonds shall be transferred to the respective Custodian for the Costs of Issuance Fund to be disbursed to pay the Costs of Issuance, pursuant to the applicable Costs of Issuance Agreement;

(b) the amount needed to defease or refund the Refunded Senior Bonds shall be transferred to the Escrow Agent, if any, or paying agent, as applicable, for the Refunded Senior Bonds and used to pay the Refunded Senior Bonds or as otherwise directed by the City;

(c) the amount needed to defease or refund the Refunded Subordinate Bonds shall be transferred to the Escrow Agent, if any, or paying agent, as applicable, for the Refunded Subordinate Bonds and used to pay the Refunded Subordinate Bonds or as otherwise directed by the City; and

(d) 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 debt service fund for the Commercial Paper Notes and used to pay the Commercial Paper Notes;

Notwithstanding the foregoing provisions of this Article V, the amount to be transferred to the respective Escrow Agent, if any, or paying agent, as applicable, for the Refunded Bonds may be paid directly by the Underwriters to such Escrow Agent, if any, or paying agent, as applicable, and, in such event, shall be deemed to have been received by the City and transferred to such Escrow Agent, if any, or paying agent, as applicable.

## ARTICLE VI

### FUNDS

Section 6.01. Reserved.

Section 6.02. Debt Service Fund. The City will, by ordinance create one or more separate funds for the Series 2025 Subordinate Bonds, with such further designations identifying the Series (which may be one or more Series of the Series 2025 Subordinate Bonds) to which such fund shall relate, or as otherwise designated by the City, all as the City deems appropriate, within the City Treasury for each Series of the Series 2025 Subordinate Bonds, designated as the “Wastewater System Subordinate Revenue Bonds Debt Service Fund, [Refunding] Series 2025-[insert Series/subseries designation]” (collectively, the “2025 Subordinate Debt Service Funds”), which shall each be a Debt Service Fund as provided in the Subordinate General Resolution for the respective Series of the Series 2025 Subordinate Bonds. Amounts in the 2025 Subordinate Debt Service Funds shall be used to pay principal of, and interest and any premium on, the Series 2025 Subordinate Bonds as the same become due and payable.

Section 6.03. Costs of Issuance Fund. There is hereby authorized to be created under any one or more Costs of Issuance Agreements, one or more Costs of Issuance Funds for the Series 2025 Subordinate Bonds (collectively, the “Subordinate Series 2025 Costs of Issuance Fund”). Amounts in the Subordinate Series 2025 Costs of Issuance Fund shall be used to pay Costs of Issuance of the related Series 2025 Subordinate Bonds. Any moneys remaining in the Subordinate Series 2025 Costs of Issuance Fund after payment of all related Costs of Issuance shall be transferred to the 2025 Subordinate Debt Service Fund, as applicable.

## ARTICLE VII

### TAX COVENANTS

Section 7.01. Reserved.

## Section 7.02. Tax Compliance.

(a) With respect to the Tax-Exempt Series 2025 Subordinate Bonds, the City hereby agrees that it will deliver and comply with the covenants and agreements set forth in the Tax Certificate for the Tax-Exempt Series 2025 Subordinate Bonds, including creating funds by ordinance which will be held by the City if so required under the Tax Certificate for the Tax-Exempt Series 2025 Subordinate Bonds.

(b) The City shall not use or permit the use of any proceeds of Tax-Exempt Series 2025 Subordinate Bonds or any other funds of the City held under this Twenty-Ninth Supplemental Resolution or the Subordinate General Resolution, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City, and shall not take or permit to be taken any other action or actions, which would cause any Tax-Exempt Series 2025 Subordinate Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder.

Section 7.03. Additional Actions. The City shall at all times do and perform all acts and things permitted by law, the Subordinate General Resolution and this Twenty-Ninth Supplemental Resolution which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Series 2025 Subordinate Bonds (or any of them) will be excluded from gross income of the recipient thereof for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

## ARTICLE VIII

### AGENTS

Section 8.01. Appointment of Agents. The City Administrative Officer is authorized to appoint one or more banks, trust companies or financial institutions as Escrow Agents for the purpose of accepting, holding, investing and applying funds to be used to refund the Refunded Bonds. 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 any Series of the Series 2025 Subordinate Bonds. The City hereby appoints the City Clerk as Authenticating Agent for the Series 2025 Subordinate Bonds.

Section 8.02. 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. An Escrow Agent, if any, may resign or be removed as provided in the applicable Escrow Agreement.

Section 8.03. 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. A successor Escrow Agent, if any, can be appointed by the City only as provided in the respective Escrow Agreement.

Section 8.04. Appointment of Costs of Issuance Fund Custodian. The City hereby appoints U.S. Bank Trust Company, National Association as custodian (the “Custodian”) of the proceeds to be deposited in the respective Subordinate Series 2025 Costs of Issuance Fund and hereby directs the Custodian to establish such funds and accounts in the name of the City for such purpose and to deposit and disburse amounts from such accounts pursuant to the agreement entered into with the Custodian or otherwise at the written direction of the City Administrative Officer.

## ARTICLE IX

### APPROVALS AND AUTHORIZATIONS

Section 9.01. Findings Related to Negotiated Sale of the Series 2025 Subordinate Bonds and Selection of Professionals. Pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, the Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to the complex legal structure and credit story of the wastewater revenue bonds and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Series 2025 Subordinate Bonds in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the Charter to sell the Series 2025 Subordinate Bonds would be undesirable and impractical and that it is in the best financial interest of the City to propose to sell the Series 2025 Subordinate Bonds through negotiated underwriting processes with the Underwriters. The Council hereby approves the City Administrative Officer’s recommendation of the Underwriters. The City Administrative Officer may approve additional underwriters to participate in the underwriting syndicate as the City Administrative Officer shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the City Administrative Officer’s execution and delivery of the applicable Bond Purchase Agreement. In addition, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, the Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to the technical nature of the services required for the sale and issuance of the Series 2025 Subordinate Bonds, which services are of a temporary and occasional character, and upon advice from the City Attorney with respect to legal professionals, the use of competitive bidding required under Section 371 of the Charter to select legal and other professionals necessary for the sale and issuance of the Series 2025 Subordinate Bonds would not be practicable, advantageous, or compatible with the City’s best interest.

Section 9.02. Approval of Bond Purchase Agreement. Each Bond Purchase Agreement in substantially the form before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into each Bond Purchase Agreement with one or more of the Underwriters with respect to any one or more Series of the Series 2025 Subordinate Bonds, in substantially the form presented to this Council, with such changes as such 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 Bond Purchase Agreement to be a valid and binding obligation of the City. The Underwriters’ discount under the respective Bond Purchase Agreement shall not exceed 0.5% of the aggregate principal amount of the Series 2025 Subordinate Bonds purchased thereunder.

Section 9.03. Reserved.

Section 9.04. Official Statement. The form of the preliminary official statement relating to the Series 2025 Subordinate Bonds (the “Preliminary Official Statement”) submitted to this Council with such changes therein, and in any supplement thereto, if applicable, as may be approved by the City Administrative Officer is hereby approved for use in connection with the public offering of the Series 2025 Subordinate Bonds. Upon approval of such additions and changes, whether material or otherwise, by the City Administrative Officer, the Preliminary Official Statement, and any supplement thereto, if applicable, shall be deemed final as of their respective dates, as evidenced by a certificate of the City to such effect, except for the omission of certain information as provided in and pursuant to Rule 15c2-12. The City Administrative Officer, for and on behalf of the City, is hereby authorized to execute a final official statement for one or more Series of the Series 2025 Subordinate Bonds (the “Official Statement”), with such additions and changes therein, and in any supplement thereto, if applicable, whether material or otherwise, as he or she may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The distribution by the Underwriters of the Preliminary Official Statement and the Official Statement, and any supplement thereto, if applicable, in connection with the public offering of each Series of the Series 2025 Subordinate Bonds is hereby approved.

Section 9.05. Continuing Disclosure. The Continuing Disclosure Certificate, in substantially the form attached to the Preliminary Official Statement as Appendix H and is before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into one or more Continuing Disclosure Certificates with respect to any one or more Series of the Series 2025 Subordinate Bonds in substantially the form presented to this Council, with such changes as such City Administrative Officer, upon the advice of the City Attorney, deems necessary and appropriate. The signature of the City Administrative Officer shall be sufficient to bind the City and cause the Continuing Disclosure Certificate(s) to be a valid and binding obligation of the City.

Section 9.06. Execution of Documents; Additional Actions and Ratification. The City Administrative Officer is hereby authorized to purchase or subscribe from time to time for the government obligations or other securities to be deposited in escrow in connection with the refundings contemplated by this Twenty-Ninth Supplemental Resolution, to authorize any Escrow Agent to so subscribe, to enter into cash flow agreements, debt service agreements, forward supply contracts and other similar contractual obligations necessary or appropriate to effectuate the transactions contemplated by this Twenty-Ninth Supplemental Resolution, 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), to execute such certificates (including the Tax Certificate), agreements, forms and other closing documents, including those relating to the tax-exempt status of the Tax-Exempt Series 2025 Subordinate Bonds and those relating to the securities depository, and such other instruments or documents as are necessary or appropriate to consummate the transactions contemplated by this Twenty-Ninth Supplemental Resolution. The City Administrative Officer and the officers and employees of the City are, and each of them is, hereby authorized and directed, for and in the name of and on behalf of the City to do any and all things and to execute and deliver any and all certificates, agreements (including the Tax Certificate), forms, extensions and other documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Twenty-Ninth Supplemental Resolution and otherwise to carry out, give



effect to and comply with the terms and intent hereof. All actions heretofore taken by an officer, employees, agents or directors of the City and the review and execution of any documents, certificates and other instruments by any officer, employees, agents or directors of the City, regarding the matters set forth herein are hereby ratified, confirmed, adopted, authorized and approved. In connection with the defeasance of any Prior Senior Bonds or Prior Subordinate Bonds, the City Administrative Officer is authorized and directed to execute and deliver one or more Escrow Agreements to effectuate such defeasance, on such terms and conditions determined by the City Administrative Officer and with one or more Escrow Agents selected by the City Administrative Officer. 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. All of the agreements contemplated by this Twenty-Ninth Supplemental Resolution may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement.

## ARTICLE X MISCELLANEOUS

Section 10.01. Owners of Series 2025 Subordinate Bonds Deemed to Consent to the Amended and Restated Subordinate General Resolution. All Owners and Beneficial Owners of the Series 2025 Subordinate Bonds, by virtue of their purchase and acceptance of the Series 2025 Subordinate Bonds, shall be deemed to have consented to the provisions of the proposed form of the Amended and Restated Subordinate General Resolution, including the amendments to the First Supplemental Subordinate Resolution, attached hereto as Exhibit B.

### Section 10.02. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Twenty-Ninth Supplemental Resolution or the Series 2025 Subordinate Bonds shall be in writing except as expressly provided otherwise in this Twenty-Ninth Supplemental Resolution or the Series 2025 Subordinate Bonds.

(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 and/or Fitch shall have provided a credit rating for any of the Series 2025 Subordinate Bonds at the request of the City, the City shall give written notice to each of S&P and/or Fitch then providing a credit rating on any of the Series 2025 Subordinate Bonds if at any time (i) payment of principal and interest on the Series 2025 Subordinate Bonds is accelerated pursuant to the provisions of Section 9.02(a) of the Subordinate General Resolution or (ii) there is

any amendment to the Subordinate General Resolution or this Twenty-Ninth 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 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; or to such other address as S&P or Fitch, respectively, shall supply to the City.

Section 10.03. Limitation of Rights. Nothing expressed or implied in this Twenty-Ninth Supplemental Resolution or the Series 2025 Subordinate Bonds shall give any person other than the City, and the Bondholders any right, remedy or claim under or with respect to this Twenty-Ninth Supplemental Resolution.

Section 10.04. Supplemental Resolution a Contract. This Twenty-Ninth Supplemental Resolution (excluding Article X hereof), 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 10.05. Severability. If any provision of this Twenty-Ninth Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this Twenty-Ninth Supplemental Resolution.

Section 10.06. 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 10.07. Governing Law. This Twenty-Ninth Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 10.08. Captions. The captions in this Twenty-Ninth Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Twenty-Ninth Supplemental Resolution.

Section 10.09. Effective Date. This Twenty-Ninth Supplemental Resolution shall take effect from and upon its adoption.

Approved as to Form

HYDEE FELDSTEIN SOTO, City Attorney

By:  \_\_\_\_\_  
Deputy City Attorney

EXHIBIT A

FORM OF SERIES 2025 SUBORDINATE BOND

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
CITY OF LOS ANGELES  
WASTEWATER SYSTEM SUBORDINATE REVENUE BOND,  
[REFUNDING] SERIES 2025- [\_\_\_] [Add Series/Subseries Designation]

No.

Interest

Maturity Date

Dated Date

CUSIP No.

%

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 HEREIN. THIS SUBORDINATE BOND IS AN OBLIGATION THAT IS JUNIOR AND SUBORDINATE TO SENIOR LIEN BONDS (DEFINED BELOW) ISSUED UNDER THE GENERAL RESOLUTION (DEFINED BELOW) AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE REVENUES. THE CITY IS NOT OBLIGATED TO MAKE PAYMENT HEREON FROM ANY OTHER SOURCE. THIS SUBORDINATE BOND IS NOT PAYABLE FROM THE GENERAL FUND OF THE CITY AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF ANY AMOUNTS DUE ON THIS SUBORDINATE BOND.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$\_\_\_\_\_

The City of Los Angeles (the “City”), a municipal corporation and a political subdivision of the State of California, organized and operating under the terms of the Charter of the City of Los Angeles (the “Charter”) and the Constitution of the State of California, promises to pay, from the sources described in this Subordinate Bond and not from any other sources, to the Registered

Owner set forth above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, and to pay interest as provided in this Subordinate Bond.

This Subordinate Bond is authorized, issued and secured under the terms of that Wastewater System Subordinate Revenue Bonds General Resolution adopted by the Council of the City on March 26, 1991, as heretofore amended and supplemented (the “Subordinate General Resolution”), including by the terms of that Twenty-Ninth Supplemental Resolution Supplementing the Subordinate General Resolution, adopted by the Council on April \_\_, 2025 (as hereinafter defined, the “Twenty-Ninth Supplemental Resolution”). This Subordinate Bond is issued pursuant to the authority of the Charter, Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City, [and 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 Government Code of the State of California].

All bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred pursuant to the terms of the Wastewater System Revenue Bonds General Resolution adopted on November 10, 1987 (as heretofore amended and supplemented, the “General Resolution”) are referred to hereinafter as “Senior Lien Bonds” and are all equally and ratably secured by and payable from the Revenues and those funds described in the General Resolution.

Additional Senior Lien Bonds and Subordinate Bonds may be issued from time to time under the terms of the General Resolution and Subordinate General Resolution, respectively, and all such additional Senior Lien Bonds and Subordinate Bonds will be equally and ratably secured with the Prior Senior Lien Bonds and Prior Subordinate Bonds, respectively, in accordance with the General Resolution and the Subordinate General Resolution, respectively, by the Revenues and those funds described in the General Resolution and Subordinate General Resolution, respectively, and will be payable from the same source as this Subordinate Bond, respectively. The General Resolution provides that operation and maintenance expenses of the System are to be paid from the Revenues in the SCM Fund as such expenses become due in the ordinary course of business.

The City’s obligation to make payment of the principal of, interest on and premium, if any, on the Subordinate Bonds is only to the extent of the Revenues and amounts in the SCM Fund, the Debt Service Fund (defined in the Subordinate General Resolution), and the City has no obligation to make payments from any other sources. The general fund of the City is not liable for the payment of this Subordinate Bond, or the premium, if any, or interest thereon, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of this Subordinate Bond, or the premium, if any, of the interest thereon.

The security for the Subordinate Bonds, the events that constitute Events of Default thereunder and the remedies therefor are set forth in the Subordinate General Resolution and Twenty-Ninth Supplemental Resolution, and Holders of this Subordinate Bond are referred to the Subordinate General Resolution and the Twenty-Ninth Supplemental Resolution for description of those terms.

This Subordinate Bond shall bear interest until its Maturity Date or earlier redemption (if applicable) at the rate shown on the face of this Subordinate Bond. Interest on overdue principal

and, to the extent lawful, all overdue interest will be payable at the stated interest rate on this Subordinate Bond on the day before the default occurred. Interest on this Subordinate Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months. Interest will be due and payable on this Subordinate Bond on each June 1 and December 1, commencing on December 1, 2025 until maturity or earlier redemption and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a June 1 payment is the close of business on the preceding May 15, and the Record Date for a December 1 payment is the close of business on the preceding November 15, whether or not such day is a Business Day.

This Subordinate Bond is subject to redemption prior to its maturity date as provided in the Twenty-Ninth Supplemental Resolution. When notice of redemption is given, the Subordinate Bonds called for redemption become due and payable on the redemption date at the applicable redemption price; in such case, when funds are held in trust for payment of the redemption price and such amounts are sufficient to pay the redemption price, interest on the Subordinate Bonds to be redeemed will cease to accrue from and after the redemption date.

Holders must surrender Subordinate Bonds to the Treasurer of the City to collect principal except that with respect to Subordinate Bonds which are Book-Entry Bonds (as defined in the Twenty-Ninth Supplemental Resolution), the Treasurer may make other arrangements for payment of principal. Interest will be paid to each party who is, as of the Record Date, the registered owner of Subordinate Bonds. If this Subordinate Bond is not a Book-Entry Bond, as defined in the Twenty-Ninth Supplemental Resolution, interest hereon will be paid by check mailed to the Holder's registered address, and, if this Subordinate Bond is a Book-Entry Bond, interest will be paid as provided in Section 3.05 of the Twenty-Ninth Supplemental Resolution. 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. If any payment on the Subordinate Bonds is due on a non-Business Day, it will be made on the next Business Day, and no additional interest will accrue as a result.

These Subordinate Bonds are available in denominations of \$5,000 and integral multiples of \$5,000. A Bondholder may transfer or exchange Subordinate Bonds in accordance with the Subordinate General Resolution and the Twenty-Ninth Supplemental Resolution. The City may require a Bondholder, among other things, to furnish appropriate endorsements and transfer documents and to pay any required taxes and fees associated therewith. The City need not transfer or exchange any of these Subordinate Bonds for the period beginning 15 days before mailing a notice of redemption of such Subordinate Bonds and ending on the date the notice of redemption is mailed nor transfer or exchange any of these Subordinate Bonds which has been selected for redemption.

The registered owner of this Subordinate Bond shall be treated as the owner of it for all purposes.

If the City at any time irrevocably sets aside money or Government Obligations as described in the Subordinate General Resolution sufficient, together with the earnings thereon, to pay at redemption or maturity, the principal of, premium, if any, and interest on the outstanding Subordinate Bonds, and if the City also pays all other sums then payable by the City under the Subordinate General Resolution, the Subordinate General Resolution will be discharged. After

discharge, Bondholders must look only to the money and securities set aside for payment. If the City at any time irrevocably sets aside money or Government Obligations as described in the Subordinate General Resolution sufficient to pay at redemption or maturity principal of, premium, if any, and interest on all or any portion of these outstanding Subordinate Bonds, such Subordinate Bonds, with respect to which the money or securities were set aside, shall no longer be deemed to be outstanding and shall no longer be secured by the Subordinate General Resolution except to the extent of the moneys and securities set aside therefor.

The Subordinate General Resolution, the Twenty-Ninth Supplemental Resolution and these Subordinate Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Subordinate General Resolution. Any consent given by the owner of this Subordinate Bond to any such action shall be irrevocable and shall bind any subsequent owner of this Subordinate Bond or any Subordinate Bond delivered in substitution for this Subordinate Bond.

By purchase of this Subordinate Bond, the owner hereby consents to the provisions of the proposed form of the Amended and Restated Subordinate General Resolution, including the amendments to the First Supplemental Subordinate Resolution, attached to the Twenty-Ninth Supplemental Resolution as Exhibit B.

The Subordinate General Resolution provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Principal of this Subordinate Bond may be declared to be due and payable immediately on the terms set forth in the Subordinate General Resolution. Any such acceleration may be waived as provided in the Subordinate General Resolution. Bondholders may not enforce the Subordinate General Resolution or the Subordinate Bonds except as provided in the Subordinate General Resolution, and, if credit enhancement has been provided for all or a portion of the Subordinate Bonds issued under the Subordinate General Resolution, the provider or providers of such credit enhancement may be able to direct the exercise of remedies.

This Subordinate Bond shall not be valid until the City Clerk, as Authenticating Agent, signs the certificate of authentication on the last 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-Ninth  
Supplemental Resolution referred to herein.

CITY OF LOS ANGELES

By: \_\_\_\_\_  
[Mayor or 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 City, 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.



EXHIBIT B

FORM OF THE AMENDED AND RESTATED SUBORDINATE GENERAL RESOLUTION

**THE CITY COUNCIL OF THE CITY OF LOS ANGELES**

**AMENDED AND RESTATED  
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS  
GENERAL RESOLUTION**

**Adopted by  
the City Council**

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**THE CITY COUNCIL OF THE CITY OF LOS ANGELES  
AMENDED AND RESTATED  
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS  
GENERAL RESOLUTION**

WHEREAS, the City of Los Angeles (the "City") is a municipal corporation and a political subdivision of the State of California (the "State") and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of the Charter of the City of Los Angeles as from time to time amended (the "Charter") and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates the System (as defined herein); and

WHEREAS, it is necessary from time to time to provide financing for the acquisition, construction, improvement and extension of the System and for other needs related to the System; and

WHEREAS, the City Council on November 10, 1987, adopted its Wastewater System Revenue Bonds General Resolution (as amended, modified and supplemented from time to time, the "Senior Lien Resolution") and therein pledged, as security and a source of payment for all Bonds (as defined in the Senior Lien Resolution), the Revenues and all moneys and securities held in the Reserve Fund, Debt Service Fund and Construction Funds under the Senior Lien Resolution; and

WHEREAS, the City Council on March 26, 1991, adopted its Wastewater System Subordinate Revenue Bonds General Resolution (as amended, modified and supplemented to date, the "Original Subordinate Lien Resolution"), to implement a commercial paper program to provide an alternative form of financing for costs of the System and to encumber the Revenues on a subordinate basis to secure obligations issued as part of the commercial paper program and to provide for other subordinate obligations to be incurred from time to time on a parity with the commercial paper notes; and

WHEREAS, the City Council desires to amend and restate the Original Subordinate Lien Resolution; and

WHEREAS, the City Council desires to also make an amendment to the First Supplemental Subordinate Resolution (as defined herein); and

WHEREAS, the conditions precedent set forth in the Original Subordinate Lien Resolution to the effectiveness of the amendments and restatement contained herein have been satisfied;

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

## ARTICLE I

### DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this Subordinate General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise.

“Annual Debt Service” shall mean, with respect to any Covered Obligations and for any Fiscal Year, the aggregate amount of Debt Service on such Covered Obligations becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Subordinate Bonds of any Series in place of or in addition to the Treasurer.

“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Covered Obligations for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Covered Obligations is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Subordinate Bonds, any denomination authorized by the Supplemental Resolution under which Subordinate Bonds of such Series are issued.

“Bond Counsel” shall mean a firm of attorneys which is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Subordinate Bond or Subordinate Bonds of any Series are at such time registered on the books maintained by the City or its Registrar.

“Build America Bonds” shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall mean (i) with respect to the Series 2022 Subordinate Bonds and any Series of Subordinate Bonds issued after the Series 2022 Subordinate Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect to

Subordinate Bonds of any Series issued before the date of issuance of the Series 2022 Subordinate Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Subordinate Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Subordinate Bonds which is paid from proceeds of the Subordinate Bonds.

“Charter” shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commercial Paper Program” shall mean an aggregate principal amount of short-term obligations of the City payable from the Revenues and authorized by the Council to be incurred through the issuance and refinancing, from time to time, of notes of the City with maturities of not to exceed 270 days. The maximum aggregate principal amount of such notes which may be Outstanding at any time is limited by the Council. The term “Commercial Paper Program” shall also include the City’s agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution).

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof and, where specifically stated as such, the Construction Funds as defined in the Senior Lien Resolution.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this Subordinate General Resolution.

“Covered Obligations” shall mean, collectively, the Senior Lien Bonds and the Subordinate Bonds.

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Covered Obligations during such Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid



with respect to such Covered Obligations during such Fiscal Year, and (3) any other regularly scheduled payments of Covered Obligations during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Covered Obligations shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Covered Obligations constitutes Tender Indebtedness or if Subordinate Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Covered Obligations were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in the initial paragraph of this definition of "Debt Service" unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (ii) below;

(ii) if any of the Outstanding Series of Covered Obligations constitutes Variable Rate Indebtedness or if Subordinate Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness or subsection (iii) relating to a Commercial Paper Program apply), then, such Series of Covered Obligations shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Subordinate Bonds or Senior Lien Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Subordinate Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if any of the Outstanding Series of Covered Obligations are, or Subordinate Bonds proposed to be issued will be, part of a Commercial Paper Program, then the maximum aggregate principal amount established by the Council with respect to such Commercial Paper Program (without regard to the principal amount of such Covered Obligations that have been issued at such time) shall be deemed to be fully Outstanding on

the date of calculation and such maximum aggregate principal amount shall be treated for purposes of this definition of "Debt Service" as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which the date of calculation falls; and the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; and, provided, further, that no other amounts with respect to the Commercial Paper Program (including any of the City's agreement with and obligations to any and all banks or other credit enhancers or liquidity providers entered into in connection with the Commercial Paper Program, including Credit Agreements and Bank Notes (as such terms are defined in the First Supplemental Subordinate Resolution) shall be included in the calculation of "Debt Service";

(iv) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Covered Obligations, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(v) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Covered Obligation shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Subordinate Bonds, the Paying Agent and all other affected parties, absent manifest error.

"Debt Service Fund" shall mean any of the Debt Service Funds as described in Section 5.04 hereof and, where specifically stated as such, the Debt Service Fund as defined in the Senior Lien Resolution.

“Direct Subsidy Bonds” shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Covered Obligations and amortization of financing expenses.

“First Supplemental Subordinate Resolution” shall mean the Amended and Restated First Supplemental Resolution Supplementing and Amending the Subordinate General Resolution and certain Supplemental Resolutions thereto, adopted by the City Council October 12, 2021, as amended and supplemented from time to time.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Subordinate Bonds or a portion of a Series of Subordinate Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” when used with respect to Subordinate Bonds or Senior Lien Bonds shall mean Subordinate Bonds which have been authenticated and delivered under this Subordinate General Resolution or Senior Lien Bonds which have been authenticated and delivered under the Senior Lien Resolution except:

- (i) Subordinate Bonds or Senior Lien Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

- (ii) Subordinate Bonds or portions of Subordinate Bonds which have been paid or are deemed to be paid in accordance with Article VIII and Senior Lien Bonds or portions of Senior Lien Bonds which have been paid or are deemed to be paid in accordance with the terms of the Senior Lien Resolution;

- (iii) Subordinate Bonds in lieu of which other Subordinate Bonds have been authenticated under Section 3.05;

- (iv) Subordinate Bonds or Senior Lien Bonds or portions of Subordinate Bonds or Senior Lien Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

- (v) Subordinate Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

- (vi) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Bonds under this Subordinate General Resolution, Subordinate Bonds held by or for the account of City, unless such Subordinate Bonds are pledged to secure a debt to an unrelated party, in which case such Subordinate Bond shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Subordinate Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean the City Treasurer or any other bank, trust company or other financial institution appointed by the City.

“Permitted Investments” shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P, if the Series of Subordinate Bonds which such Permitted Investments secure is then rated by S&P, and by Moody’s, if such Series is then rated by Moody’s, at least as high as such Series of Subordinate Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit

issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Subordinate Bonds or Subordinate Bonds of a Specific Series of Subordinate Bonds, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Subordinate Bonds is issued or authorized under the terms of this Subordinate General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating, including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest, if any, reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering,

financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

“Rebate Fund” shall mean any fund created by the City in connection with the issuance of the Subordinate Bonds or any Series of Subordinate Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” shall mean (a) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Senior Lien Bonds or Subordinate Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Senior Lien Bonds or Subordinate Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Subordinate Bonds of any Series, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this Subordinate General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Subordinate Bonds as described in Section 5.05 hereof and where specifically stated as such, the Reserve Fund as defined in the Senior Lien Resolution.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund and the Debt Service Fund (as defined in the Senior Lien Resolution); and all earnings received on the Debt Service Funds created for Subordinate Bonds of any Series, provided, however, that Revenues shall not include:

- (i) any amount received from the levy or collection of taxes;
- (ii) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (iii) grants received from the United States of America, from the State of California or other political bodies;
- (iv) earnings on any Construction Funds and any Reserve Funds;
- (v) earnings on any Construction Funds under the Senior Lien Resolution and any Reserve Funds under the Senior Lien Resolution;
- (vi) the proceeds of borrowings; and
- (vii) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Senior Lien Bonds” shall mean bonds, notes and all other obligations issued or incurred under the terms of the Senior Lien Resolution and secured, under the terms of the Senior Lien Resolution, by a pledge of the Revenues prior to that pledge securing Subordinate Bonds issued under this Subordinate General Resolution.

“Senior Lien Resolution” shall mean the Wastewater System Revenue Bonds General Resolution adopted by the City Council November 10, 1987, as amended and supplemented from time to time.

“Series” when used with respect to Subordinate Bonds, shall mean Subordinate Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series, and shall also mean a Commercial Paper Program authorized by the Council notwithstanding the fact that the Subordinate Bonds constituting part of such program are issued at different times and from time to time; and, when used with respect to Senior Lien Bonds, shall have the meaning assigned to such term in the Senior Lien Resolution.

“Series 2022 Subordinate Bond” shall mean the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2022 [of each Series, issued on \_\_\_\_\_, 2022].

“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bond” or “Subordinate Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this Subordinate General Resolution and secured by this Subordinate General Resolution and by the subordinate pledge of the Revenues granted hereby. The term “Subordinate Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, commercial paper, and certificates of participation. “Subordinate Bond” or “Subordinate Bonds” shall not include any obligations incurred by the City as permitted by Section 5.06 which rank junior to the Subordinate Bonds issued pursuant to and secured by this Subordinate General Resolution.

“Subordinate General Resolution” shall mean this “Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution” adopted by the Council on \_\_\_\_\_, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Subordinate Bonds, amending and/or supplementing this Subordinate General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this Subordinate General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension,



operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Covered Obligations or portions of Covered Obligations a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Covered Obligations, to tender all or a portion of such Covered Obligations to the City, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Covered Obligations or portions of Covered Obligations be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Subordinate General Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this Subordinate General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of “Principal Amount” Under this Subordinate General Resolution. Whenever in the Subordinate General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Subordinate Bonds Outstanding or the principal amount of Subordinate Bonds affected by an action, including the calculation of the principal amount of Subordinate Bonds for purposes of declaring principal of Subordinate Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Subordinate Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE SUBORDINATE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Subordinate Bonds issued pursuant to the terms of this Subordinate General Resolution, the City hereby pledges to the Owners of the Subordinate Bonds, and places a second lien upon and assigns to the Owners

of the Subordinate Bonds (1) the Revenues as defined in this Subordinate General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions and (2) the Revenues held in the SCM Fund including the earnings on such Revenues. The City has previously pledged and assigned the Revenues and granted a lien upon the Revenues to secure Senior Lien Bonds, whenever issued, including Senior Lien Bonds issued subsequent to the execution and delivery of this Subordinate General Resolution and subsequent to the issuance of Subordinate Bonds. The pledge, assignment and lien on the Revenues granted to secure the Senior Lien Bonds shall in all respects be prior to the pledge, assignment and lien granted by this Subordinate General Resolution. The Revenues, including Revenues held in the SCM Fund and the earnings on such Revenues, shall be used first to pay the Senior Lien Bonds as the same become due and make current deposits into the funds held pursuant to the Senior Lien Resolution before such Revenues will be available to pay Subordinate Bonds. This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Subordinate Bonds issued under the terms of this Subordinate General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Subordinate Bond over any other Subordinate Bond. The pledge and lien hereby granted shall remain effective for so long as any Subordinate Bonds are Outstanding hereunder. Amounts in any Debt Service Fund and Reserve Fund established for any Series of Subordinate Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Subordinate Bonds of such Series in accordance with the terms of such Supplemental Resolution.

#### Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and warrants that except for the pledge granted to secure the Senior Lien Bonds, the City has not pledged the Revenues or the SCM Fund nor created any lien thereon on a basis that ranks senior to the Subordinate Bonds, and the City covenants that, until all the Subordinate Bonds issued under the provisions of this Subordinate General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not, except to the extent additional Senior Lien Bonds are issued under the terms of the Senior Lien Resolution grant any prior or parity pledge of Revenues or the SCM Fund, or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution. It is hereby expressly provided that the City shall not, by the provisions of this Section 2.03 or any other part of this Subordinate General Resolution, be restricted or limited in any way in its ability to issue additional Senior Lien Bonds, all of which shall rank prior to the Subordinate Bonds with respect to the pledge of, lien on and assignment of the Revenues. The City may, as provided in Section 5.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Subordinate Bonds issued pursuant to this Subordinate General Resolution.

Section 2.04 Special Obligations. The Subordinate Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Subordinate Bonds solely from the Revenues and from amounts in the SCM Fund and, with respect to the Subordinate Bonds of an individual Series, from any Debt Service Fund and Reserve Fund created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the

full faith and credit nor the taxing power of the City is pledged to payment of the Subordinate Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Subordinate Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and, to the extent provided by Supplemental Resolution, amounts in the Debt Service Funds and Reserve Funds.

### ARTICLE III

#### ISSUANCE OF SUBORDINATE BONDS AND TERMS THEREOF

Section 3.01 Issuance of Subordinate Bonds; Form of Subordinate Bonds. Subordinate Bonds of any Series may be issued by the City under the terms of this Subordinate General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Subordinate Bonds of any Series may be issued under this Subordinate General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Subordinate Bonds of any Series may be issued in such denominations as provided by the Supplemental Resolution creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Subordinate Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Subordinate Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Subordinate Bonds in Section 1.01, and may be sold as provided in the Supplemental Resolution establishing such Series.

Section 3.02 Terms, Designation and Payment. The Subordinate Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Subordinate Bonds of each Series issued under the provisions of this Article shall be designated "City of Los Angeles Wastewater System Revenue [Bonds, Notes or other designation]," inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution. Subordinate Bonds of each Series shall contain an express statement that a Subordinate Bond of such Series is junior and subordinate to the Senior Lien Bonds as to lien on and source and security for payment from the Revenues.

Payments with respect to the Subordinate Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Subordinate Bonds of such Series or as provided in the Subordinate Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Subordinate Bonds of any Series will be executed for the City as provided in the Supplemental Resolution. Each Subordinate Bond of any Series shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_], as duly authorized Authenticating Agent] certifies that this is one of the Subordinate Bonds referred to in the Subordinate General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

The Subordinate Bonds of any Series shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for such Series, in which case the Subordinate Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on Subordinate Bonds of any Series shall cease to be such officer before the authentication and delivery of Subordinate Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Subordinate Bond of any Series is the proper officer on the actual date of execution, the Subordinate Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Subordinate General Resolution or any Supplemental Resolution, such person was not such officer.

Subordinate Bonds of any Series will not be valid until the Treasurer or an Authenticating Agent executes the certificate of authentication on the Subordinate Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Subordinate Bonds of such Series has been authenticated under this Subordinate General Resolution.

The City may appoint an Authenticating Agent to authenticate Subordinate Bonds of any Series and may appoint different Authenticating Agents for different Series of Subordinate Bonds. An Authenticating Agent may authenticate Subordinate Bonds of any Series whenever the Treasurer may do so. Each reference in this Subordinate General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Subordinate Bonds of any Series issued under this Subordinate General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution.

**Section 3.04 Bond Register.** Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Subordinate Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Subordinate Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Subordinate Bonds (or beneficial interest therein) then Outstanding. Subordinate Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Subordinate Bonds.

(a) In the event any Subordinate Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Subordinate Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Subordinate Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Subordinate Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Subordinate Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Subordinate Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Subordinate Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Subordinate Bond described in (a) or (b) above the cost of preparing the substitute Subordinate Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Subordinate Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Subordinate Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Subordinate Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Subordinate Bonds; Persons Treated as Owners. All Subordinate Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Subordinate Bonds will not be exchanged or transferred.

Subordinate Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Subordinate Bond surrendered, shall be secured by this Subordinate General Resolution and

shall be entitled to all of the security and benefits hereof to the same extent as the Subordinate Bond surrendered.

**Section 3.07 Destruction of Subordinate Bonds.** Whenever any Outstanding Subordinate Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Subordinate Bond shall be cancelled and destroyed by the City or its agent.

**Section 3.08 Temporary Subordinate Bonds.** Pending preparation of definitive Subordinate Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Subordinate Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Subordinate Bonds of such Series.

If temporary Subordinate Bonds are issued, the City shall cause the definitive Subordinate Bonds to be prepared and, upon presentation to it of any temporary Subordinate Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Subordinate Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Subordinate Bonds surrendered. Until so exchanged, the temporary Subordinate Bonds shall in all respects be entitled to the same benefit and security of this Subordinate General Resolution as the definitive Subordinate Bonds to be issued and authenticated hereunder.

**Section 3.09 Issuance of Series of Subordinate Bonds; Supplemental Resolution; Application of Bond Proceeds.** The Subordinate Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Subordinate Bonds shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Subordinate Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Subordinate Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Subordinate Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Subordinate Bonds.

Each of the following shall be a condition to the issuance of any Series of Subordinate Bonds under this Subordinate General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Subordinate Bonds and setting forth the terms of such Series of Subordinate Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Subordinate Bonds shall be delivered to the City or an appropriate fiduciary;

(c) the certificate or certificates of the Consultant required by Section 3.11 or, if the Subordinate Bonds of any Series to be issued are refunding Subordinate Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Subordinate Bonds are valid and binding obligations of the City in accordance with their terms, and if it is the intention of the City that interest on the Subordinate Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Subordinate Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Subordinate Bonds will not adversely affect the tax-exempt status of any previously issued Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the conditions (a) to (e), inclusive, of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which the conditions (a) to (e), inclusive, were previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with conditions (a) to (e), inclusive.

When the conditions mentioned in clauses (a) to (e), inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Subordinate Bonds, the Subordinate Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Subordinate Bonds of any Series, the City shall apply the proceeds of Subordinate Bonds of such Series as provided in the Supplemental Resolution.

**Section 3.10 Refunding Subordinate Bonds.** There may be issued under and secured by this Subordinate General Resolution Subordinate Bonds of a Series for the purpose of providing funds for refunding all of the Outstanding Subordinate Bonds of any one or more Series or a portion of any Series. Such Subordinate Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this Subordinate General Resolution.

Section 3.11 Tests for Issuance of Subordinate Bonds. As a condition to the issuance of any Series of Subordinate Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Series of Subordinate Bonds were at least equal to 110% of the Average Annual Debt Service for all Covered Obligations which will be Outstanding immediately after the issuance of the proposed Series of Subordinate Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Subordinate Bonds.

With respect to Subordinate Bonds of any Series which are part of a Commercial Paper Program, fulfillment of the requirement of this Section shall be required prior to issuance of the first note of such program; thereafter, Subordinate Bonds of any Series constituting part of the same Commercial Paper Program may be issued from time to time as the City determines without again meeting the requirements of this Section so long as the maximum aggregate principal amount of such Commercial Paper Program authorized by the Council for which such requirement was previously fulfilled, is not increased. Any increase in the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council shall, prior to such increase, require compliance with the requirement of this Section.

Except as described in the last sentence of this paragraph, the certificate or certificates described above shall not be required if the Series of Subordinate Bonds being issued are for the purpose of refunding then Outstanding Senior Lien Bonds or Subordinate Bonds, and if at the time of the issuance of such Series of Subordinate Bonds, a certificate of an Authorized City Representative shall be delivered showing that Average Annual Debt Service on all Covered Obligations Outstanding after the issuance of the refunding Series of Subordinate Bonds will not exceed Average Annual Debt Service on all Covered Obligations Outstanding prior to the issuance of such Series of Subordinate Bonds. The City may not rely on the exception in this paragraph with respect to the issuance of a refunding Series of Subordinate Bonds which are not part of a Commercial Paper Program to refund Subordinate Bonds which are part of a Commercial Paper Program unless the maximum aggregate principal amount of the Commercial Paper Program authorized by the Council is concurrently reduced by an amount equal to that portion of Subordinate Bonds constituting part of such Commercial Paper Program being refunded.



## ARTICLE IV

### REDEMPTION OF SUBORDINATE BONDS

Section 4.01 Subordinate Bonds Redeemable. The Subordinate Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Subordinate Bonds. The City may provide for the redemption of Subordinate Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Subordinate Bonds to Be Redeemed. If less than all the Subordinate Bonds of any Series shall be called for redemption, the Subordinate Bonds to be redeemed shall be selected from such Series of Subordinate Bonds as provided in the Supplemental Resolution under which Subordinate Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event Subordinate Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Subordinate Bonds of a Series to be redeemed, of the redemption of Subordinate Bonds of such Series, which notice shall (i) specify the Subordinate Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Subordinate Bonds of a Series are to be redeemed, the numbers of the Subordinate Bonds, and the portions of Subordinate Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Subordinate Bonds of such Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Subordinate Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Subordinate Bonds of a Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Subordinate Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on such Subordinate Bonds shall cease to accrue, such Subordinate Bonds of such Series shall cease to be entitled to any lien, benefit or security under this Subordinate General Resolution and the owners of such Subordinate Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Subordinate Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the Holders of the Subordinate Bonds of such Series to be redeemed, all as provided in this Subordinate General Resolution, shall not be deemed to be Outstanding under the provisions of this Subordinate General Resolution.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Subordinate Bonds Secured by Revenues. The Subordinate Bonds of any Series authorized and issued under the provisions of this Subordinate General Resolution are, as provided in Article II, secured by a subordinate lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in Article V of the Senior Lien Resolution and in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the "SCM Fund") and the City agrees that so long as any Subordinate Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided in the Senior Lien Resolution, so long as such resolution remains in effect, and as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the subordinate pledge set forth herein to secure the Subordinate Bonds.

The City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provision may be made) as collected, into the SCM Fund. All Revenues in the SCM Fund shall be held by the City in trust and applied as provided in the Senior Lien Resolution and as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Subordinate Bonds issued and Outstanding under this Subordinate General Resolution as provided in Article II of this Subordinate General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

Section 5.03 The SCM Fund. All Revenues (except the earnings on the Debt Service Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution and any Reserve Fund (as defined in the Senior Lien Resolution) created and held under the Senior Lien Resolution for which special provision is made in the Senior Lien Resolution and except for earnings on funds created and held under Supplemental Resolutions for which special provisions may be made) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit

in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the expenses of the operation and maintenance of the System including, without limitation, refunds and the expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due. So long as the requirements set forth below are met, the City may, at any time, as provided by Supplemental Resolution, withdraw amounts from the SCM Fund to make deposits to the Debt Service Funds and Reserve Funds created under Supplemental Resolutions or otherwise to make payments or provide for payments on Subordinate Bonds. The foregoing provisions are, however, restricted to the extent that no amount shall be withdrawn from the SCM Fund to make deposits to funds created under Supplemental Resolutions or otherwise make payments or provide for payments on Subordinate Bonds unless:

(a) all operation and maintenance expenses are being or have been paid as they become due;

(b) the monthly deposits to be made into the Debt Service Fund and any Reserve Fund (each such fund as defined in and held under the Senior Lien Resolution) for all prior months have been made in full and no deficiency exist with respect to the Debt Service Fund or any Reserve Fund under the Senior Lien Resolution; and

(c) the amounts which are or will be required to be deposited into the Debt Service Fund and any Reserve Fund (each such as defined in the Senior Lien Resolution and held under the Senior Lien Resolution) during the then-current calendar month have been deposited into such funds or such amounts are segregated within the SCM Fund to be used to make such deposits, and the funding requirements for the then-current calendar month contained in the Senior Lien Resolution have been satisfied, prior to the withdrawal or use of funds for the purpose of paying or providing for the payment of Subordinate Bonds.

If the conditions (a), (b) and (c) above are met, and an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, then the City may at any time and, subject to the conditions set forth above, shall, as required by Supplemental Resolutions, withdraw from the SCM Fund such amounts as are required by this Subordinate General Resolution and the Supplemental Resolutions to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements contained in Supplemental Resolutions under which Subordinate Bonds have been issued.

If the conditions (a), (b) and (c) above are met, an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days shall remain in the SCM Fund, and the City has withdrawn from the SCM Fund such amounts as are required by this Supplemental General Resolution and the Supplemental Resolutions for the then-current calendar month to pay debt service on Subordinate Bonds or to provide for the payment of debt service on Subordinate Bonds and fulfill other funding requirements for the then-current calendar month contained in Supplemental Resolutions under which Subordinate Bonds have been issued, then the City may

use any amounts in the SCM Fund, from time to time, to pay capital expenses of the System or be used for any other lawful purpose related to the System.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without any restriction imposed by this Subordinate General Resolution.

**Section 5.04 The Debt Service Funds.** Amounts in the Debt Service Funds established pursuant to the Supplemental Resolutions shall be used to pay interest and principal on the Subordinate Bonds of the Series for which such Fund was created as the same becomes due and payable. Such Debt Service Funds may be established and held by the City or established by the City, but held by a Paying Agent, but in any case, the fund shall be held in trust as security and a source of payment for the Series of Subordinate Bonds for which it was created. Amounts which are held in a Debt Service Fund for the payment of Subordinate Bonds of any Series which are due and payable but which have not been presented for payment and amounts which are in a Debt Service Fund to pay the redemption price of Subordinate Bonds of any Series which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Subordinate Bonds of such Series and be available only to make payments on such specific Subordinate Bonds of such Series presented. In addition to the direct payment of principal, interest and redemption price, if interest, principal, or redemption price on a Series of Subordinate Bonds is paid by or through a form of credit enhancement provided for such Series of Subordinate Bonds, amounts in the Debt Service Fund created for such Series may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

**Section 5.05 Reserve Fund.** The City may, by Supplemental Resolution, at the time of authorization of any Series of Subordinate Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Subordinate Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the propose of paying principal and interest on Subordinate Bonds of a Series in accordance with the Supplemental Resolution under which the Subordinate Bonds of such Series are issued and the Reserve Fund created.

**Section 5.06 The Construction Funds.** Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Subordinate Bonds. The individual Construction Funds shall be funded with proceeds of the Series of Subordinate Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided in the Supplemental Resolutions creating such accounts.

**Section 5.07 Moneys Held in Trust; Unclaimed Moneys.** All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Subordinate Bonds which have become due and payable, either at the maturity thereof

or upon call for redemption, shall be held in trust for the respective holders of such Subordinate Bonds and such funds 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 Subordinate Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Subordinate Bonds for a period of three years after the date on which such Subordinates Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Subordinate Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Subordinate Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.08 Additional Funds. The City may create additional funds under this Subordinate General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Subordinate Bonds or Series of Subordinate Bonds; however, except for Debt Service Funds and Reserve Funds, the Revenues may be used to fund such funds only if the conditions for the use of excess amounts in the SCM Fund are met as provided in Section 5.03.

Section 5.09 Additional Security. The Revenues secure all Subordinate Bonds issued under the terms of this Subordinate General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Bonds or Series of Subordinate Bonds with no obligation to provide such additional security or credit enhancement to other Subordinate Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Subordinate Bond at the place and on the dates and in the manner herein and in the Subordinate Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Subordinate Bonds contained and the City agrees that time is of the essence under this Subordinate General Resolution; provided, however, that (i) the City's obligation to make payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall be strictly limited and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and, with respect to the individual Series of Subordinate Bonds, from the Debt Service Fund and the Reserve Fund, if any, created for such Series, and any other source which the City may specifically provide for the Subordinate Bonds or any Series of Subordinate Bonds, (ii) no Bondholder shall have any right to require payment from any other funds of the City, (iii) the City's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Bonds from Revenues shall be subordinate to the City's obligations to make payments on the Senior Lien Bonds and to make deposits required by the Senior Lien Resolution,

and (iv) no Revenues shall be withdrawn from the SCM Fund and used to make payments on or provide for the payment of Subordinate Bonds unless the conditions set forth in Section 5.03 of this Subordinate General Resolution have been met. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Subordinate Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Subordinate General Resolution, in any and every Subordinate Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Subordinate Bonds and pledge the Revenue thereto, on a subordinate basis, as provided herein, and that the City has not except as provided in the Senior Lien Resolution previously pledged such Revenues to secure any obligations.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Subordinate Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(1) the interest on and principal of the outstanding Senior Lien Bonds and Subordinate Bonds as they become due and payable;

(2) all other payments required for compliance with the terms of the Senior Lien Resolution and this Subordinate General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of the Senior Lien Resolution and to the Debt Service Funds and Reserve Funds, if any, created under Supplemental Resolutions; and

(3) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 110% of the scheduled debt service becoming due on Outstanding Senior Lien Bonds and Subordinate Bonds in such year provided that for such purposes, the principal amount of Senior Lien Bonds and Subordinate Bonds becoming due in such year which is paid from the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating scheduled debt service coming due on Outstanding Senior Lien Bonds and Subordinate Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be necessary to establish or confirm to the Owners of the Subordinate Bonds all of the rights and obligations of the City under and pursuant to this Subordinate General Resolution.

Section 6.05 [Reserved.]

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not, except to the extent it issues additional Senior Lien Bonds under the terms of the Senior Lien Resolution, issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Subordinate Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Subordinate Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a basis subordinate to the Subordinate Bonds provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Subordinate Bonds issued under Article III of this Subordinate General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the holders of the Subordinate Bonds.

Section 6.08 [Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Subordinate Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder and will furnish a copy of the financial statements to any Bondholder upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this Subordinate General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

Section 6.11 Insurance and Condemnation. The City agrees that it will, to the extent it determines that insurance or reserves covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

If the City determines to obtain insurance to comply with the preceding paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through commercial insurance, a captive insurance company or through other arrangements which the City determines



to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with the first paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

Section 6.12 Resolution to Constitute a Contract. This Subordinate General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Funds, the Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Funds shall not extend beyond the time when funds will be needed therefrom to make payment on the Subordinate Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Subordinate Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a Paying Agent for such purpose. When all Subordinate Bonds which have

been issued under this Subordinate General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this Subordinate General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds shall continue to be held in trust for such purpose.

A Subordinate Bond of any Series, except as provided in the last paragraph of this Article or by Supplemental Resolution, shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this Subordinate General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Subordinate Bonds and this Subordinate General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Subordinate Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Subordinate Bonds shall be deemed to be paid hereunder, such Subordinate Bonds shall no longer be secured by or entitled to the benefits of this Subordinate General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Subordinate Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Subordinate Bonds with respect to which such deposit has been made and that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Subordinate Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Subordinate Bonds which are to be redeemed in advance of their maturity.

Notwithstanding the foregoing provisions of this Article, the Bank Notes (as such term is defined in the First Supplemental Subordinate Resolution) which are part of a Commercial Paper Program shall remain Outstanding and shall not be deemed paid until such Bank Notes and the interest thereon shall have been paid in full.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this Subordinate General Resolution as an “Event of Default”:

(a) a failure to pay the principal of or premium, if any, on any of the Senior Lien Bonds or the Subordinate Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Senior Lien Bonds or the Subordinate Bonds when such interest shall become due and payable;

(c) a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) immediately upon discovery of the failure to achieve the required coverage the City commences such action as is reasonable to assure that required coverage is achieved in the succeeding year;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Subordinate Bonds or in this Subordinate General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Subordinate Bonds or by the Holders of 25% or more of the principal amount of the Subordinate Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Subordinate Bonds in a principal amount not less than the principal amount of Subordinate Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund, which lien or charge is prior to (except to the extent such lien secures Senior Lien Bonds), or, except to the extent permitted by this Subordinate General Resolution, on a parity with that granted to secure the Subordinate Bonds; or the creation of a lien on or a charge against a Debt Service Fund or Reserve Fund which, except to the extent permitted by this Subordinate General Resolution, lien or charge is prior to or on a parity with, the lien granted to secure a Series of Subordinate Bonds; and

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### **Section 9.02 Acceleration; Other Remedies.**

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 51% or more of the principal amount of the

Subordinate Bonds which are then Outstanding and which are subject to acceleration, may by written notice to the City, declare the Subordinate Bonds which are subject to acceleration to be immediately due and payable, whereupon the Subordinate Bonds which are subject to acceleration shall, without further action, become and be immediately due and payable, anything in this Subordinate General Resolution or in the Subordinate Bonds to the contrary notwithstanding. All Subordinate Bonds Outstanding under this Subordinate General Resolution shall be subject to acceleration unless, under the terms of the Supplemental Resolution authorizing such Subordinate Bonds, a Series of Subordinate Bonds or a portion of a Series is declared not to be subject to acceleration; and provided that, with respect to any Series of Subordinate Bonds or portion of a Series of Subordinate Bonds which is credit enhanced, no acceleration shall be effective with respect to such Subordinate Bonds unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Subordinate Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest upon all Subordinate Bonds and the principal of any and all Subordinate Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Subordinate Bonds) and all Events of Default hereunder other than nonpayment of the principal of Subordinate Bonds which shall have become due by such declaration shall have been remedied, then the holders of at least a majority in principal amount of Subordinate Bonds Outstanding including a majority in principal amount of Subordinate Bonds which have been accelerated may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of 51% or more of the principal amount of the Subordinate Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this Subordinate General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Subordinate General Resolution;

(ii) to bring suit upon the Subordinate Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Subordinate Bonds or between the Insurers on different Series of Subordinate Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Subordinate Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Subordinate Bonds shall be deemed to represent the entire principal amount of Subordinate Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Subordinate Bond issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

Section 9.03 Restoration to Former Position. In the event that any proceeding taken to enforce any right under this Subordinate General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this Subordinate General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Subordinate Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, shall be applied as follows:

(a) Unless the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Bonds

of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Subordinate Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Subordinate Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Subordinate Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Subordinate Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Subordinate Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Bond of such Series over any other Subordinate Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Subordinate Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Subordinate Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

**Section 9.08 Severability of Remedies.** It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this Subordinate General Resolution and by applicable law.

**Section 9.09 Additional Events of Default and Remedies.** So long as any particular Series of Subordinate Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Subordinate Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Subordinate Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Subordinate Bonds or for any Series of Subordinate Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Subordinate Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and

(c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Subordinate Bonds or a Registrar for any Series of Subordinate Bonds and may from time to time remove a Registrar. Each Registrar shall signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this Subordinate General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, issuing and paying agents and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this Subordinate General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This Subordinate General Resolution shall not be modified or amended except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing or amending, or both, this Subordinate General Resolution or any Supplemental Resolution as follows:

(a) to provide for the issuance of a Series or multiple Series of Subordinate Bonds under the provisions of Section 3.09 of this Subordinate General Resolution and to set forth the terms of such Subordinate Bonds and the special provisions which shall apply to such Subordinate Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in this Subordinate General Resolution or any Supplemental Resolution;

(c) to add to the covenants and agreements of the City in this Subordinate General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this Subordinate General Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change in the terms of any Series of Subordinate Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Subordinate Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;

(g) to modify, alter, amend or supplement this Subordinate General Resolution or any Supplemental Resolution in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Subordinate Bonds or for the issuance of coupons and bearer Subordinate Bonds or Subordinate Bonds registered only as to principal;



(i) to qualify the Subordinate Bonds or a Series of Subordinate Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P and/or Fitch or any other nationally recognized rating agency then rating any Series of Subordinate Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Subordinate Bonds or a Series of Subordinate Bonds from being included in gross income of the recipient for federal income taxation purposes.

Before the City shall, pursuant to this Section 11.02, adopt any Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this Subordinate General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Subordinate Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Subordinate Bonds to become subject to such taxation.

#### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds then outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Subordinate General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change or unless such change affects less than all Series of Subordinate Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any outstanding Subordinate Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Subordinate Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Subordinate General Resolution as originally executed) upon or pledge of the Revenues created by this Subordinate General Resolution, ranking prior to or on a parity with the claim created by this Subordinate General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Bonds,

a preference or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds, or (v) a reduction in the aggregate principal amount of Subordinate Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Subordinate Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Subordinate Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Subordinate Bonds of all series which are directly affected by such changes and all Insurers of Subordinate Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Subordinate Bonds of such series; provided, however, that, unless approved in writing by the holders of all the Subordinate Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Subordinate Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Bonds of such Series or the rate of interest thereon.

(c) If Bondholders of not less than the percentage of Subordinate Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholder shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this Subordinate General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith and shall be binding upon all Holders of Subordinate Bonds issued under this Subordinate General Resolution, and the respective rights, duties, and obligations under this Subordinate General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this Subordinate General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions to Be Part of This Subordinate General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this

Article XI shall thereafter form a part of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this Subordinate General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this Subordinate General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this Subordinate General Resolution. This Subordinate General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this Subordinate General Resolution, any Supplemental Resolution or of any Subordinate Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Subordinate General Resolution, Supplemental Resolution or of the Subordinate Bonds, and this Subordinate General Resolution, any such Supplemental Resolution and any Subordinate Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Subordinate Bonds or in this Subordinate General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his or her individual capacity, and neither the officers of the City nor any person executing the Subordinate Bonds shall be liable personally on the Subordinate Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Subordinate General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Subordinate Bonds. Proof of the execution of any such instrument and of the ownership of Subordinate Bonds shall be sufficient for any purpose of this Subordinate General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Subordinate Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Subordinate Bonds or any Subordinate Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent.

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this Subordinate General Resolution and of all Subordinate Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this Subordinate General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this Subordinate General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to the City of Los Angeles, c/o the City Administrative Officer, 200 North Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Subordinate General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this Subordinate General Resolution or, with respect to any Series of Subordinate Bonds or portion of Series of Subordinate Bonds, provided in the Supplemental Resolution under which such Subordinate Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Subordinate General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Subordinate Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Subordinate Bonds by the City shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of any Project; or

(c) The failure to complete any Project or any portion thereof for which the Subordinate Bonds are authorized to be issued.

Section 12.09 [Reserved.]

Section 12.10 Amendment to First Supplemental Subordinate Resolution. The First Supplemental Subordinate Resolution shall be hereby amended to delete the last two sentences of Section 3.02 of the First Supplemental Subordinate Resolution, as set forth below (deletions are marked with strikethrough):

~~“The City further acknowledges that all Other Obligations shall constitute payments described under Section 6.03(a)(3) of the Subordinate General Resolution.~~

~~The City agrees that with respect to any money obligations included in Other Obligations, for purposes of calculating compliance with Section 3.11 of the Subordinate General Resolution, such obligations will be treated as interest coming due in the year in which such obligations are first payable.”~~

Section 12.11 Effective Date. This Amended and Restated Subordinate General Resolution shall take effect from and upon its adoption.

**Attachment B – Preliminary Official  
Statement for the 2025 Subordinate Bonds**

[DAC Logo]

NEW ISSUES – BOOK-ENTRY ONLY SYSTEM

RATINGS:

S&amp;P: “ ”

Fitch: “ ”

See “RATINGS” herein.

*In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the City described herein, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Tax-Exempt Bonds and the Taxable Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS – Tax-Exempt Bonds” and “TAX MATTERS – Taxable Bonds” herein regarding certain other tax considerations.*



\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Series 2025-A**

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Series 2025-B (Federally**  
**Taxable)**

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Refunding Series 2025-C**

Dated: Date of Delivery

Due: June 1, as shown on the inside cover

The \$ \_\_\_\_\_<sup>\*</sup> City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A (the “Series 2025-A Subordinate Bonds”), the \$ \_\_\_\_\_<sup>\*</sup> City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable) (the “Series 2025-B Subordinate Bonds”), and the \$ \_\_\_\_\_<sup>\*</sup> City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (the “Series 2025-C Subordinate Bonds” and, together with the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, the “Series 2025 Subordinate Bonds”) are being issued by the City of Los Angeles (the “City”) pursuant to the Charter of the City of Los Angeles and Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and 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”). The Series 2025 Subordinate Bonds are also issued pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City on March 26, 1991, as amended and supplemented (the “Subordinate General Resolution”), including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025. The Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds are referred to herein as the “Tax-Exempt Bonds,” and the Series 2025-B Subordinate Bonds are referred to herein as the “Taxable Bonds.”

The proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, together with certain other amounts from the City, will be used to (i) pay all or a portion of outstanding Wastewater System Commercial Paper Notes (defined herein) at their respective maturity dates and (ii) pay the costs of issuance in connection with the issuance of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds. The proceeds of the Series 2025-C Subordinate Bonds, together with certain other amounts from the City, will be used to (i) refund all or a portion of the outstanding City of Los Angeles Wastewater System Revenue Bonds, Series 2013-A (the “Series 2013-A Senior Bonds”), which are currently outstanding in the principal amount of \$149,980,000 (such portion to be refunded, the “Refunded Series 2013-A Senior Bonds”) and the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2013-B (the “Series 2013-B Senior Bonds”), which are currently outstanding in the principal amount of \$49,705,000 (such portion to be refunded, the “Refunded Series 2013-B Senior Bonds” and, together with the Refunded Series 2013-A Senior Bonds, the “Refunded Senior Bonds”), (ii) refund all or a portion of the outstanding City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A (the “Series 2013-A Subordinate Bonds”), which are currently outstanding in the principal amount of \$229,575,000 (such portion to be refunded, the “Refunded Series 2013-A Subordinate Bonds”) [and the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), which are currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds” and, together with the Refunded Series 2013-A Subordinate Bonds, the “Refunded Subordinate Bonds”)], and (iii) pay the costs of issuance in connection with the issuance of the Series 2025-C Subordinate Bonds. See “PLAN OF FINANCE” herein.

Pursuant to the terms of the Subordinate General Resolution, the pledge, assignment and lien on the Revenues (herein defined) granted pursuant to the Senior General Resolution (herein defined) to secure the Senior Lien Bonds (herein defined) issued and to be issued under the Senior General Resolution are, in all respects, prior to the pledge, assignment and lien on the Revenues granted pursuant to the Subordinate General Resolution, including the pledge, assignment and lien with respect to the Series 2025 Subordinate Bonds and other Subordinate Bonds issued and to be issued pursuant to the Subordinate General Resolution.

**The Series 2025 Subordinate Bonds are special, limited obligations of the City payable solely from the Revenues, on a basis subordinate to the Senior Lien Bonds. The City is not obligated to make payments from any other source. The Series 2025 Subordinate Bonds are not payable from the General Fund of the City and are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of any amounts due on the Series 2025 Subordinate Bonds.**

Interest on the Series 2025 Subordinate Bonds will be payable on June 1 and December 1, commencing on December 1, 2025. The Series 2025 Subordinate Bonds will be issued as fully-registered bonds, will mature in the principal amounts in each year (subject to prior

<sup>\*</sup> Preliminary, subject to change.

redemption), and will bear interest at the respective rates per annum as set forth on the inside cover of this Official Statement. The Series 2025 Subordinate Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Series 2025 Subordinate Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. So long as DTC or its nominee is the Owner of the Series 2025 Subordinate Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2025 Subordinate Bonds will be made as described in APPENDIX G — “BOOK-ENTRY ONLY SYSTEM” attached hereto.

**The Series 2025 Subordinate Bonds are subject to redemption prior to maturity, as described herein. See “REDEMPTION OF THE SERIES 2025 SUBORDINATE BONDS” herein.**

**This cover page contains information for general reference only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

**Purchasers of the Series 2025 Subordinate Bonds will be deemed to have consented to certain amendments to the Subordinate General Resolution. See “FUTURE AMENDMENTS OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION — Amendment and Restatement of Subordinate General Resolution” herein.**

The Series 2025 Subordinate Bonds are offered when, as and if issued, subject to the approval of legality by Nixon Peabody LLP, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, and by Hydee Feldstein Soto, City Attorney, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP. It is anticipated that the Series 2025 Subordinate Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about May \_\_, 2025.

**Goldman Sachs & Co. LLC  
Morgan Stanley**

**Ramirez & Co., Inc.  
Stifel**

**Siebert Williams Shank & Co., LLC  
TD Securities**

Dated: April \_\_, 2025



## MATURITY SCHEDULES

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Series 2025-A**

<i>Year</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP</i> <sup>†</sup> <i>(Base: 53945C)</i>
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\$ _____	_____ %	Term Bonds due June 1, 20 _____	Yield: _____ %	Price _____	CUSIP <sup>†</sup> No. _____
\$ _____	_____ %	Term Bonds due June 1, 20 _____	Yield: _____ %	Price _____	CUSIP <sup>†</sup> No. _____

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<sup>\*</sup> Preliminary, subject to change.

<sup>c</sup> Yield calculated to the optional redemption date of June 1, 20\_\_\_\_, at par.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Municipal Advisors, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

\$ \_\_\_\_\_ \*

**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Series 2025-B (Federally Taxable)**

<i>Year</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP</i> <sup>†</sup> <i>(Base: 53945C)</i>
--------------------------------	-----------------------------------	--------------------------------	--------------	--------------	--

\$ _____	_____ %	Term Bonds due June 1, 20 _____	Yield: _____ %	Price _____	CUSIP <sup>†</sup> No. _____
\$ _____	_____ %	Term Bonds due June 1, 20 _____	Yield: _____ %	Price _____	CUSIP <sup>†</sup> No. _____

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\* Preliminary, subject to change.

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\$ \_\_\_\_\_ \*

**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Refunding Series 2025-C**

<i>Year</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP</i> <sup>†</sup> <i>(Base: 53945C)</i>
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\* Preliminary, subject to change.

<sup>c</sup> Yield calculated to the optional redemption date of June 1, 20\_\_\_\_, at par.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Municipal Advisors, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025 Subordinate Bonds by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025 Subordinate Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained by the City from sources that are believed to be reliable. The information in the section of this Official Statement captioned APPENDIX G —“BOOK-ENTRY ONLY SYSTEM” attached hereto has been furnished by The Depository Trust Company and no representation has been made by the City, the Municipal Advisors or the Underwriters as to the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date thereof. This Official Statement is submitted with respect to the sale of the Series 2025 Subordinate Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2025 SUBORDINATE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2025 SUBORDINATE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City has no plans to issue any updates or revisions to any forward-looking statements in this Official Statement, including statements regarding the City’s budgets, if or when its expectations, or events, conditions or circumstances on which such statements are based occur or change. No assurance is given that actual results will meet City forecasts in any way, regardless of the level of optimism communicated in the information

The CUSIP numbers herein are provided by FactSet Research Systems Inc., and are for convenience of reference only. The City, the Municipal Advisors and the Underwriters do not assume any responsibility for the accuracy of such CUSIP numbers.

This Official Statement, including any supplement or amendment hereto, is intended to be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access website. A wide variety of other information, including financial information, concerning the City, is available from publications and websites of the City, the County of Los Angeles and others. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

The Series 2025 Subordinate Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The Series 2025 Subordinate Bonds have not been registered or qualified under the securities laws of any state.

## CITY OF LOS ANGELES

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### Mayor

Karen Bass

Eunisses Hernandez, *District 1*  
Adrin Nazarian, *District 2*  
Bob Blumenfield, *District 3*  
Nithya Raman, *District 4*  
Katy Yaroslavsky, *District 5*

Imelda Padilla, *District 6*  
Monica Rodriguez, *District 7*  
Marqueece Harris-Dawson, *District 8*  
Curren D. Price, Jr.<sup>1</sup>, *District 9*  
Heather Hutt, *District 10*

Traci Park, *District 11*  
John S. Lee, *District 12*  
Hugo Soto-Martinez, *District 13*  
Ysabel J. Jurado, *District 14*  
Tim McOsker, *District 15*

---

### CITY OFFICIALS

Hydee Feldstein Soto, *City Attorney*  
Kenneth Mejia, *City Controller*  
Matthew W. Szabo, *City Administrative Officer*  
Petty Santos, *Interim City Clerk*  
Diana Mangioglu, *Director of Finance / City Treasurer*

---

### BOARD OF PUBLIC WORKS

Vahid Khorsand, President

Jenny Chavez, Vice President  
Faith I. Mitchell, Commissioner

Steve S. Kang, Commissioner  
John Grant, President Pro Tempore

#### *Bureau of Engineering*

Ted Allen, P.E.,  
City Engineer

#### *Bureau of Sanitation*

Barbara Romero,  
Director

#### *Office of Accounting*

Miguel A. De La Peña,  
Director

#### *Bureau of Contract Administration*

John L. Reamer, Jr.  
Director (Inspector of  
Public Works)

---

### *City Department Issuing Debt*

City Administrative Officer of the City of Los Angeles  
Debt Management Group

---

### PROFESSIONAL SERVICES

#### *Bond Counsel*

Nixon Peabody LLP  
Los Angeles, California

#### *Disclosure Counsel*

Stradling Yocca Carlson & Rauth LLP  
Newport Beach, California

#### *Paying Agent*

U.S. Bank Trust Company,  
National Association  
Los Angeles, California

#### *Municipal Advisor*

Public Resources Advisory Group, Inc.  
Los Angeles, California

#### *Municipal Advisor*

Omnicap Group LLC  
El Segundo, California

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<sup>1</sup> On June 13, 2023, the Los Angeles County District Attorney brought certain criminal charges against Councilmember Price, including charges of conflict of interest, perjury, and embezzlement of government funds. The matter remains under investigation by the District Attorney's Bureau of Investigation. The City cannot predict the outcome of this investigation.

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## OFFICIAL STATEMENT

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Series 2025-A**

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Series 2025-B (Federally**  
**Taxable)**

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds,**  
**Refunding Series 2025-C**

## INTRODUCTION

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the City Charter and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolutions (defined herein).*

### General

The \$ \_\_\_\_\_<sup>\*</sup> City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A (the “Series 2025-A Subordinate Bonds”), the \$ \_\_\_\_\_<sup>\*</sup> City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable) (the “Series 2025-B Subordinate Bonds”), and the \$ \_\_\_\_\_<sup>\*</sup> City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (the “Series 2025-C Subordinate Bonds” and, together with the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, the “Series 2025 Subordinate Bonds”) are being issued by the City of Los Angeles (the “City”) pursuant to the Charter of the City of Los Angeles (the “City Charter”), and Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and 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”). The Series 2025 Subordinate Bonds are also issued pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on March 26, 1991, as amended and supplemented (the “Subordinate General Resolution”), including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “Twenty-Ninth Supplemental Resolution”).

The proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, together with certain other amounts from the City, will be used to (i) pay all or a portion of outstanding Wastewater System Commercial Paper Notes (defined herein) at their respective maturity dates and (ii) pay the costs of issuance in connection with the issuance of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds. The proceeds of the Series 2025-C Subordinate Bonds, together with certain other amounts from the City, will be used to (i) refund all or a portion of the outstanding City of Los Angeles Wastewater System Revenue Bonds, Series 2013-A (the “Series 2013-A Senior Bonds”), which are currently outstanding in the principal amount of \$149,980,000 (such portion to be refunded, the “Refunded Series 2013-A Senior Bonds”) and the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2013-B (the “Series 2013-B Senior Bonds”), which are currently outstanding in the principal amount of \$49,705,000 (such portion to be refunded, the “Refunded Series 2013-B Senior Bonds” and, together with the Refunded Series 2013-A Senior Bonds, the “Refunded Senior Bonds”), (ii) refund all or a portion of the outstanding City of Los

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<sup>\*</sup> Preliminary, subject to change.



Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A (the “Series 2013-A Subordinate Bonds”), which are currently outstanding in the principal amount of \$229,575,000 (such portion to be refunded, the “Refunded Series 2013-A Subordinate Bonds”) [and the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), which are currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds” and, together with the Refunded Series 2013-A Subordinate Bonds, the “Refunded Subordinate Bonds”)], and (iii) pay the costs of issuance in connection with the issuance of the Series 2025-C Subordinate Bonds. The Refunded Senior Bonds and the Refunded Subordinate Bonds are referred to herein as the “Refunded Bonds.” See “PLAN OF FINANCE” herein.

Under the Wastewater System Revenue Bonds General Resolution, adopted by the City Council on November 10, 1987, as amended and supplemented (the “Senior General Resolution” and, together with the Subordinate General Resolution, the “Resolutions”), the City has previously issued multiple series of Senior Lien Bonds (the “Existing Senior Lien Bonds”). As of May 1, 2025, the City had \$869,190,000 aggregate principal amount of Existing Senior Lien Bonds Outstanding. Under the Subordinate General Resolution, the City has previously issued multiple series of Subordinate Bonds (the “Existing Subordinate Bonds”) that have a lien on Revenues (herein defined) subordinate to that of the Existing Senior Lien Bonds. As of May 1, 2025, the City had \$1,456,730,000 aggregate principal amount of Existing Subordinate Bonds Outstanding, excluding Wastewater System Commercial Paper Notes (defined herein).

Under the Subordinate General Resolution, the City has also authorized a maximum of \$400 million aggregate principal amount of Subordinate Bonds in the form of Wastewater System Commercial Paper Notes (the “Wastewater System Commercial Paper Notes”). The Wastewater System Commercial Paper Notes are currently supported by letters of credit (the “Letters of Credit”) issued by Barclays Bank PLC and TD Bank, N.A. The maximum amount of Wastewater System Commercial Paper Notes that may be Outstanding at any particular time under the existing Letters of Credit for the Wastewater System Commercial Paper Notes is \$400 million. As of March 1, 2025, there was approximately \$360 million in aggregate principal amount of Wastewater System Commercial Paper Notes Outstanding, all or a portion of which will be paid at their respective maturity dates from proceeds of the Series 2025 Subordinate Bonds. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM — Outstanding Indebtedness” and “PLAN OF FINANCE” herein. Additional Senior Lien Bonds and Subordinate Bonds may be issued pursuant to the provisions of the Senior General Resolution and the Subordinate General Resolution, respectively, subject to satisfaction of the conditions precedent set forth therein. See “PLAN OF FINANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS — Additional Senior Lien Bonds” and “— Additional Subordinate Bonds” herein.

## **The System**

The City owns and operates a wastewater system (“System”), which serves an approximately 600 square mile area with a population in excess of 4.5 million or approximately 45% of the population of Los Angeles County. The System has two distinct service areas: the Hyperion Service Area and Terminal Island Service Area (each as described herein). Total average daily flow during Fiscal Year 2023-24 was approximately 341 million gallons per day. In addition to serving most of the City, the System also provides wastewater conveyance, treatment and disposal services to 29 entities, including sanitation districts, cities, governmental entities and private businesses which adjoin the City. The System consists of more than 6,800 miles of mainline sewers, four water reclamation plants and various other facilities.

See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM” for information concerning the operations and finances of the System.

## **The SCM Fund; Senior Lien Bonds**

The Existing Senior Lien Bonds, and any other bonds issued in the future under the Senior General Resolution (collectively, the “Senior Lien Bonds”) are secured by a pledge of and first lien on (i) Revenues; and (ii) all moneys and securities held in the Reserve Fund, the Debt Service Fund (except for amounts segregated for the payment of specific Senior Lien Bonds that have become due and payable or that have been called for redemption, which amounts are held in trust for such specific Senior Lien Bonds only), and the Construction Funds.

The Senior General Resolution and Subordinate General Resolution define “Revenues” to generally consist of all revenues of the City’s Sewer Construction and Maintenance Fund (the “SCM Fund”) and revenues otherwise attributable to the System, and all earnings received from investments in the SCM Fund, the Debt Service Fund, the Reserve Fund and the Emergency Fund, provided that the Senior General Resolution and Subordinate General Resolution exclude from the definition of Revenues a number of items which include any amount received from the levy or collection of taxes, amounts designated for capital costs received under contracts with contract agencies, moneys received as grants, earnings on the Construction Funds and the proceeds of borrowings or insurance.

## **Security and Sources of Payment for the Series 2025 Subordinate Bonds**

The Series 2025 Subordinate Bonds, the Existing Subordinate Bonds and any bonds issued in the future under the Subordinate General Resolution (collectively, the “Subordinate Bonds”) are secured by a pledge of and second lien on the Revenues, on a basis subordinate to the pledge of and lien on Revenues to the Senior Lien Bonds. The Subordinate General Resolution provides that the pledge, assignment and lien on the Revenues granted to secure the Senior Lien Bonds is, in all respects, prior to the pledge, assignment and lien granted by the Subordinate General Resolution for the benefit of the Subordinate Bonds. The Series 2025 Subordinate Bonds are secured by a pledge and lien on the Series 2025 Subordinate Debt Service Fund created pursuant to the Twenty-Ninth Supplemental Resolution.

Under the terms of the Senior General Resolution and the Subordinate General Resolution, the City may not use any Revenues in any month to pay debt service on Subordinate Bonds or to pay capital costs of the System unless the City has transferred from the SCM Fund to the Debt Service Fund, Reserve Fund, and Emergency Fund (all held under the Senior General Resolution for the Senior Lien Bonds), amounts sufficient to make the deposits therein required in such month under the Senior General Resolution.

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS” herein.

## **Limited Obligations**

The Series 2025 Subordinate Bonds are special, limited obligations of the City payable solely from the Revenues, on a basis subordinate to the Senior Lien Bonds. The City is not obligated to make payment from any other source. The Series 2025 Subordinate Bonds are not payable from the General Fund of the City and are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City are pledged to the payment of any amounts due on the Series 2025 Subordinate Bonds.

## **Los Angeles 2025 Wildfire Event**

Beginning on January 7, 2025, a severe fire fueled by windstorms originated in the Pacific Palisades neighborhood (the “Palisades Fire”) of Los Angeles County, which is part of the City. On January 7, 2025, the Mayor declared a local emergency throughout the City and the Governor of California proclaimed a State of Emergency with respect to the Palisades Fire. According to the California Department of Forestry and Fire

Protection, almost 24,000 acres were burned in the Palisades Fire, with an estimate of more than 7,800 structures damaged or destroyed in the affected areas of Pacific Palisades, as well as the loss of several lives.

The Federal Emergency Management Agency (“FEMA”) approved Fire Management Assistance Grants to support areas impacted by the fires, and on January 8, 2025, then-President Biden approved a Major Disaster declaration for California. As a result of such declaration and subsequent federal action, [funding from FEMA is generally available under FEMA’s Public Assistance Program to recover 75% of eligible costs to restore facilities damaged as a result of natural disasters to their pre-disaster condition and 100% of the costs for emergency protective measures (emergency response activities) and debris removal in the public right of way for a 180-day period within the first 270 days of the incident]. While the City is still in the process of assessing the overall financial impact, the City’s initial estimate of damage submitted to FEMA indicated a total of \$358 million in estimated costs through January 10, 2025 related to the City’s emergency response, infrastructure/structural damages to City property and debris removal. As of March 11, 2025 the City’s updated estimate of the financial impact of is \$302 million, which includes \$240 million in damage or destruction to structures and equipment and \$62 million related to City personnel costs during the field and Emergency Operations Center response. These estimates are preliminary and are expected to change as the damage assessment and recovery efforts continue.

The City’s process for recovering from the Palisades Fire is at its earliest stages. The City continues to focus on debris removal and assessing the immediate financial impact of the Palisades Fire.

Multiple lawsuits have been filed against the City and the Department of Water and Power of the City (“LADWP”), a proprietary department of the City, by property owners whose properties were damaged in the Palisades Fire under the doctrine of inverse condemnation. The doctrine of inverse condemnation is a “takings clause” cause of action under the State constitution that entitles property owners to just compensation if their private property is damaged by a public use. California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency’s infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. The plaintiffs are seeking compensation for damages including, but not limited to, lost or damaged property, lost income or wages, and attorney’s fees, and in certain of the cases loss of use/marketability of property and emotional distress. The existing lawsuits do not contain a specific dollar amount of damages alleged [and the cases are not yet at a stage where it is possible to reasonably estimate the potential financial exposure to the City.]

The City intends to vigorously defend against these lawsuits, and any others that may be filed. The City is unable to assess at this time whether additional claims will be asserted by the plaintiffs, the likelihood of success of the plaintiffs’ cases or any possible outcome. There can be no assurances that additional causes of action will not be asserted by the current plaintiffs, or additional litigation will not be brought by other plaintiffs whose properties were damaged in the Palisades Fire.

***January 2025 Wildfire Impacts on the System.*** The full impacts of the January 2025 windstorm and wildfire event to the System are not yet known; however, the City is aware of several sewer facilities that have been damaged, including sewer pumping stations within the fire areas. The City is currently in the process of repairing the damaged pumping stations and expects that a portion of the cost of such repair will be eligible for coverage under the City’s insurance policy. In addition, fire-related debris may have entered the conveyance system that can cause damage to pump systems and settle in pipes, creating the potential for clogs and sanitary sewer overflows. The City is still assessing damage to the conveyance system and required repairs and clean-up. The City will seek reimbursement from FEMA and other emergency funding sources, but is not guaranteed to receive full funding. As of March 3, 2025, the City estimates that the System experienced less than \$10 million in damage and expects that a portion of such costs will be eligible for coverage under the City’s insurance policy. These estimates are preliminary and are expected to change as the damage assessment and recovery efforts continue.

In addition, all four water reclamation plants operated by the Bureau of Sanitation experienced power outages resulting from this event, which required use of back-up power and in some cases temporarily impacted operations. All four water reclamation plants resumed normal operations by January 9, 2025.

While assessment of the full financial impact resulting from the January 2025 windstorm and fire event is ongoing, the City has preliminarily estimated that impacted Pacific Palisades residential customers constitute less than 2% of the System's total sewer customers. Further, the City estimates that the System's total lost revenues for the next three years resulting from the Palisades Fire is less than \$20 million.

See the caption "RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*."

### **Forward-Looking Statements**

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "projected" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the City believes that such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, do not occur, or change.

### **Miscellaneous**

Copies of the Resolutions and additional information may be obtained upon request from the Office of the City Administrative Officer by email to [cao.debt@lacity.org](mailto:cao.debt@lacity.org). Certain capitalized terms used herein have the meanings ascribed to such terms in APPENDIX C — "GLOSSARY OF DEFINED TERMS" attached hereto and in APPENDIX A — "CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM" attached hereto.

## **FUTURE AMENDMENTS OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION**

### **Amendment and Restatement of Subordinate General Resolution**

The City is planning to amend and restate the Subordinate General Resolution to include several material amendments. Set forth in APPENDIX I — "PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION" (the "Amended and Restated Subordinate General Resolution") is a marked copy of the Amended and Restated Subordinate General Resolution which shows the amendments and modifications that the City intends to make to the Subordinate General Resolution.

The Amended and Restated Subordinate General Resolution will effectuate several significant amendments to the Subordinate General Resolution, including:

- Amend Section 3.09 of the Subordinate General Resolution to provide that Average Annual Debt Service will be used to calculate the test for the issuance of additional Subordinate Bonds (as compared to Maximum Annual Debt Service, which is currently set forth in the Subordinate General Resolution); and

- Amend Section 6.03 of the Subordinate General Resolution to permit the City to use any monies in the SCM Fund to satisfy the rate covenant and to make other modifications. In addition, the Amended and Restated Subordinate General Resolution will also delete a requirement for independent auditors to deliver a compliance report with respect to Section 6.03(b) of the Subordinate General Resolution because the amendment will allow the use of available monies in the SCM Fund which will introduce financial terms that are not defined by generally accepted accounting principles.

There are other amendments to the Subordinate General Resolution contained within the Amended and Restated Subordinate General Resolution, which investors may consider to be significant. As such, investors are encouraged to read the entire Amended and Restated Subordinate General Resolution.

Under the Subordinate General Resolution, the Amended and Restated Subordinate General Resolution will not become effective until Bondholders owning 51% or more of the principal amount of the then-outstanding Subordinate Bonds have consented to such proposed amendments and the other requirements of the Subordinate General Resolution have been satisfied. The City is planning to effectuate these consents through a “springing consent” process, which means that the City will require the holders of each new Series of Subordinate Bonds that it issues, including the Series 2025 Subordinate Bonds, to be deemed to have consented to the Amended and Restated Subordinate General Resolution until the requisite consents have been obtained. After giving effect to the issuance of the Series 2025 Subordinate Bonds as contemplated in “PLAN OF FINANCE” herein, the City expects that it would have acquired sufficient consents to adopt the Amended and Restated Subordinate General Resolution. The Amended and Restated Subordinate General Resolution will not become effective until the City Council takes action to adopt it, which the City currently expects will occur in the [third] quarter of 2025, concurrently with the adoption by the City Council of the Amended and Restated Senior General Resolution described below.

***By the purchase and acceptance of the Series 2025 Subordinate Bonds, the Bondholders and Beneficial Owners of the Series 2025 Subordinate Bonds will be deemed to have consented to the proposed amendments to the Subordinate General Resolution set forth in the Amended and Restated Subordinate General Resolution as described in APPENDIX I — “PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION.” After delivery of the Series 2025 Subordinate Bonds, the City will not be requesting separate written consent from the purchasers of the Series 2025 Subordinate Bonds for the Amended and Restated Subordinate General Resolution before adoption of the Amended and Restated Subordinate General Resolution.***

The City has authorized a maximum of \$400 million aggregate principal amount of Subordinate Bonds in the form of Wastewater System Commercial Paper Notes. Under the Subordinate General Resolution, the City may secure a portion of the consents from Bondholders of the Subordinate Bonds from the Bondholders of Wastewater System Commercial Paper Notes, which the City could also secure by requiring future Bondholders of Wastewater System Commercial Paper Notes to be deemed to consent to the Amended and Restated Subordinate General Resolution. The City does not expect to depend on the receipt of consents of the Holders of Wastewater System Commercial Paper Notes to obtain the required threshold of consents to approve the Amended and Restated Subordinate General Resolution.

#### **Amendment of Senior General Resolution**

The City also plans to amend and restate the Senior General Resolution by adoption of an “Amended and Restated Senior General Resolution.” Many of the amendments will be conforming amendments to mirror provisions shared by both the Senior General Resolution and the Subordinate General Resolution, including substantially the same changes to the Subordinate General Resolution as described above under the caption “— Amendment and Restatement of Subordinate General Resolution.” The City also plans to make additional amendments to provisions in the Senior General Resolution that are not mirrored in the Subordinate General Resolution, including (among others) the elimination of the Reserve Fund and the Emergency Fund with respect to both existing and future Senior Lien Bonds. These amendments to the Senior General Resolution do not

require the consent of Bondholders of the Subordinate Bonds (including the Series 2025 Subordinate Bonds or the Series 2025-C Subordinate Bonds). See APPENDIX J — “PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION.”

Under the Senior General Resolution, the Amended and Restated Senior General Resolution will not become effective until Bondholders owning 51% or more of the then-outstanding principal amount of Senior Bonds have consented to such proposed amendments and the other requirements of the Senior General Resolution have been satisfied. The City is planning to effectuate these consents through a “springing consent” process, which means that the City will require the holders of each new Series of Senior Bonds that it issues, to be deemed to have consented to the Amended and Restated Senior General Resolution until the requisite consents have been obtained. As described in “PLAN OF FINANCE,” the City currently anticipates issuing approximately \$\_\_\_\_\_ of Senior Bonds in the [second] quarter of 2025. After giving effect to the refunding of the Refunded Senior Bonds with a portion of the proceeds of the Series 2025 Subordinate Bonds, and the contemplated issuance of the Senior Bonds in 2025, the City expects that it would have acquired sufficient consents to adopt the Amended and Restated Senior General Resolution. The Amended and Restated Senior General Resolution will not become effective until the City Council takes action to adopt it, which the City currently expects will occur in the [third] quarter of 2025, concurrently with the adoption by the City Council of the Amended and Restated Subordinate General Resolution.

### **PLAN OF FINANCE**

The proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, together with certain other amounts from the City, will be used to (i) pay all or a portion of outstanding Wastewater System Commercial Paper Notes at their respective maturity dates and (ii) pay the costs of issuance in connection with the issuance of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds. The proceeds of the Series 2025-C Subordinate Bonds, together with certain other amounts from the City, will be used to (i) refund all or a portion of the outstanding City of Los Angeles Wastewater System Revenue Bonds, Series 2013-A (the “Series 2013-A Senior Bonds”), which are currently outstanding in the principal amount of \$149,980,000 (such portion to be refunded, the “Refunded Series 2013-A Senior Bonds”) and the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2013-B (the “Series 2013-B Senior Bonds”), which are currently outstanding in the principal amount of \$49,705,000 (such portion to be refunded, the “Refunded Series 2013-B Senior Bonds” and, together with the Refunded Series 2013-A Senior Bonds, the “Refunded Senior Bonds”), (ii) refund all or a portion of the outstanding City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A (the “Series 2013-A Subordinate Bonds”), which are currently outstanding in the principal amount of \$229,575,000 (such portion to be refunded, the “Refunded Series 2013-A Subordinate Bonds”) [and the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), which are currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds” and, together with the Refunded Series 2013-A Subordinate Bonds, the “Refunded Subordinate Bonds”)], and (iii) pay the costs of issuance in connection with the issuance of the Series 2025-C Subordinate Bonds.

The particular bonds to be refunded will be determined by the City at the time of sale of the Series 2025 Subordinate Bonds, based on market conditions and other factors considered by the City.

See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS — Additional Senior Lien Bonds” for information regarding the City’s plans to issue additional Senior Lien Bonds in Fiscal Year 2024-25.

### **Repayment of Commercial Paper Notes**

The City expects to repay all or a portion of the Outstanding Wastewater System Commercial Paper Notes by depositing into the program account established by the City and the issuing and paying agent (the “CP

Program Account”), a portion of the proceeds of the Series 2025-A Subordinate Bonds and a portion of the Series 2025-B Subordinate Bonds which will be sufficient in aggregate to pay principal of the Wastewater System Commercial Paper Notes as such Wastewater System Commercial Paper Notes mature on their respective maturity dates.

### **Refunding of Refunded Bonds**

A portion of the proceeds of the Series 2025-C Subordinate Bonds, together with other available funds, will be deposited in an escrow fund (the “2013 Bonds Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Senior Bonds, and the Refunded Series 2013-A Subordinate Bonds (the “Escrow Agent”) under an escrow agreement for the Refunded Senior Bonds and the Refunded Series 2013-A Subordinate Bonds (the “2013 Bonds Escrow Agreement”). A portion of the amounts deposited in the 2013 Bonds Escrow Fund will be invested in certain investments permitted by the terms of the Trust Agreement (the “Government Obligations”). The principal of and interest on the Government Obligations, together with uninvested amounts held in the 2013 Bonds Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Senior Bonds and the Refunded Series 2013-A Subordinate Bonds until their respective redemption dates, as set forth in the tables below (each, a “Redemption Date”) and to redeem the Refunded Senior Bonds and the Refunded Series 2013-A Subordinate Bonds on their respective Redemption Dates, at redemption prices equal to 100% of the outstanding principal amount thereof plus all accrued but unpaid interest on the Refunded Senior Bonds and the Refunded Series 2013-A Subordinate Bonds.

[A portion of the proceeds of the Series 2025-C Subordinate Bonds, together with other available funds, will be deposited in an escrow fund (the “2017-C Bonds Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Series 2017-C Subordinate Bonds (the “Escrow Agent”) under an escrow agreement for the Refunded Series 2017-C Subordinate Bonds (the “2017-C Bonds Escrow Agreement”). A portion of the amounts deposited in the 2017-C Bonds Escrow Fund will be invested in certain Government Obligations. The principal of and interest on the Government Obligations, together with uninvested amounts held in the 2017-C Bonds Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Series 2017-C Subordinate Bonds until their Redemption Date, as set forth in the applicable table below, and to redeem the Refunded Series 2017-C Subordinate Bonds on their Redemption Date, at a redemption price equal to the make-whole redemption price calculated in accordance with the Twenty-First Supplemental Resolution, adopted by the City Council on April 7, 2017, pursuant to which the Refunded Series 2017-C Subordinate Bonds were issued.]

For information on mathematical verification of the sufficiency of the principal of and interest on the Government Obligations and the funds held by the Escrow Agent to make such payments, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS.” Upon such deposits with the Escrow Agent, the Refunded Bonds will be defeased, and the owners of the Refunded Bonds will no longer be entitled to the benefits of the Senior General Resolution or the Subordinate General Resolution, as applicable.

Certain information relating to the Refunded Bonds being considered for redemption is set forth below.

**CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
SERIES 2013-A**

**Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2043	\$ 149,980,000	5.000%	100%	53945CAX8

**CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
REFUNDING SERIES 2013-B**

**Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP Number <sup>†</sup>
2029	\$ 9,395,000	5.000%	100%	53945CBH2
2030	9,895,000	5.000	100	53945CBJ8
2031	10,420,000	5.000	100	53945CBK5
2032	10,880,000	5.000	100	53945CBL3
2035	9,115,000	5.000	100	53945CBM1

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**CITY OF LOS ANGELES WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS,  
REFUNDING SERIES 2013-A  
Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2025	\$ 16,205,000	5.000%	100%	53945CAK6
2026	34,445,000	5.000	100	53945CAL4
2027	54,575,000	5.000	100	53945CAM2
2033	39,445,000	5.000	100	53945CAN0
2034	41,415,000	5.000	100	53945CAP5
2035	43,490,000	5.000	100	53945CAS9

**[CITY OF LOS ANGELES WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS, SERIES  
REFUNDING 2017-C (TAXABLE) (GREEN BONDS)]  
Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2025	\$ 4,915,000	3.044%	(1)	53945CHB9
2026	5,060,000	3.144	(1)	53945CHC7
2027	5,220,000	3.244	(1)	53945CHD5
2028	5,390,000	3.394	(1)	53945CHE3
2029	5,575,000	3.494	(1)	53945CHF0
2030	5,765,000	3.594	(1)	53945CHG8
2031	5,970,000	3.644	(1)	53945CHH6
2032	6,185,000	3.694	(1)	53945CHJ2
2039	50,725,000	4.029	(1)	53945CHK9

(1) Make whole redemption price to be calculated in accordance with the Twenty-First Supplemental Resolution adopted by the City Council on April 7, 2017.

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## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2025 Subordinate Bonds, together with certain other amounts, are expected to be applied as set forth below:

	<i>Series 2025-A Subordinate Bonds</i>	<i>Series 2025-B Subordinate Bonds</i>	<i>Series 2025-C Subordinate Bonds</i>	<i>Total</i>
<b>Estimated Sources of Funds</b>				
Principal Amount				
Plus Net Original Premium				
Plus Release from:				
Debt Service Reserve Fund				
Debt Service Funds				
<b>Total</b>				
<b>Estimated Uses of Funds</b>				
Deposit into Wastewater				
System CP Program Account				
Deposit into 2013 Bonds				
Escrow Account				
[Deposit into 2017 Bonds				
Escrow Account]				
Costs of Issuance <sup>(1)</sup>				
<b>Total</b>				

<sup>(1)</sup> Includes underwriters' discount, municipal advisors' fees and expenses, rating agency fees, issuing and paying agent fees and expenses, verification agent fees, bond counsel fees and expenses, disclosure counsel fees and expenses, printing costs and other miscellaneous expenses.

## DESCRIPTION OF THE SERIES 2025 SUBORDINATE BONDS

The Series 2025 Subordinate Bonds will be dated and will bear interest from their date of delivery. Interest on the Series 2025 Subordinate Bonds will be payable semi-annually on June 1 and December 1, commencing on [December] 1, 2025. Interest will be calculated on the basis of a year of 360 days and twelve 30-day months. The Series 2025 Subordinate Bonds will be issuable as fully-registered bonds, will mature in the principal amounts in each year (subject to prior redemption — See “REDEMPTION OF THE SERIES 2025 SUBORDINATE BONDS” herein), and will bear interest at the respective rates per annum as set forth on the inside cover of this Official Statement.

The Series 2025 Subordinate Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2025 Subordinate Bonds. Ownership interests in the Series 2025 Subordinate Bonds may be purchased in book-entry form only. So long as DTC or its nominee is the Owner of the Series 2025 Subordinate Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2025 Subordinate Bonds will be made as described in APPENDIX G — “BOOK-ENTRY ONLY SYSTEM” attached hereto.

## REDEMPTION OF THE SERIES 2025 SUBORDINATE BONDS\*

### Optional Redemption

Optional Redemption of the Series 2025-A Subordinate Bonds. The Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds are subject to redemption, as a whole or in part as designated by the City, or, absent such designation, *pro rata* among maturities and by lot within any one maturity if less than all of the Series 2025-A Subordinate Bonds or the Series 2025-C Subordinate Bonds of such maturity are to be redeemed, prior to their respective maturity dates, at the option of the City, on any date on or after June 1, 20\_\_, at a redemption price equal to the principal amount of the Series 2025-A Subordinate Bonds or the Series 2025-C Subordinate Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of the Series 2025-B Subordinate Bonds. The Series 2025-B Subordinate Bonds maturing on and after June 1, 20\_\_ are subject to redemption, as a whole or in part as designated by the City, or, absent such designation, *pro rata* among maturities and *pro rata* within any one maturity if less than all of the Series 2025-B Subordinate Bonds of such maturity are to be redeemed, prior to their respective maturity dates, at the option of the City, on any date on or after June 1, 20\_\_, at a redemption price equal to the principal amount of the Series 2025-B Subordinate Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

[[Make-Whole Optional Redemption of the Series 2025-B Subordinate Bonds. The Series 2025-B Subordinate Bonds are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, on any business day before June 1, 20\_\_, at the Make-Whole Redemption Price (defined below), plus accrued and unpaid interest up to, but not including, the redemption date, on the Series 2025-B Subordinate Bonds to be redeemed on the date fixed for redemption.

The “**Make-Whole Redemption Price**” is the greater of (i) 100% of the principal amount of each outstanding maturity of the Series 2025-B Subordinate Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on each outstanding maturity of the Series 2025-B Subordinate Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2025-B Subordinate Bonds are to be redeemed, discounted to the date on which the Series 2025-B Subordinate Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus \_\_\_\_ basis points.

“**Treasury Rate**” means, as of any redemption date for a particular Series 2025-B Subordinate Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2025-B Subordinate Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the City, the Make-Whole Redemption Price of the Series 2025-B Subordinate Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or municipal advisor retained by City at the City’s expense to calculate such Make-Whole Redemption Price. The City may conclusively rely on the determination of such Make-Whole Redemption price by

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\* Preliminary, subject to change.

such independent accounting firm, investment banking firm or municipal advisor and shall not be liable for such reliance.]]

### **Mandatory Sinking Fund Redemption**

Mandatory Sinking Fund Redemption of the Series 2025-A Subordinate Bonds. The Series 2025-A Subordinate Bonds with a stated maturity date of June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, commencing on June 1, 20\_\_, and on each June 1 thereafter until maturity, in accordance with the terms of the following mandatory sinking fund redemption schedule (subject to adjustment in the event of an optional redemption of the Series 2025-A Subordinate Bonds, as provided in the Twenty-Ninth Subordinate Supplemental Resolution):

#### **Series 2025-A Term Bonds Maturing June 1, 20\_\_**

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
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The Series 2025-B Subordinate Bonds with a stated maturity date of June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, commencing on June 1, 20\_\_, and on each June 1 thereafter until maturity, in accordance with the terms of the following mandatory sinking fund redemption schedule (subject to adjustment in the event of an optional redemption of the Series 2025-B Subordinate Bonds, as provided in the Twenty-Ninth Subordinate Supplemental Resolution):

#### **Series 2025-B Term Bonds Maturing June 1, 20\_\_**

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
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### **Selection of Series 2025 Subordinate Bonds for Redemption**

[[The Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds that are subject to optional redemption will be selected among such maturities as the City may designate, or, absent such designation, shall be redeemed *pro rata* among maturities. In the event of an optional redemption of less than the full amount of a maturity of the Series 2025-A Subordinate Bonds or the Series 2025-C Subordinate Bonds, such Series 2025-A Subordinate Bonds or the Series 2025-C Subordinate Bonds shall be redeemed by lot within any one maturity in a manner the City shall deem appropriate.

The Series 2025-B Subordinate that are subject to optional redemption will be selected among such maturities as the City may designate, or, absent such designation, shall be redeemed *pro rata* among maturities. In the event of an optional redemption of less than the full amount of a maturity of the Series 2025-B Subordinate

Bonds, such Series 2025-B Subordinate Bonds shall be redeemed pro rata within any one maturity in a manner the City shall deem appropriate.

If the Series 2025-B Subordinate Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2025-B Subordinate Bonds shall be effected by the City or the Paying Agent among owners on a *pro rata* basis in the principal amount of \$5,000 or any integral multiple thereof. The particular Series 2025-B Subordinate Bonds to be redeemed shall be determined by the City or the Paying Agent, using such method as the City or the Paying Agent shall deem appropriate.

If the Series 2025-B Subordinate Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2025-B Subordinate Bonds, if less than all of the Series 2025-B Subordinate Bonds or a maturity are called for prior redemption, the particular Series 2025-B Subordinate Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided that, so long as the Series 2025-B Subordinate Bonds are held in book-entry only form, the selection for redemption of such Series 2025-B Subordinate Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the City or the Paying Agent pursuant to DTC operational arrangements. If the City or the Paying Agent do not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the Series 2025-B Subordinate Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City’s intent with respect to the Series 2025-B Subordinate Bonds that redemption allocations be made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a “Pro Rata Pass-Through Distribution of Principal” basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemption among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2025-B Subordinate Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2025-B Subordinate Bonds will be selected for redemption in accordance with DTC procedures by lot.]]

#### **Notice of Redemption of Series 2025 Subordinate Bonds**

At least 20 days and no more than 60 days before each date of redemption, the City will give notice by Mail or other electronic means of communication to each registered owner of a Series 2025 Subordinate Bond to be redeemed at the owner’s registered address. So long as DTC is the registered owner of Series 2025 Subordinate Bonds to be redeemed, notice of redemption shall be sent to DTC. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2025 Subordinate Bond in respect of which no failure occurs.

The notice of redemption will (i) specify the Series 2025 Subordinate Bonds to be redeemed, the redemption date, the redemption prices and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2025 Subordinate Bonds of a Series are to be redeemed, the numbers of the Series 2025 Subordinate Bonds, and the portions of Series 2025 Subordinate Bonds, to be redeemed; (ii) state any condition to such redemption; and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Series 2025 Subordinate Bonds to be redeemed shall cease to bear interest. Such notice of redemption will further contain the following information: (i) the CUSIP numbers of all Series 2025 Subordinate Bonds or portions thereof being redeemed; (ii) the date of original issuance of the Series 2025 Subordinate Bonds; (iii) the rate of interest borne by the Series 2025 Subordinate Bonds being redeemed; (iv) the maturity date of the Series 2025 Subordinate Bonds 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 2025 Subordinate Bonds or portions thereof being redeemed.

Any notice of redemption may be conditional, other than notice of redemption from mandatory sinking fund payments, 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, and to the same persons, as notice of such redemption was given. Any optional redemption of the Series 2025 Subordinate Bonds and notice thereof will 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 2025 Subordinate Bonds called for redemption.

### **Effect of Redemption of Series 2025 Subordinate Bonds**

On the date designated for redemption, notice having been given in the manner and under the conditions provided in the Subordinate General Resolution and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2025 Subordinate Bonds called for redemption shall become due and payable, interest on such Series 2025 Subordinate Bonds shall cease to accrue, such Series 2025 Subordinate Bonds shall cease to be entitled to any lien, benefit or security under the Subordinate General Resolution and the owners of such Series 2025 Subordinate Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS**

### **SCM Fund**

The SCM Fund has been operated as a special fund of the City since it was created by an ordinance adopted by the City Council in 1970, and is held by the City Treasurer. For the City's internal purposes, the City has also created a Sewer Operation and Maintenance Fund and a Sewer Capital Fund into which amounts from the Sewer Construction and Maintenance Fund are transferred, and the City may create other funds into which Revenues are deposited or held. All of such funds are collectively referred to as the "SCM Fund," and amounts in all of such funds will be held and used as the SCM Fund.

All monies received from sewer fees (less billing and collection fees paid to LADWP) are deposited in the SCM Fund and may only be expended for sewerage-related purposes. All expenditures related to the construction, operation, maintenance and repair of the System are accounted for in the SCM Fund. Audited financial statements of the SCM Fund for the Fiscal Years ended June 30, 2024 and 2023 are attached as APPENDIX E hereto.

### **Pledge of Revenues**

To secure the payment of all Subordinate Bonds issued pursuant to the terms of the Subordinate General Resolution, the City has pledged, placed a second lien upon and assigned to the Owners of the Subordinate Bonds (1) the Revenues and (2) the Revenues held in the SCM Fund including the earnings on such Revenues. The City has previously pledged and assigned the Revenues and granted a lien upon the Revenues to secure all Senior Lien Bonds, whenever issued, including Senior Lien Bonds issued subsequent to the issuance of Subordinate Bonds (including the Series 2025 Subordinate Bonds). The pledge, assignment and lien on the Revenues granted to secure the Senior Lien Bonds is, in all respects, prior to the pledge, assignment and lien granted by the Subordinate General Resolution. The Revenues, including Revenues held in the SCM Fund and the earnings on such Revenues, will be used first to pay the Senior Lien Bonds as the same become due and make current deposits into the funds held pursuant to the Senior General Resolution before such Revenues will be available to pay Subordinate Bonds. The pledge of and lien upon the Revenues set forth in the Subordinate General Resolution will be for the equal and proportionate benefit and security of all Subordinate Bonds issued under the terms of the Subordinate General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, will be of equal rank without preference, priority or distinction as to lien or otherwise. The pledge and lien granted by the Subordinate General Resolution will remain effective for so

long as any Subordinate Bonds are Outstanding thereunder. Amounts in the Debt Service Fund and Construction Fund established for any Series of the Subordinate Bonds are pledged to secure such Subordinate Bonds in accordance with the terms of the applicable Supplemental Resolution.

**“Revenues”** means all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund, the Debt Service Fund (as defined in the Senior General Resolution), the Reserve Fund (as defined in the Senior General Resolution) and the Emergency Fund (as defined in the Senior General Resolution); and all earnings received on the Debt Service Funds and, if any, Reserve Funds created under the Subordinate General Resolution, provided, however, that Revenues do not include:

- (i) any amount received from the levy or collection of taxes (if any time such taxes are levied and collected);
- (ii) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (iii) grants received from the United States of America or from the State of California or other political bodies;
- (iv) earnings on the Construction Funds (as defined in the Senior General Resolution and the Subordinate General Resolution);
- (v) the proceeds of borrowings; and
- (vi) proceeds of insurance.

On April 7, 2017, the City amended each of the Resolutions to provide for an offset to debt service on the Direct Subsidy Bonds and a corresponding offset to Revenues in the amount of the Refundable Credits (the amendments being referenced herein as the “Refundable Credits Amendments”). In addition, any Refundable Credits are excluded from Revenues. “Refundable Credits” represent subsidies by the United States Treasury in connection with the issuance by the City of Senior Lien Bonds constituting Build America Bonds and Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009.

In the Subordinate General Resolution, the City represents and states that except for the pledge granted to secure the Senior Lien Bonds, the City has not previously pledged the Revenues or the SCM Fund nor created any lien thereon, and the City covenants that, until all the Subordinate Bonds issued under the provisions of the Subordinate General Resolution and the interest thereon will have been paid or are deemed to have been paid, it will not, except to the extent additional Senior Lien Bonds are issued under the terms of the Senior General Resolution, grant any prior or parity pledge of Revenues or the SCM Fund, or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Subordinate Bonds issued pursuant to the Subordinate General Resolution. The City will not, by the provisions of the Subordinate General Resolution, be restricted or limited in its ability to issue additional Senior Lien Bonds, all of which will rank prior to the Subordinate Bonds with respect to the pledge of, lien on and assignment of the Revenues. The City may create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Subordinate Bonds issued pursuant to the Subordinate General Resolution.

## **No Reserve for Subordinate Bonds**

No reserve is established for the Subordinate Bonds, including the Series 2025 Subordinate Bonds. Under the terms of the Senior General Resolution, a Reserve Fund is required to be created and funded in an amount equal to Maximum Annual Debt Service on all Senior Lien Bonds issued and Outstanding under the Senior General Resolution. Moneys held in the Reserve Fund may not be used to pay the principal of, premium, if any, and interest on the Series 2025 Subordinate Bonds.

***The City is proposing to make substantial amendments to the Senior General Resolution, including elimination of the Reserve Fund under the Senior General Resolution. These amendments to the Senior General Resolution do not require the consent of Bondholders of the Subordinate Bonds (including the Series 2025 Subordinate Bonds. See the caption “FUTURE AMENDMENTS OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION — Amendment of Senior General Resolution.”***

## **Subordinate Bonds Rate Covenant**

The City covenants in the Subordinate General Resolution that it will at all times while any Subordinate Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System so that Revenues for each Fiscal Year will be at least sufficient to pay the following amounts: (1) the interest on and principal of the Outstanding Senior Lien Bonds and Subordinate Bonds as they become due and payable; (2) all other payments required for compliance with the terms of the Senior General Resolution and the Subordinate General Resolution and of any Supplemental Resolutions issued thereunder; (3) all other payments to meet any other obligations of the City which are charges, liens, or encumbrances upon, or payable from, the Revenues; and (4) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose). The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System so that during each Fiscal Year the Net Revenues are equal to at least 110% of the actual debt service becoming due on Outstanding Senior Lien Bonds and Subordinate Bonds in such year provided that for such purposes, the principal amount of Senior Lien Bonds and Subordinate Bonds becoming due in such year which is paid from the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating actual debt service coming due on Outstanding Senior Lien Bonds and Subordinate Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Senior Lien Bonds or Subordinate Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

***The City is proposing to make substantial amendments to the Subordinate General Resolution including significant amendments to the Subordinate Bonds rate covenant. Any Bondholders and Beneficial Owners of the Series 2025 Subordinate Bonds will be deemed to have consented to these amendments and upon the issuance of the Series 2025 Subordinate Bonds, the City will have received sufficient consents to satisfy the conditions to amendment of the Subordinate General Resolution. See “FUTURE AMENDMENTS OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION.”***

## **Additional Subordinate Bonds**

As a condition to the issuance of any additional Subordinate Bonds, the City will first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Subordinate Bonds were at least equal to 110% of the Maximum Annual Debt Service for all Senior Lien Bonds and Subordinate Bonds which will be Outstanding



immediately after issuance of the proposed Subordinate Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and will take into account any reductions in such rates and charges, which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Subordinate Bonds.

Except as described in the last sentence of this paragraph, the certificate or certificates described above will not be required if the Subordinate Bonds being issued are for purposes of refunding the Outstanding Senior Lien Bonds or Subordinate Bonds, and if at the time of the issuance of such Subordinate Bonds, a certificate of an Authorized City Representative will be delivered showing that Maximum Annual Debt Service on all Senior Lien Bonds and Subordinate Bonds Outstanding after the issuance of the refunding Subordinate Bonds will not exceed Maximum Annual Debt Service on all Senior Lien Bonds and Subordinate Bonds Outstanding prior to the issuance of such Subordinate Bonds. The exception provided by this paragraph will not apply with respect to Subordinate Bonds not constituting part of a Commercial Paper Program issued to refund Subordinate Bonds constituting part of a Commercial Paper Program unless the authorized principal amount of the Commercial Paper Program is reduced by an amount equal to the Subordinate Bonds refunded.

If any of the Outstanding Series of Subordinate Bonds or Senior Lien Bonds constitutes Variable Rate Indebtedness, or if Subordinate Bonds proposed to be issued would constitute Variable Rate Indebtedness for purposes of the Subordinate General Resolution only (except as otherwise provided in the Subordinate General Resolution), such Subordinate Bonds or Senior Lien Bonds will be assumed to bear interest at the rate quoted in *The Bond Buyer Revenue Bond Index* for the last week of the month preceding the date of calculation of Maximum Annual Debt Service, as published in *The Bond Buyer*, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Subordinate Bonds or Senior Lien Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Subordinate Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets.

***The City is proposing to make substantial amendments to the Subordinate General Resolution including significant amendments to the provisions relating to the issuance of additional Subordinate Bonds. Any Bondholders and Beneficial Owners of the Series 2025 Subordinate Bonds will be deemed to have consented to these amendments and upon the issuance of the Series 2025 Subordinate Bonds, the City will have received sufficient consents to satisfy the conditions to amendment of the Subordinate General Resolution. See "FUTURE AMENDMENTS OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION."***

#### **Additional Senior Lien Bonds**

In addition to the Existing Senior Lien Bonds, the City may authorize one or more other series of Additional Senior Lien Bonds which are secured by the pledge of Revenues made under the Senior General Resolution equally and ratably with Senior Lien Bonds previously issued. See APPENDIX D — "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS" attached hereto.

The City expects to issue up to approximately \$\_\_\_\_\_ in Additional Senior Lien Bonds to (i) refund on a current basis all or a portion of the City's outstanding Wastewater System Revenue Bonds, Series 2015-A (Green Bonds), Wastewater System Revenue Bonds, Refunding Series 2015-B, Wastewater System Revenue

Bonds, Series 2015-C (Green Bonds), and Wastewater System Revenue Bonds, Refunding Series 2015-D, currently outstanding in the principal amounts of \$188,755,000, \$41,175,000, \$100,835,000, and \$71,720,000, respectively; (ii) potentially refund through exercise of the extraordinary redemption provision all or a portion of the City's outstanding Wastewater System Revenue Bonds, Series 2010-A (Taxable Build America Bonds) and Series 2010-B (Taxable Recovery Zone Economic Development Bonds), currently outstanding in the principal amounts of \$177,420,000 and \$89,600,000, respectively; and (iii) [to the extent not refunded by the Series 2025-C Subordinate Bonds, potentially refund all or a portion of the City's Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds), currently outstanding in the principal amount of \$94,805,000.] The City expects to issue such Additional Senior Lien Bonds in the [second] quarter of 2025; however, no assurance can be provided regarding the timing of such issuance, the amount of Additional Senior Lien Bonds to be issued, or the Wastewater System Revenue Bonds to be refunded by such issuance.

***The City is proposing to make substantial amendments to the Senior General Resolution, including amendments to the conditions to issuance of Additional Senior Lien Bonds under the Senior General Resolution. These amendments to the Senior General Resolution do not require the consent of Bondholders of the Subordinate Bonds (including the Series 2025 Subordinate Bonds). See the caption "FUTURE AMENDMENTS OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION — Amendment of Senior General Resolution."***

#### **Flow of Funds Under the Senior General Resolution and the Subordinate General Resolution**

***Revenues Deposited into the SCM Fund.*** The City has agreed under the Senior General Resolution that so long as any Bonds remain Outstanding it will continue to maintain the SCM Fund or another special fund or special funds into which all Revenues will be deposited and any and all such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided in the Senior General Resolution.

Pursuant to the Senior General Resolution, the City has agreed that it will deposit all Revenues (except the earnings on the Debt Service Fund (as defined in the Senior General Resolution) created and held under the Senior General Resolution and the Reserve Fund (as defined in the Senior General Resolution) created and held under the Senior General Resolution for which the special provision is made in the Senior General Resolution and except for the earnings on funds created and held under Supplemental Resolutions for which special provision may be made) as collected, into the SCM Fund. All Revenues in the SCM Fund shall be held by the City in trust and applied as provided in the Senior General Resolution, and pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under the Senior General Resolution.

***Payment of Operation and Maintenance Expenses.*** Prior to making deposits into the Debt Service Fund, Reserve Fund or Emergency Fund, Revenues on deposit to the credit of the SCM Fund will be used to pay or provide for the ordinary and reasonable expenses of the operation and maintenance of the System when such amounts become due in the ordinary course of business, including, without limitation, refunds, the reasonable expenses of management, and repair and other expenses necessary to maintain and preserve the System in good repair and working order.

***Deposits to the Debt Service Fund, Reserve Fund and Emergency Fund Under the Senior General Resolution.*** On or before the twenty-fifth day of each month, the City must withdraw from the SCM Fund an amount sufficient to make the deposits described in (a), (b) and (c) below and to deposit such amount to the credit of the following funds and in the priority listed. If in any month available moneys are insufficient to make all of such deposits, moneys will be deposited first to the Debt Service Fund and, thereafter, to the Reserve Fund and, thereafter, to the Emergency Fund. Deposits from the SCM Fund are required to be made as follows:

(a) to the credit of the Debt Service Fund, an amount equal to the Aggregate Accrued Interest and Aggregate Accrued Principal for the current calendar month, less any Excess in the fund on the first day of the month, plus any Deficiency existing on the first day of such calendar month, plus any amount of interest or principal on Senior Lien Bonds which has become due and has not been paid and for which there are insufficient funds in the Debt Service Fund or another special fund or account to be used to make such payment;

(b) to the credit of the Reserve Fund, the following amounts, if any: (i) if, as of the most recent valuation of the Reserve Fund, the value thereof was less than the Reserve Fund Requirement and the amount of such deficiency has not previously been restored, then commencing with the first month of the first Fiscal Year following such valuation and continuing until such deficiency has been eliminated (which may be by subsequent valuation), one-twelfth of the difference between the Reserve Fund Requirement and the value of the Reserve Fund on such valuation date, plus (ii) if any amount has been withdrawn from the Reserve Fund during the preceding 12 months to prevent a default on the Bonds or to make a deposit into the Rebate Fund and the Reserve Fund has not subsequently been restored to the Reserve Fund Requirement, an amount equal to one-twelfth of the amount so withdrawn, plus (iii) if any Bonds have been issued during the preceding 12 months and, at the time of such issuance, the City did not deposit into the Reserve Fund the full amount necessary to increase the amount in the Reserve Fund to the Reserve Fund Requirement and the amount of such deficiency has not previously been deposited into the Reserve Fund, an amount equal to one-twelfth of the difference between the Reserve Fund Requirement due upon the issuance of such series of Bonds and the amount deposited into the Reserve Fund at the time of issuance; and

(c) to the credit of the Emergency Fund, the following amounts, if any: (i) if, as of the most recent valuation of the Emergency Fund, the value thereof was less than the Emergency Fund Requirement and the amount of such deficiency has not previously been restored then commencing with the first month of the first Fiscal Year following such valuation and continuing until such deficiency has been eliminated (which may be by subsequent valuation), one-twelfth of the difference between the Emergency Fund Requirement and the value of the Emergency Fund on such valuation date, plus (ii) if any amount has been withdrawn from the Emergency Fund during the preceding 12 months to pay expenses arising from an emergency or a liability claim and the Emergency Fund has not subsequently been restored to the Emergency Fund Requirement, one-twelfth of the amount so withdrawn.

See “FUTURE AMENDMENT OF SUBORDINATE GENERAL RESOLUTION AND SENIOR GENERAL RESOLUTION — Amendment of Senior General Resolution.”

***Deposit of Revenues to Funds and Accounts Under the Subordinate General Resolution.*** So long as the requirements set forth below are met, the City may, at any time, as provided by Supplemental Resolution, withdraw amounts from the SCM Fund to make deposits to the debt service funds and reserve funds created under Supplemental Resolutions or otherwise to make payments or provide for payments on Subordinate Bonds. The foregoing provisions are, however, restricted to the extent that no amount will be withdrawn from the SCM Fund to make deposits to funds created under Supplemental Resolutions or otherwise make payments or provide for payments on Subordinate Bonds unless:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made into the Debt Service Fund, the Reserve Fund and the Emergency Fund (each such fund as defined in and held under the Senior General Resolution) for all prior months have been made in full and no deficiency exists with respect to the Debt Service Fund under the Senior General Resolution;
- (c) the amounts which are or will be required to be deposited into the Debt Service Fund, the Reserve Fund and the Emergency Fund (each as defined in the Senior General Resolution) and held under the Senior General Resolution during the then current calendar month have been deposited into such funds or such

amounts are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for the purpose of paying or providing for the payment of Subordinate Bonds; and

(d) after any such withdrawal or segregation as provided in (c) above and after the withdrawal for the purpose of paying or providing for the payment of Subordinate Bonds, there will remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

So long as the conditions (a), (b), (c), and (d) above are met, then the City may at any time and, subject to the conditions set forth above, shall, as required by Supplemental Resolutions, withdraw from the SCM Fund such amounts as are needed to pay debt service on Subordinate Bonds and fulfill other funding requirements contained in Supplemental Resolutions under which Subordinate Bonds have been issued.

***Moneys Remaining in the SCM Fund.*** In addition to paying operation and maintenance expenses and making the deposits to the Debt Service Fund, Reserve Fund and Emergency Fund, amounts in the SCM Fund may, from time to time, be used to pay capital expenses of the System or may be used for any other lawful purpose related to the System, but if and only if all of the following conditions are met prior to any such withdrawal:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made pursuant to certain provisions of the Senior General Resolution for all prior months have been made in full and no Deficiency (as defined in the Senior General Resolution) exists with respect to the Debt Service Fund as defined in and created under the Senior General Resolution; and all payments to be made to pay or provide for payment of Subordinate Bonds under the terms of Supplemental Resolutions which payments have become due have been paid in full and no deficiency then exists in any Debt Service Fund or Reserve Fund;
- (c) the amounts which are or will be required to be deposited pursuant to certain provisions of the Senior General Resolution during the then current calendar month are deposited as provided in the Senior General Resolution or such amounts are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and all amounts to be paid on the Subordinate Bonds or otherwise required under the terms of Supplemental Resolutions to be deposited to provide for the payment of Subordinate Bonds during the then current calendar month have been paid or deposited or such amounts (which may be an estimated amount deemed appropriate by the City) are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and
- (d) after such withdrawal, there will remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time and without restriction and such amounts may be withdrawn without regard to the requirements of the preceding paragraph, it being the intent of the Senior General Resolution and the Subordinate General Resolution, that the various funds described in the Senior General Resolution and the Subordinate General Resolution, respectively, and the balances required to be maintained in the SCM Fund are to be maintained from the Revenues.

## **Books and Accounts**

The City prepares annual financial statements of the SCM Fund in accordance with generally accepted accounting principles which are audited by an independent certified public accountant (the "SCM Audited Financial Statements"). See APPENDIX E — "CITY OF LOS ANGELES SEWER CONSTRUCTION AND

MAINTENANCE FUND FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (WITH INDEPENDENT AUDITOR'S REPORT THEREON) AND DEBT SERVICE COMPLIANCE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH INDEPENDENT AUDITOR'S REPORT THEREON)" attached hereto.

The City is also required to prepare and adopt a budget for the SCM Fund annually prior to the beginning of the Fiscal Year and a five-year capital plan or capital budget setting forth in reasonable detail the amount expected to be expended in each year for capital needs of the System and the purposes for which such amounts are expected to be expended.

### **Operation and Maintenance of the System**

The City covenants that it will maintain and preserve the System in good repair and working order, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City also covenants that it will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System will and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

### **Insurance and Condemnation**

The City agrees that it will maintain insurance or provide a self-insured reserve against loss or damage to the System from fire, storm or other causes to the extent that such insurance or reserves are customary for sewer systems in metropolitan areas. However, the City is not required to maintain insurance against earthquake damage if it determines that earthquake insurance is excessive. The City does not currently maintain earthquake insurance on the System and does not anticipate obtaining such coverage in the future. The City is not required to maintain liability insurance or self-insurance reserves in lieu of liability insurance in any period for which the City agrees to hold the SCM Fund harmless from all general, automobile, and public liability claims filed during such period.

The City carries a commercial insurance policy with a 1-year term, currently covering the period from [March 27, 2024 through March 27, 2025]. The policy covers all risk, including wildfire, property coverage for the System with limits of \$500 million for damage to real and personal property, excluding damage caused by earthquake, named storm, flood and back-up of sewers and drains. The policy includes equipment breakdown coverage on a standalone basis with a limit of \$200 million for loss to boiler and machinery, excluding damage caused by earthquake, named storm, and flood. The policy also includes terrorism coverage on a standalone basis with a limit of \$200 million. The deductible for this policy is \$1 million per occurrence. [The City is currently in the process of procuring commercial insurance for the next coverage period.] Terms of any future commercial insurance policies may be less favorable than the City's existing policy.

Other than the commercial insurance policy described above, the City self-insures for all other losses of the System in accordance with the City's self-insurance policy, including for damage caused by earthquake, named storm, and flood. The commercial policy deductible, insurance premiums, and all self-insured losses related to the System are costs of the System and may be paid from Revenues. The Bureau of Sanitation plans to increase the amount reserved annually for System losses from \$3 million to \$10 million in the Fiscal Year 2025-26 budget, subject to approval as part of the budget process.

The Senior General Resolution provides that the proceeds of any property damage insurance will be applied to the restoration, replacement or reconstruction of the property or facility lost or damaged, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to restore, replace or reconstruct such property or facilities. Any proceeds of such insurance not applied to restoration, replacement or reconstruction or remaining after such work is completed will be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund.

Proceeds of any liability insurance will be applied by the City in satisfaction of the applicable claim. If the City has elected to self-insure its property damage risks, then, unless the City determines not to restore, replace or reconstruct such property or facilities, amounts in the self-insurance fund will be withdrawn and used to restore, replace or reconstruct the property or facility lost or damaged as a result of a casualty for which such fund was created. If the City has elected to self-insure its liability risk, then amounts in the self-insurance fund of the SCM Fund will be withdrawn and applied in satisfaction of claims arising as a result of events for which such fund was created.

The Senior General Resolution provides that if any property or facilities comprising part of the System will be taken through the exercise of the power of eminent domain, the City will apply the proceeds of any award received on account of such taking to the replacement of the property or facilities so taken, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to replace such property or facilities. Any proceeds of such award not applied to replacement or remaining after such work has been completed will be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund.

## **THE WASTEWATER SYSTEM**

Certain financial and operating information with respect to the Wastewater System is set forth in APPENDIX A hereto.

## **RISK FACTORS**

The ability of the City to pay principal of and interest on the Series 2025 Subordinate Bonds depends primarily upon the receipt by the City of Revenues. Some of the events which could prevent the City from receiving a sufficient amount of Revenues to enable it to pay the principal of and interest on the Series 2025 Subordinate Bonds are summarized below. The following description of risks is not intended to be an exhaustive list of the risks associated with the purchase of the Series 2025 Subordinate Bonds and the order of the risks set forth below does not necessarily reflect the relative importance of the various risks.

### **Limited Obligations**

The obligation of the City to pay debt service on the Series 2025 Subordinate Bonds is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Revenues. The obligation of the City to pay debt service on the Series 2025 Subordinate Bonds does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The City is obligated under the Resolutions to pay debt service on the Series 2025 Subordinate Bonds solely from Revenues.

Factors that can adversely affect the availability of Revenues include, among other matters, drought, general and local economic conditions, and changes in law and government regulations (including initiatives and moratoriums on growth). The realization of future Revenues is also subject to, among other things, the capabilities of management of the City, the ability of the City to provide wastewater service to its retail customers and the Agencies, the ability of the City to establish, maintain and collect charges for the wastewater service to its retail customers and the Agencies and the ability of the City to establish, maintain and collect rates and charges sufficient to pay debt service on the Series 2025 Subordinate Bonds. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM” herein and APPENDIX E attached hereto.

### **System Revenues and Expenditures**

The operation and maintenance expenses of the System are expected to increase in the next five years. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM —

FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM — Projected Statement of Revenues and Expenditures.” Actual operation and maintenance expenses may be greater or less than projected. Factors such as changes in technology, regulatory standards, increased costs of material, energy, labor and administration can substantially affect System expenses. Although the City has covenanted to prescribe, revise and collect rates and charges in amounts sufficient to pay debt service on the Series 2025 Subordinate Bonds, there can be no assurance that such amounts will be collected. Increases in System rates could result in a decrease in demand for System usage. The City Council adopted a series of rate increases through July 1, 2028. The rate increases have been challenged in the case *Shapiro v. City of Los Angeles*. See the caption APPENDIX A “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

### **Rate-Setting and Initiative Processes Under Proposition 218**

Proposition 218 affects the City’s ability to impose future rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed rate increases cannot be imposed as a result of majority protest or initiative, the City might thereafter be unable to generate Revenues in the amounts required to pay debt service on the Series 2025 Subordinate Bonds. Pursuant to the Proposition 218 process described above, the City Council adopted a series of rate increases through July 1, 2028.

Proposition 218, as incorporated in the California Constitution under Article XIII C, also provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. See “PROPOSITION 218” herein. While the City has covenanted to establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System which meet the requirements of the Resolutions and in accordance with applicable law, the SSC may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIII C. No assurance can be given that the voters of the City will not, in the future, approve initiatives which seek to repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s SSC, which are a significant source of Revenues pledged to the payment of debt service on Series 2025 Subordinate Bonds. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION — Certain Claims Against the SCM Fund — *Shapiro v. City*.”

### **Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System**

***Climate Change and Drought.*** The change in the earth’s average atmospheric temperature, generally referred to as “climate change,” is expected to, among other things, increase the frequency and severity of extreme weather events and cause rising sea levels and substantial flooding. The impacts of climate change may materially adversely affect the finances and operations of the System.

The City’s Sustainable City Plan, released in 2015 and renamed L.A.’s Green New Deal in 2019 (the “Plan”), provides a 20-year framework intended to both prepare for climate change and mitigate its effects on the City’s economy, infrastructure and communities. The Plan sets forth several actions that may be taken by the City, including improving emergency response functions and disaster preparedness, reducing air and water pollution, and managing rising temperatures in urban environments. In addition, the City has begun construction of a series of groundwater remediation projects to reduce the City’s reliance on imported water as drought conditions continue, is exploring the use of specially designed “cool roofs” to manage the effect of rising temperatures in urban environments, and is testing the effects of “cool pavement” (a special coating applied to city streets) to manage urban temperatures. The City continues to explore various other adaptive actions within the framework established by the Plan.

The System has experienced reduced flows, which can lead to increased production of gases in sewers and odor complaints, and can also increase influent concentrations at wastewater reclamation facilities above

design concentrations. The sewers and pumping plants can also be threatened by increased flooding risks, sinkholes, decreased flows, power outages, service disruptions, and other changes in subsurface conditions that are caused by the fluctuating climate extremes between wet and dry weather events. The City completed a Climate Risk and Resilience Assessment for Wastewater and Stormwater Infrastructure (“Assessment”) as part of the Plan released in April 2018. This Assessment summarized observed climate trends using the most current climate science and projections, to provide an overall assessment and recommendations for wastewater and stormwater infrastructure resilience through 2040. This Assessment included identifying existing facilities impacted by climate risk to incorporate upgrades as well as planning to integrate climate resiliency into existing wastewater and stormwater facility repair and replacements programs. The analysis from this Assessment is used to further develop strategies for climate risk and resiliency into the CIP business case and all Bureau of Sanitation programs including development of a climate risk and resilience adaptation planning tool. Additionally pursuant to NPDES Permit #: CA0109991, Order # R4-2023-0033, the Bureau developed and submitted a new Climate Change Plan for HWRP to the Regional Board in April 2024. The new Climate Change Plan expands on the completed 2018 Assessment to provide an updated assessment on key elements including but not limited to HWRP Emergency Plan Operational Resilience procedures to address climate risks, projected upgrades of HWRP infrastructure and assets, at-risk pumping plant adaptive measures, and collection system adaptive measures.

The City’s Clean Water program is an important part of addressing water scarcity with planned enhancements of water purification capability at each of the City’s water reclamation plants, such enhancements eventually will provide a continuous source of local water for local groundwater augmentation while reducing the greenhouse gas footprint associated with the City’s imported water supply. The City is also contributing to climate resilience related to the System by mitigating climate-related risks with investments that increase its operational energy efficiency and renewable energy use at its plants. Through enhanced plant operations and processes, the Bureau of Sanitation recovers energy from wastewater, and converts biosolids into carbon-sequestering crops, compost and mulch to restore soils and ecosystems throughout the City. As climate resiliency is being integrated into existing projects and programs, further analyses of the projected costs (to be expended and to be avoided) will be performed.

In 2018 and 2019, the California State Legislature enacted, and the respective Governors signed, three long-term water use efficiency bills, Senate Bill 606 (2018), Assembly Bill 1668 (2018) and Assembly Bill 1414 (2019), to establish a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts in California. The legislation sets standards for indoor residential use and requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt efficiency standards for outdoor residential use, water losses, and commercial, industrial and institutional outdoor landscape areas with dedicated irrigation meters. All new requirements for urban water use objectives are effective after June 2022 when the State Water Resources Control Board adopts urban water use efficiency standards, performance measures, and variances.

The State’s and City’s recent drought conditions have prompted various actions to reduce water consumption. The City has approved a series of rate increases through Fiscal Year 2028-29. These rates and future rates and charges are predicated on assumptions of expected volume of wastewater operation. If the water supply decreases significantly, whether by operation of mandatory supply restrictions, prohibitively high water costs or otherwise, flow within the System will diminish and Revenues may be adversely affected. In the past, the City reduced funding for CIP projects in response to the expected reduction in wastewater volume and Revenues, and although the funding has since been restored because of continued rate increases, implementation of reduced funding for CIP projects may be required again in the future. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM — Water Usage and Wastewater Volume — *General*” herein.

***Earthquakes.*** The City is subject to unpredictable and significant seismic activity. A number of known faults run through the City, and the City lies near the San Andreas Fault, which is the boundary between the Pacific and North American tectonic plates. The complex Los Angeles fault system interacts with the alluvial



soils and other geologic conditions in the hills and basins of the area. This interaction poses a potential seismic threat for every part of the City, regardless of the underlying geologic and soils conditions. In addition, there are likely to be unmapped faults throughout the City.

The System is located above or near a number of geological faults capable of generating significant earthquakes. The area is characterized by a number of geotechnical conditions which represent potential safety hazards, including expansive soils and areas of potential liquefaction and landslide. In anticipation of such potential disasters, the City designs and constructs System facilities to the seismic codes in effect at the time of design of the project.

In January 1994, an earthquake of magnitude 6.7 on the Richter Scale occurred in the northwest San Fernando Valley on a previously unmapped fault. It caused widespread damage to commercial and residential structures. Significant damage occurred to the System however sewer service was not interrupted. Pipe fractures were detected using closed circuit television cameras and some portions of the pipe collapsed. The City estimates that repairs to the System in connection with this earthquake cost approximately \$213 million at the time (not adjusted for inflation).

Although the City has implemented disaster preparedness plans, there can be no assurance that these or any additional measures will be adequate in the event that a natural disaster occurs, nor that costs of preparedness measures will be as currently anticipated. Further, damage to components of the System could cause a material increase in costs for repairs or a corresponding material adverse impact on Revenues. The City is not obligated under the Resolutions to maintain earthquake insurance on the System, and the City does not now and does not plan to maintain earthquake insurance on the System.

**Wildfires.** Water conveyance facilities generally consist of pipelines and connections, flow control facilities, and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the System are designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as concrete and masonry blocks. The System's four water reclamation plants are not located in historically fire prone areas. In addition, the Bureau of Sanitation works closely with the City's fire department to ensure that proper vegetative clearances are maintained in and around the properties and facilities of the System.

The City is still assessing all of the damage to the System as a result of the January 2025 windstorm and wildfire event; however, it does not appear that any of the System facilities or operations were significantly impacted by the event. See the caption "INTRODUCTION — Los Angeles 2025 Wildfire Event — *January 2025 Wildfire Impacts on the System*" for information regarding the impacts of the January 2025 windstorm and wildfire event.

**Sewer Failure.** The System is subject to potential failures of its collection and conveyance sewers that can result in unexpected repair costs, litigation expenses and regulatory fines. See, for example, APPENDIX A "CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM — Wastewater Overflows" herein. Although the CIP includes projects to rehabilitate major conveyance sewers, no assurance can be given that future sewer failures will not occur. The City's current commercial insurance policy does not cover loss resulting from flood and back-up of sewers and drains. See, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS — Insurance and Condemnation" herein.

## **Statutory and Regulatory Compliance**

Changes in the scope and standards for public agency wastewater systems, such as the System, may lead to increasingly stringent operating requirements and the imposition of administrative orders issued by Federal or State regulators. Future compliance with such requirements and orders can impose substantial additional costs on the SCM Fund. See APPENDIX A — "CERTAIN INFORMATION REGARDING THE

WASTEWATER SYSTEM — REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM” herein. In addition, claims against the System for failure to comply with applicable laws and regulations could be significant. Such claims are payable from assets of the System or from other legally available sources. No assurance can be given that the cost of compliance with such existing or future laws, regulations and orders would not adversely affect the ability of the System to generate Revenues sufficient to pay debt service on the Subordinate Bonds, including the Series 2025 Subordinate Bonds.

### **Utility Costs**

No assurance can be given that any future significant reduction or loss of power would not materially adversely affect the operations of the System. The volume of wastewater conveyed and treated in the System on a daily basis requires a significant amount of electrical and thermal power. Electricity is needed to run pumps, lights, computers, mechanical valves and other machinery. Thermal energy, usually generated by electrical power or by burning natural gas, provides heat and cooling necessary for both buildings and the wastewater treatment process. Prices for electricity or gas may increase, which could adversely affect the System’s financial condition.

### **Impact of Economic Conditions on System Revenues**

Past recessions and major economic disruptions, including disruptions caused by the COVID-19 pandemic, have adversely affected economic activity of the region in general, in particular resulting in decreased economic activity and increased unemployment. Reduction in System users’ ability to pay rates and charges, and reduction in the rate at which new customers are added to the System, can adversely impact System revenues.

### **Potential Impacts of Infectious Disease Outbreaks**

The operations and financial results of the Wastewater System could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, including potential future outbreaks of COVID-19. The City cannot predict any costs associated with the potential response to an infectious disease outbreak.

### **Acceleration; Limitations on Remedies**

The Senior General Resolution and the Subordinate General Resolution provide that, upon and during the continuance of an Event of Default, the principal of and interest accrued on all Senior Lien Bonds and Subordinate Bonds, respectively, subject to certain conditions, may be declared to be due and payable immediately. The foregoing notwithstanding, the remedy of acceleration is subject to the limitations on legal remedies against public entities in the State, including a limitation on enforcement obligations against funds needed to serve the public welfare and interest. Also, any remedies available to the Owners of the Series 2025 Subordinate Bonds upon the occurrence of an Event of Default under the respective Resolutions are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Further, enforceability of the rights and remedies of the Owners of the Series 2025 Subordinate Bonds may become subject to (i) the Federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, (ii) equity principles which may limit the specific enforcement of certain remedies, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the exercise of the state police powers. Remedies available to the Owners of the Series 2025 Subordinate Bonds are in many respects dependent upon judicial action which is often subject to discretion and delay and could prove both expensive and time consuming to obtain.

## **Security of the System**

The System is subject to safety and security inspections on a continuing basis by the City. However, damage to the System resulting from vandalism, sabotage, or terrorist activities may adversely impact the operations and finances of the System. There can be no assurance that the City's security, emergency preparedness and response plans will be adequate to prevent or mitigate such damage, or that the costs of maintaining such security measures will not be greater than currently anticipated. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS — Insurance and Condemnation" herein for a description of insurance for the System.

## **Effect of City Bankruptcy**

Pursuant to State law, the City is authorized to file for bankruptcy protection under certain circumstances. Should the City file for bankruptcy protection, the assets of the SCM Fund would in all likelihood be initially subject to the bankruptcy proceedings and, therefore, there could be adverse effects on the Holders of the Series 2025 Subordinate Bonds. An involuntary bankruptcy petition cannot be filed against the City.

The rights and remedies available to the Holders of Subordinate Bonds under the Subordinate General Resolution may become subject to, including through a City bankruptcy, among other things: (i) the United States Bankruptcy Code (the "Bankruptcy Code"), (ii) other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect; (iii) equity principles; (iv) limitations on the specific enforcement of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; (vi) the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and (vii) regulatory and judicial actions that are subject to discretion and delay.

To the extent that Revenues are determined to be "special revenues" under the Bankruptcy Code, the Revenues collected after the date of a bankruptcy filing should continue to be subject to the liens of the Senior General Resolution and Subordinate General Resolution, respectively. However, if any or all of the Revenues were determined not to be "special revenues," then any such amounts collected after the commencement of the bankruptcy case will likely not be subject to the liens of the Senior General Resolution and Subordinate General Resolution, respectively. "Special revenues" are defined to include, among other things, revenues derived from the ownership or operation of projects or systems that are primarily used to provide transportation or utility services. No assurance can be given that a court would hold that any or all Revenues are special revenues.

In a case arising from the insolvency proceedings of Commonwealth of Puerto Rico, the United States Court of Appeals for the First Circuit concluded that while a debtor has the right to voluntarily apply special revenues to the payment of debt service during the pendency of a bankruptcy case, the debtor is not obligated to do so, even though the special revenues are subject to the lien of the bond documents. The Holders of the Subordinate Bonds may not be able to assert a claim against any property of the City other than the Revenues, and if any or all of the Revenues are no longer subject to the lien of the Senior General Resolution or the Subordinate General Resolution, respectively, then there may be limited, if any, funds from which the holders of the Senior Lien Bonds and the Subordinate Bonds are entitled to be paid.

Furthermore, although Section 922(d) of the Bankruptcy Code provides that the automatic stay arising upon the filing of a bankruptcy petition under Chapter 9 does not apply to the collection and application of pledged special revenues to payment of bonds secured by such special revenues (which was confirmed by the United States Court of Appeals for the First Circuit in the insolvency proceedings of Commonwealth of Puerto Rico referred to above), if the City were to become a debtor in a proceeding under Chapter 9, the bankruptcy court could find that the automatic stay exception for pledged special revenues does not apply, and the parties to the proceeding may thus be prohibited from taking any action to collect Revenues, or to enforce any related

obligation connected with the Senior Lien Bonds and the Subordinate Bonds without the bankruptcy court's permission.

The Bankruptcy Code provides that “special revenues” can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. It is not clear precisely which expenses would constitute necessary operating expenses, and a court may define necessary operating expenses more broadly than comparable terms are defined under the Senior General Resolution and the Subordinate General Resolution.

In addition, if the City has possession of Revenues (whether collected before or after commencement of the bankruptcy) and if the City does not voluntarily turn over such Revenues to the Holders of the Senior Lien Bonds and Subordinate Bonds for the payment of debt service due and payable under the Senior General Resolution and the Subordinate General Resolution, respectively, it is not entirely clear what procedures the Holders of the Senior Lien Bonds or the Subordinate Bonds would have to follow to attempt to obtain possession of such Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. The United States Court of Appeals for the First Circuit, in another case involving the insolvency proceedings of Commonwealth of Puerto Rico, concluded that a bankruptcy court does not have the power to order a debtor to comply with state law.

The results of the foregoing, including but not limited to matters that may arise in proceedings under the Bankruptcy Code, are difficult to predict. The foregoing could subject the owners of the Subordinate Bonds to, among other things: (i) judicial discretion and interpretation of rights; (ii) the automatic stay provisions of the Bankruptcy Code, which among other things, could operate to cause a delay or prohibition in debt service payments to the owners of Subordinate Bonds; (iii) rejection of significant agreements; (iv) avoidance of certain payments to the owners of the Subordinate Bonds as preferential payments; (v) assignments of certain obligations, including those in favor of the owners of the Subordinate Bonds; (vi) significant delays, reductions in payments and other losses to the owners of the Subordinate Bonds; (vii) an adverse effect on the liquidity and/or market values of the Subordinate Bonds; (viii) additional borrowing, which borrowing may have priority over the lien of the Subordinate General Resolution; (ix) alterations to the priority, interest rate, payment terms, collateral, maturity dates, payment sources and terms, covenants (including tax-related covenants) and other terms or provisions of the Subordinate General Resolution or the Subordinate Bonds, and other obligations, including treating the owners of the Subordinate Bonds as general unsecured creditors of the City; and (x) the release of all or a portion of Revenues, free and clear of the lien of the Subordinate General Resolution.

The City Treasurer holds and invests all moneys in the SCM Fund. Should the City initiate a bankruptcy proceeding, the Bankruptcy Court could hold that Holders of the Subordinate Bonds do not have a valid lien on the portion of the Revenues which are invested as part of the City’s investment program. In the event of such a holding, Holders of the Subordinate Bonds could be treated as unsecured creditors of the City with respect to such portion of the Revenues.

Legal opinions to be delivered concurrently with the delivery of the Series 2025 Subordinate Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2025 Subordinate Bonds may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, as well as limitations on legal remedies against cities in the State.

## **Cybersecurity**

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the City and its departments face multiple cyber threats including hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attack disruptions on the City’s computer system to

date. For example, in 2019, the City experienced a cyber-attack that impacted a cloud-hosted system at a City department. The attack potentially involved certain personal information of about 20,000 applicants who went through the Los Angeles Police Department recruitment process. The City mitigated the attack and notified all the affected individuals immediately. Following this incident, certain City personnel attended security awareness training. The City installed a web application firewall and an endpoint protection system to quickly identify and respond to cyber-attacks targeted at its web application systems.

In 2013, the City created the Cyber Intrusion Command Center (the “CICC”) under a Mayoral Executive Directive to coordinate cybersecurity preparation and response across City departments. The CICC is composed of key City departments, cybersecurity professionals, and local and federal law enforcement experts. The CICC has assisted the City in establishing policies for data classification, information handling, and cybersecurity prevention and response protocols. In 2015, the City established an Integrated Security Operations Center (the “ISOC”) with cybersecurity professionals for cyber-attack monitoring and response. In addition, the City has identified critical data assets and applied additional cyber defenses through its Critical Asset Protection program. The City regularly conducts cyber security awareness training for all City employees with computer access, conducts phishing email tests, and provides periodic cybersecurity newsletters and workshops to its employees. In 2017, the City consolidated and distributed a comprehensive Information Security Policy Manual with sections dedicated to City employees, City managers, and City technology professionals. Also, the City conducts annual “penetration tests” to identify and remediate any potential weaknesses in its networks and weekly cyber vulnerability scanning on City servers and websites accessible by the Internet. In 2020, the ISOC enabled secure remote access for approximately 18,000 City workers during the COVID-19 pandemic. The City implemented Multi-Factor Authentication and a single sign-on service, retiring outdated infrastructure and introducing a “Cybersecurity Risk Score” system for departments, providing general managers with a way to determine the level of Cybersecurity preparedness within their respective departments. In 2022, the City adopted Attack Surface Management (“ASM”) to identify and remediate vulnerabilities and potential attack vectors to the City’s public-facing digital assets. It established a comprehensive Cybersecurity Asset Management system, Critical Asset Protection, and the Cyber Watchlist for robust cybersecurity measures. In 2023, the City focused on the principle of “Zero Trust” - a modern security strategy based on the principle of never trust, always verify. To align with this strategy, the City has focused on identifying applications throughout the City to see that they are fully protected. To help achieve this verification, the City has been an active participant in multiple tabletop exercises conducted in partnership with the Department of Homeland Security, California Cybersecurity Integration Center, Joint Regional Intelligence Center, and the County of Los Angeles.

No assurances can be given that the City’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City’s computer and information technology systems could impact its operations and damage the City’s digital networks and systems, and the costs of remedying any such damage could be substantial.

In addition to the City cybersecurity preparations, the Bureau of Sanitation Wastewater Industrial Control Systems (“ICS”) network is firewalled from the rest of the City’s business network. This design is consistent with the Department of Homeland Security’s (DHS) recommended secure network architecture and provides the Bureau of Sanitation with extra layers of protection against possible cyber threats that may impact ICS. The Bureau of Sanitation is an active member of the City’s CICC, conducts regular employee cybersecurity awareness training, and makes on-going investments through the CIP to improve the Bureau of Sanitation information technology and cybersecurity infrastructures including but not limited to replacing end-of-life equipment to ensure that security patches are available, deploying/upgrading intrusion prevention/detection systems, installing endpoint protection software, implementing security information and [event management system] . The Bureau of Sanitation’s cybersecurity team ensures that critical fixes and patches are deployed in a timely manner and systems are up-to-date. In addition, the Bureau of Sanitation’s cybersecurity team engages directly with the DHS Industrial Control Systems Cyber Emergency Response Team, and conducts assessments and mitigation strategies as appropriate. The Bureau of Sanitation also actively participates in the annual cybersecurity tabletop exercise facilitated by the DHS to test and enhance cyber incident response capabilities.

The Bureau of Sanitation is actively working on improving its cybersecurity posture. The Bureau of Sanitation completed a Cybersecurity Performance Goals Assessment in November 2024 with the DHS - Cybersecurity and Infrastructure Security Agency (CISA) to evaluate the its cybersecurity preparedness and prevention. The completion of this assessment will allow the Bureau of Sanitation to access other services that CISA can provide such as risk and vulnerabilities assessment, penetration testing, and vulnerability scans. Part of the overall cybersecurity strategy is to have annual assessments and improve on areas of vulnerability and mitigate any types of risks.

The Bureau of Sanitation is involved in the Citywide Incident Response Plan that is being developed for the City with the Mayor's Office of Public Safety, the City's Information Technology Agency, CISA, DHS, and other City departments. The Bureau of Sanitation is also working on an internal Incident Response Plan with Cisco to be prepared in case of a cyber incident. There are also plans to improve the physical security surrounding the Bureau of Sanitation's four water reclamation plants. The Bureau of Sanitation has identified areas that need improvement and there are plans to continually improve cyber and physical security to improve the Bureau of Sanitation's defenses against potential future attacks.

### **Loss of Tax Exemption**

As discussed under "TAX MATTERS — TAX-EXEMPT BONDS," interest on the Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds could fail to be excluded from the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of the issuance of the Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds as a result of future acts or omissions of the City in violation of its covenants to comply with requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Should such an event of taxability occur, the Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds are not subject to redemption or any increase in interest rate as a result of such event of taxability.

### **Change in Tax Law**

As discussed under "TAX MATTERS — TAX-EXEMPT BONDS," current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

### **Senior and Parity Debt**

As described in "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2025 SUBORDINATE BONDS — Additional Subordinate Bonds" and "— Additional Senior Lien Bonds" above, if certain conditions are met, the Subordinate General Resolution and the Senior General Resolution, respectively, permit the City to incur obligations which would be payable on parity with or senior to the Series 2025 Subordinate Bonds, as applicable. In the event of a decline in Net Revenues, the existence of the parity and senior obligations could adversely affect the City's ability to make debt service payments with respect to the Series 2025 Subordinate Bonds.

### **Uncertainties of Projections, Forecasts and Assumptions**

Certain information contained in this Official Statement is based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance, and the City assumes no responsibility for the accuracy of such projections. See the caption "INTRODUCTION — Forward-Looking Statements."

## **TAX MATTERS – TAX-EXEMPT BONDS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds (the “Tax-Exempt Bonds”) for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. Pursuant to the Twenty-Ninth Supplemental Resolution and Tax Certificate, the City has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the City has made certain representations and certifications in the Twenty-Ninth Supplemental Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the City described above, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Tax-Exempt Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

### **State Taxes**

Bond Counsel is also of the opinion that interest on the Tax-Exempt Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Tax-Exempt Bonds nor as to the taxability of the Tax-Exempt Bonds or the income therefrom under the laws of any state other than the State of California.

### **Original Issue Discount**

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Tax-Exempt Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Tax-Exempt Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Tax-Exempt Discount Bond” and collectively, the “Tax-Exempt Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Tax-Exempt Discount Bond and the basis of each Tax-Exempt Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Tax-Exempt Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Tax-Exempt Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Discount Bonds.

### **Original Issue Premium**

Tax-Exempt Bonds sold at prices in excess of their principal amounts are “Tax-Exempt Premium Bonds”. An initial purchaser with an initial adjusted basis in a Tax-Exempt Premium Bond in excess of its

principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Tax-Exempt Premium Bond based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Tax-Exempt Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Tax-Exempt Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Tax-Exempt Bonds. Owners of the Tax-Exempt Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Premium Bonds.

### **Ancillary Tax Matters**

Ownership of the Tax-Exempt Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Tax-Exempt Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX F. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Changes in Law and Post-Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal or state income tax purposes, and thus on the value or marketability of the Tax-Exempt Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Tax-Exempt Bonds may occur. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the impact of any change in law on the Tax-Exempt Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Bonds may affect the tax status of interest on the Tax-Exempt Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.



## **TAX MATTERS – TAXABLE BONDS**

### **Federal Income Taxes**

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2025-B Subordinate Bonds (the “Taxable Bonds”). The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Taxable Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Taxable Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire Taxable Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Taxable Bonds.

The City has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

### **U.S. Holders**

As used herein, the term “U.S. Holder” means a beneficial owner of Taxable Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds Taxable Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds Taxable Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Taxable Bonds.

### **Taxation of Interest Generally**

Interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Taxable Bonds. In general, interest paid on the Taxable Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S.

Holder's adjusted tax basis in the Taxable Bonds and capital gain to the extent of any excess received over such basis.

## **Recognition of Income Generally**

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Taxable Bonds under the Code.

## **Original Issue Discount**

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Taxable Bonds issued with original issue discount ("Discount Taxable Bonds"). A Taxable Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Taxable Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Taxable Bond's "stated redemption price at maturity" is the total of all payments provided by the Taxable Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the City) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Taxable Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Taxable Bond for each day during the taxable year in which such holder held such Taxable Bond. The daily portion of original issue discount on any Discount Taxable Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Taxable Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any

amortizable bond premium or acquisition premium) on a Taxable Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

### **Market Discount**

A holder who purchases a Taxable Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Taxable Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest.

A holder of a Taxable Bond who acquires such Taxable Bond at a market discount also may be required to defer, until the maturity date of such Taxable Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Taxable Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Taxable Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Taxable Bond for the days during the taxable year on which the holder held the Taxable Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Taxable Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

### **Bond Premium**

A holder of a Taxable Bond who purchases such Taxable Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Taxable Bonds held by the holder on the first day of the taxable year to which the election applies and to all Taxable Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of Taxable Bonds who acquire such Taxable Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Taxable Bonds.

### **Surtax on Unearned Income**

Section 1411 of the Code generally imposes a tax on the "net investment income" of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

## **Sale or Redemption of Taxable Bonds**

A bondholder's adjusted tax basis for a Taxable Bond is the price such holder pays for the Taxable Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Taxable Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Bond, measured by the difference between the amount realized and the bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Bond is held as a capital asset (except in the case of Taxable Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Taxable Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Taxable Bond under the defeasance provisions of the Twenty-Ninth Supplemental Resolution could result in a deemed sale or exchange of such Taxable Bond.

**EACH POTENTIAL HOLDER OF Taxable Bonds SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE TAXABLE BONDS, AND (2) THE CIRCUMSTANCES IN WHICH Taxable Bonds WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.**

### **Non-U.S. Holders**

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of Taxable Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the City or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the City, (2) is not a controlled foreign corporation for United States tax purposes that is related to the City (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the City, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Taxable Bonds must certify to the City or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing federal income tax treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments, including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the City or its agent with documentation as to his, her, or its identity to avoid the

U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Taxable Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax (subject to a reduced rate under an applicable treaty) on its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Taxable Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Taxable Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Taxable Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Taxable Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Taxable Bonds shall have no recourse against the City, nor will the City be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Taxable Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of “withholdable payment” for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Taxable Bonds.

### **Information Reporting and Backup Withholding**

For each calendar year in which the Taxable Bonds are outstanding, the City, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder’s name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the City, its agents or paying agents or a broker may be required to make “backup” withholding of tax on each payment of interest or principal on the Taxable Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder’s federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments of interest made by the City, its agents (in their capacity as such) or paying agents or a broker to a Non-U.S. Holder if such holder has provided the required certification that it is not a U.S. person (as set forth in the second paragraph under “Non-U.S. Holders” above), or has otherwise established an exemption (provided that neither the City nor its agent has actual knowledge that the holder is a U.S. person or that the conditions of an exemption are not in fact satisfied).

Payments of the proceeds from the sale of a Taxable Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Taxable Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder’s particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

## **State Taxes**

Bond Counsel is of the opinion that interest on the Taxable Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Taxable Bonds nor as to the taxability of the Taxable Bonds or the income therefrom under the laws of any state other than the State of California.

## **Changes in Law and Post Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Taxable Bonds for federal or state income tax purposes, and thus on the value or marketability of the Taxable Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Taxable Bonds. Prospective purchasers of the Taxable Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Taxable Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE BONDS.

## **CONSIDERATIONS FOR ERISA AND OTHER U.S. BENEFIT PLAN INVESTORS**

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA (“ERISA Plans”). Section 4975 of the Code imposes essentially the same prohibited

transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein (“Qualified Retirement Plans”), and on Individual Retirement Accounts (“IRAs”) described in Section 408(b) of the Code (collectively, “Tax-Favored Plans”). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) (“Governmental Plans”), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) (“Church Plans”), are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law which is, to a material extent, similar to the foregoing provisions of ERISA or the Code (“Similar Laws”). Accordingly, assets of such plans may be invested in the Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties In Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the City were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor, as modified by Section 3(42) of ERISA (the “Plan Assets Regulation”), the assets of the City would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an “equity interest” in the City and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Bonds, including the reasonable expectation of purchasers of Bonds that the Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the City or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled

separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any exemption will be available with respect to any particular transaction involving the Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Bond (or interest therein) will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Laws. A purchaser or transferee who acquires Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the City, and the Underwriters or any of their respective affiliates may receive certain benefits in connection with the sale of the Bonds, the purchase of the Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Bonds using plan assets of a Benefit Plan should consult with its counsel if the City, or the Underwriters or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code. Persons responsible for investing the assets of Government or Church Plans should seek similar counsel with respect to the applicability of Similar Laws.

## **CONTINUING DISCLOSURE**

In order to provide certain continuing disclosure with respect to the Series 2025 Subordinate Bonds in accordance with the Rule, the City has executed a Continuing Disclosure Certificate (“Disclosure Certificate”) for the benefit of the Owners of the Series 2025 Subordinate Bonds, pursuant to which Digital Assurance Certification, L.L.C. will serve as the initial dissemination agent. The form of Disclosure Certificate is attached hereto as APPENDIX H.

Under the Disclosure Certificate, the City will covenant for the benefit of Owners and Beneficial Owners of the Series 2025 Subordinate Bonds to provide certain annual financial information and operating data, including its audited financial statements for the SCM Fund, relating to the System by not later than June 30 of each Fiscal Year, commencing on June 30, [2026] for the report for Fiscal Year [2024-25], or if the fiscal year-end changes from June 30, not later than 365 days after the end of the City’s Fiscal Year (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and notices of Listed Events will be filed pursuant to the Rule with the Electronic Municipal Market Access (“EMMA”) database. These covenants will be made in order to assist the Underwriters of the Series 2025 Subordinate Bonds in complying with the Rule.



The City and its related entities issue a variety of bonds, notes and obligations (“Obligations”), including Obligations issued through its proprietary enterprise programs and for its housing program and other conduit borrowers, as well as Obligations secured by special taxes and special assessments. The representations made by the City in this section regarding its previous continuing disclosure undertakings relate only to those Obligations which are managed by the City Administrative Officer and its staff, including Obligations secured by the City’s general fund (including the lease revenue bonds and notes issued through the Municipal Improvement Corporation of Los Angeles), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds. The City’s Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

In continuing disclosure undertakings that the City has executed with respect to prior issuances of Senior Lien Bonds and Subordinate Bonds, the City agreed to update tabular information in its official statements. In preparing this Official Statement, the City has modified several of the tables that it has historically presented in its official statements for the Wastewater System. Accordingly, the City plans to provide continuing disclosure annual updates to the financial and operating data of the Wastewater System in the manner consistent with the tabular information in this Official Statement. This impacts the following financial and operating information:

- In past official statements, the City provided historical capital improvement program expenditure data and some projected capital improvement program expenditure data which the City has decided to replace with the projected information presented in Table 5 in Appendix A in of this Official Statement. In its continuing disclosure annual reports in the future, the City will plan to provide an update of the Capital Improvement Plan expenditures for the most recently completed fiscal year.
- The historical revenues, expenses and debt service coverage ratio contained in Table 15 in Appendix A in this Official Statement. Table 15 was prepared in past final official statements on a cash basis rather than an accrual (GAAP) basis. The City has prepared Table 15 in Appendix A in this Official Statement on a GAAP basis according to the SCM Audited Financial Statements and the Debt Service Coverage Ratio Compliance Report prepared by the independent auditors of the SCM Fund, which is the format it will use in its continuing disclosure annual reports in the future.

Notwithstanding any provision of the Subordinate General Resolution, the failure of the City to comply with the Disclosure Certificate is not considered an event of default under the Subordinate General Resolution. However, any Owner of Series 2025 Subordinate Bonds may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate.

## **LITIGATION**

There is no controversy of any nature now pending against the City or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2025 Subordinate Bonds or in any way contesting or affecting the validity of the Series 2025 Subordinate Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2025 Subordinate Bonds or the use of the proceeds of the Series 2025 Subordinate Bonds. There are no pending lawsuits that in the opinion of the City Attorney challenge the validity of the Series 2025 Subordinate Bonds, the corporate existence of the City, or the title of the executive officers to their respective offices.

A discussion of certain claims against the SCM Fund is set forth under the caption in APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION — Certain Claims Against the SCM Fund.”

## LEGAL OPINION

The validity of the Series 2025 Subordinate Bonds and certain other matters are subject to the approval of legality by Nixon Peabody LLP, Bond Counsel to the City. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, and by Hydee Feldstein Soto, City Attorney, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) and Fitch Ratings (“Fitch”) have assigned the Series 2025 Subordinate Bonds their ratings of “\_\_” and “\_\_,” respectively. [S&P has assigned the Series 2025 Subordinate Bonds a negative outlook.] Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025 Subordinate Bonds.

## UNDERWRITING

The Series 2025 Subordinate Bonds are being purchased by Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC, Siebert Williams Shank & Co., LLC, Samuel A. Ramirez & Co., Inc., TD Securities (USA) LLC, and Stifel, Nicolaus & Company, Incorporated (collectively, the “Underwriters”) at a price of \$\_\_\_\_\_ (which amount represents the principal amount of the Series 2025-A Subordinate Bonds of \$\_\_\_\_\_, the principal amount of the Series 2025-B Subordinate Bonds of \$\_\_\_\_\_, and the principal amount of the Series 2025-C Subordinate Bonds of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_ of the Series 2025-A Subordinate Bonds, and plus [net] original issue premium of \$\_\_\_\_\_ of the Series 2025-C Subordinate Bonds, and less an aggregate underwriters’ discount of \$\_\_\_\_\_). The Underwriters may offer and sell the Series 2025 Subordinate Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

The following paragraphs have been provided by the Underwriters:

TD Securities (USA) LLC (“TD Securities”), one of the Underwriters of the Series 2025 Subordinate Bonds, has entered into two negotiated dealer agreements (the “TD Dealer Agreements”) with Charles Schwab & Co., Inc. (“CS&Co.”) and InvestorLink Capital Markets, LLC (“ICM”). These agreements allow CS&Co. and ICM to provide for the retail distribution of certain securities offerings, including the offered Series 2025 Subordinate Bonds at the original issue prices. Pursuant to the TD Dealer Agreements, CS&Co. and ICM may purchase offered Series 2025 Subordinate Bonds from TD Securities at the original issue prices less a negotiated portion of the selling concession applicable to any of the offered Series 2025 Subordinate Bonds ICM or CS&Co. sells.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various advisory and investment banking services for the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **MUNICIPAL ADVISORS**

Public Resources Advisory Group, Inc. and Omnicap Group LLC have served as Municipal Advisors to the City in connection with the issuance of the Series 2025 Subordinate Bonds. The Municipal Advisors have assisted the City in matters relating to the planning, structuring, issuance and sale of the Series 2025 Subordinate Bonds. The Municipal Advisors have not audited, authenticated or otherwise independently verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisors make no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The Verification Agent, Precision Analytics Inc., Morristown, New Jersey, will verify as to the 2013 Bonds Escrow Fund [and the 2017-C Bonds Escrow Fund], the mathematical accuracy as of the date of issuance of the Series 2025 Subordinate Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the investment of cash and Government Obligations will be sufficient to pay in full, when due, the redemption price of the applicable Refunded Bonds. The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

### **FINANCIAL STATEMENTS AND DEBT SERVICE COMPLIANCE REPORTS**

The SCM Fund Financial Statements and Required Supplementary Information for the Fiscal Years ended June 30, 2024 and 2023 (With Independent Auditor's Report Thereon) and the SCM Fund Debt Service Compliance Report for the Fiscal Year ended June 30, 2024 (With Independent Auditor's Report Thereon) are included as APPENDIX E. The financial statements of the SCM Fund for the Fiscal Year ended June 30, 2024 and the SCM Fund Debt Service Compliance Report for the Fiscal Year ended June 30, 2024 have been audited by Macias Gini & O'Connell LLP ("Macias"), independent certified public accountants, as stated in their report. Macias has not consented to the inclusion of its reports in APPENDIX E and Macias has not undertaken to update its reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias with respect to any event subsequent to the date of its reports.

## MISCELLANEOUS

This Official Statement has been duly approved, executed and delivered by the City.

There are appended to this Official Statement a summary of certain provisions of the Resolutions, a glossary of defined terms, a glossary of System terms, Audited Financial Statements of the SCM Fund, the proposed form of opinion of Bond Counsel, and a general description of the City and a description of the Book-Entry Only System. The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Series 2025 Subordinate Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All references to the City Charter and the Resolutions are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such laws and such documents for a full and complete statement of such provisions.

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Assistant City Administrative Officer

**APPENDIX A**

**CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES**

**WASTEWATER SYSTEM**

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## **THE WASTEWATER SYSTEM**

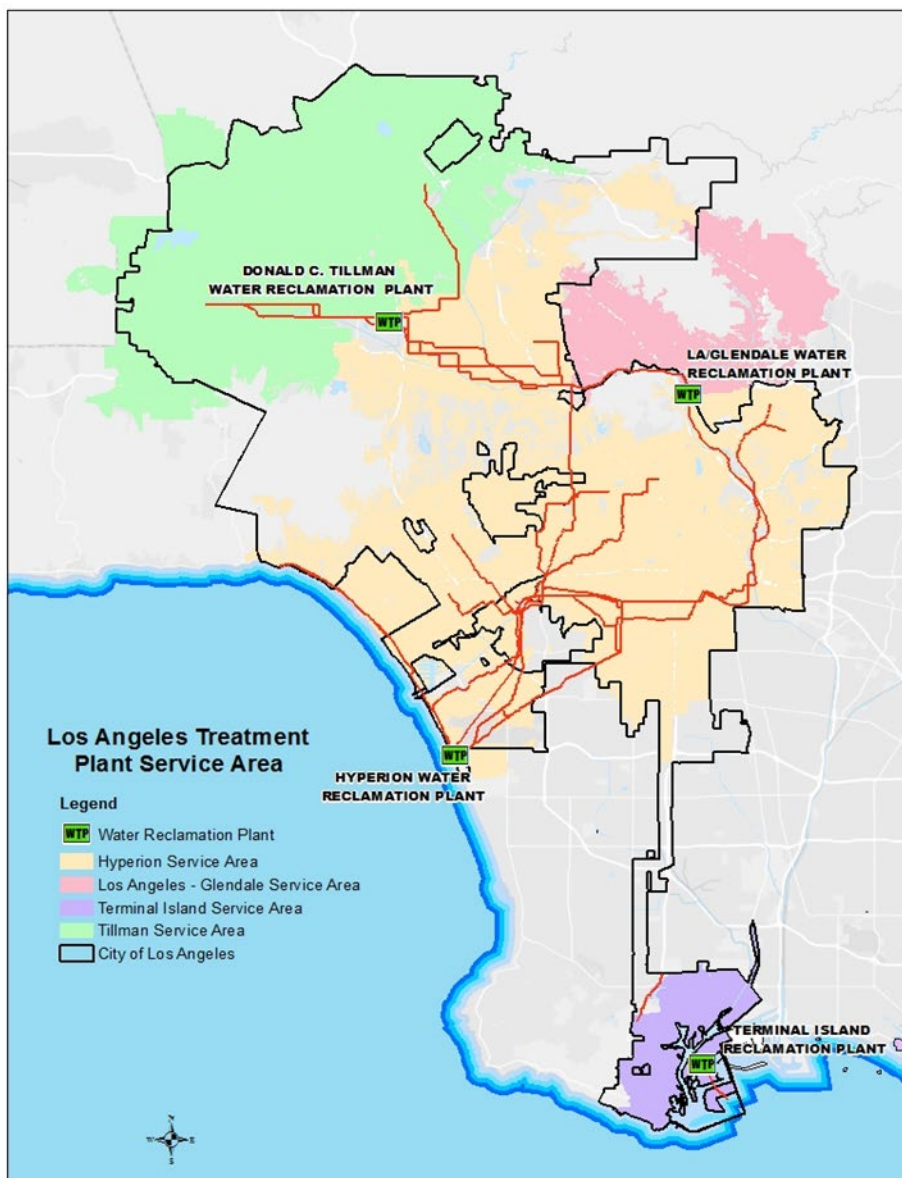
### **Service Area**

The System provides wastewater conveyance, treatment and disposal services for an area of approximately 600 square miles that includes most of the City and certain adjacent communities. The wastewater service area within the Los Angeles Basin is determined by natural drainage patterns and does not generally conform to political boundaries. Because of the economics associated with gravity flow, parts of the City are served by other agencies and the System provides wastewater service for communities outside the boundaries of the incorporated City. Areas within the City limits that are not served by the City are served by the Los Angeles County Sanitation Districts. A map of the System is provided on the next page of this Official Statement.

The System consists of two distinct service areas. Approximately 515 square miles of central, western and northern areas of the City are tributary to a coastal wastewater reclamation facility, the Hyperion Water Reclamation Plant ("HWRP"). The southern harbor area of the City, totaling 18 square miles, is tributary to the Terminal Island Water Reclamation Plant ("TIWRP"). For ease of reference, the two service areas are referred to herein as the Hyperion Service Area and the Terminal Island Service Area. The Hyperion Service Area serves approximately 96% of the City's wastewater flows.

The City's stormwater collection and conveyance system is separate from the wastewater collection and conveyance system. Stormwater is discharged into the Santa Monica Bay and Los Angeles Harbor through a series of storm drains and channels. Some dry weather urban runoff is diverted to the wastewater conveyance system for treatment at the HWRP.

**CITY OF  
LOS ANGELES, CALIFORNIA  
WASTEWATER SYSTEM**





## Existing Facilities

In addition to HWRP and TIWRP, the City operates two other water reclamation plants upstream in the Hyperion Service Area along the Los Angeles River: the Donald C. Tillman Water Reclamation Plant (“DCTWRP”) and the Los Angeles-Glendale Water Reclamation Plant (“LAGWRP”).

The wastewater collection and conveyance system consists of more than 6,800 miles of mainline sewers, in excess of 150,000 maintenance holes, and other miscellaneous facilities. Seventy-nine percent of the sewers have been in service for 50 years or more with the oldest pipes installed over 130 years ago. The seven main interceptor sewers in the Hyperion Service Area are the Central Outfall Sewer, the Coastal Interceptor Sewer, the East Central Interceptor Sewer, the Northeast Interceptor Sewer, the North Central Outfall Sewer, the North Outfall Sewer (“NOS”), and the North Outfall Replacement Sewer.

While a large portion of the System is gravity fed, the City maintains 24 pumping plants in the Hyperion Service Area and 20 pumping plants in the Terminal Island Service Area. The conveyance system is designed with redundancy in the form of standby pumps and backup power supplies. Certain plants are provided with storage retention basins or emergency bypass lines to address potential conveyance failures.

The wastewater reclamation facilities and the collection and conveyance systems are subject to ongoing capital improvements. See “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM – Current Major Projects of the Wastewater System Capital Improvement Program” herein.

The City currently reuses biosolids, a byproduct and residual of wastewater treatment, as a soil amendment at the City-owned Green Acres Farm in Kern County. The City also composts a portion of its biosolids at its Griffith Park compost facility for application in City parks and in giveaways to City residents.

**Water Reclamation Plants.** The following table sets forth the approximate first year of operation, the current design capacities and the influent flows of the Hyperion Service Area reclamation facilities and the Terminal Island Service Area reclamation facilities:

**TABLE 1**  
**WATER RECLAMATION FACILITIES**  
**AVERAGE FLOWS FOR FISCAL YEAR 2023-24**

<i>Reclamation Facility</i>	<i>Approximate First Year of Operation</i>	<i>Current Design Capacity (mgd)<sup>(1)</sup></i>	<i>Average Flow (mgd)</i>
<b>HYPERION SERVICE AREA</b>			
HWRP <sup>(2)</sup> (Secondary Treatment)	1923	450	267
LAGWRP (Tertiary Treatment)	1976	20	15
DCTWRP (Tertiary Treatment)	1984	<u>80</u>	<u>44</u>
Total Hyperion System		<u>550</u>	<u>326</u>
<b>TERMINAL ISLAND SERVICE AREA</b>			
TIWRP (Tertiary Treatment)	1935	<u>30</u>	<u>15</u>
TOTAL BOTH SYSTEMS <sup>(3)</sup>		<u>580</u>	<u>341</u>

(1) “mgd” means million gallons per day.

(2) Includes treated outflow from upstream plants.

(3) Totals may not add due to rounding.

Source: Bureau of Sanitation.

***Hyperion Water Reclamation Plant.*** HWRP was first constructed in 1923, with full secondary treatment of effluent beginning in 1950. Capacity issues required that the City discharge sludge in the ocean, beginning the City's major wastewater capital improvement program. By 1998, the facility could provide full secondary treatment; in 2002 production of Class A Exceptional Quality Biosolids began; and in 2017 biogas produced at the plant began being used to generate electricity to fully power HWRP's processes.

The existing HWRP, designed for an average flow of 450 mgd, currently treats an average flow of approximately 267 mgd. The HWRP has a maximum wet weather flow capacity of 850 mgd. The HWRP provides secondary treatment utilizing the pure oxygen activated sludge process.

On July 11 and into July 12, 2021, HWRP experienced a major sewage spill resulting in the flooding of the plant and discharge of over 17 million gallons of untreated sewage into the HWRP NPDES Permit Discharge Point 001. This is an emergency discharge point commonly known as the "1-Mile Outfall" that discharges approximately one mile offshore into the Santa Monica Bay. For reference, under normal conditions, the primary discharge point for treated wastewater under the HWRP NPDES permit is commonly known as the "5-Mile Outfall," which discharges approximately five miles offshore. Out of the 17 million gallons, 4.5 million gallons of the untreated sewage was still contained within the 1-Mile Outfall, and was subsequently pumped back to the plant for treatment. Therefore, 12.5 million gallons were discharged into the Santa Monica Bay. The spill caused severe damage at HWRP to critical equipment and vehicles, and several lawsuits were filed against the City in connection with the incident. See "REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM —NPDES Permits" and "—Wastewater Overflows" herein for further discussion of the incident involving HWRP and "LITIGATION—Certain Claims Against the SCM Fund—*Hyperion Water Reclamation Plant Incident.*"

During February 2024, HWRP experienced an extraordinary atmospheric river storm event that caused high sewage inflow which exceeded the effluent pumping plant's capacity. It resulted in flooding of the plant and necessitated the discharge of approximately 13 million gallons of disinfected secondary effluent through the 1-Mile Outfall. While some sewage spilled out of the Headworks Facility despite the opening of the Emergency Bypass Channel, it was contained within the plant and returned to the treatment process. See "REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM—Wastewater Overflows."

***Donald C. Tillman and Los Angeles-Glendale Water Reclamation Plants.*** The DCTWRP first opened in 1984 and expanded in 1991. One of its key features is a 6.5-acre Japanese Garden which includes a 2.75-acre lake that is filled with treated water from DCTWRP. It is designed to provide tertiary treatment for an average dry weather flow of 80 mgd and a peak wet weather flow of 160 mgd. The purpose of the DCTWRP is to treat all of the wastewater flow from the Additional Valley Outfall Relief Sewer and the East Valley Interceptor Sewer, providing flow relief for downstream reaches of the interceptor system.

The LAGWRP, which began service in 1976, is designed to provide tertiary treatment for an average dry weather flow of 20 mgd and a peak wet weather flow of 30 mgd. This plant is able to provide flow relief for the NOS interceptor system by treating a portion of the flow from the eastern section of the San Fernando Valley and the cities of Burbank and Glendale.

Sludge produced by the two water reclamation plants is returned to the interceptor system for treatment at the HWRP. In Fiscal Year 2023-24, the DCTWRP and the LAGWRP returned a total of 8.0 mgd of sludge to the HWRP for treatment.

***Terminal Island Water Reclamation Plant.*** The service area for the TIWRP consists of the Harbor area of the City located approximately 20 miles south of downtown Los Angeles. This area includes the communities of Wilmington and San Pedro, Terminal Island, and a portion of Harbor City. As it is geographically isolated from the rest of the City, this area requires a separate conveyance, treatment and disposal system. TIWRP was originally opened in 1935, converted to full secondary treatment in 1977, and completed

its conversion to tertiary treatment in 1997. In 2017, an advanced water purification facility (“AWPF”) was completed.

The TIWRP is designed to treat an average dry weather flow of 30 mgd and a peak wet weather flow of 55 mgd. The TIWRP has provided tertiary treatment since December 1997. TIWRP also contains an AWPf that uses microfiltration, reverse osmosis and an ultraviolet - advanced oxidation process. The AWPf has the capacity to produce 12 mgd of recycled water.

### System Wastewater Flow

The following table sets forth the System wastewater flows for Fiscal Years 2014-15 through 2023-24 for each wastewater reclamation facility.

**TABLE 2**  
**AVERAGE HISTORIC WASTEWATER FLOW**  
**(Amounts in Million Gallons Per Day)**

<i>Fiscal Year Ended June 30</i>	<i>HWRP</i>	<i>LAGWRP</i>	<i>DCTWRP</i>	<i>TIWRP</i>	<i>TOTAL<sup>(1)</sup></i>
2015	265	18	43	16	342
2016	252	17	46	14	329
2017	258	17	50	13	338
2018	259	17	47	12	335
2019	265	18	43	12	338
2020	261	17	41	12	333
2021	248	17	39	12	315
2022	251	17	43	14	325
2023	262	16	43	15	336
2024	267	15	44	15	341

<sup>(1)</sup> Totals may not add due to rounding.

Source: Bureau of Sanitation.

### Subscribing Agencies

**Universal Terms Contracts.** The City currently provides wastewater conveyance, treatment and disposal services on a wholesale basis to 22 agencies (each, an “Agency” and collectively the “Agencies”), pursuant to Universal Terms Contracts. The Agencies include the cities of Beverly Hills, Burbank, Culver City, El Segundo, Glendale, La Cañada Flintridge, Long Beach, San Fernando, Santa Monica, the Crescenta Valley Water District, the Las Virgenes Municipal Water District, several Los Angeles County Sanitation Districts, and the unincorporated communities of Marina Del Rey and Universal City. Service charges to the Agencies are based on the costs of the City’s wastewater facilities, including the costs of the four water reclamation plants, the costs of sewers with diameters of 36 inches or larger and of pumping stations and appurtenances connected to those sewers, and half the costs of sewers with diameters that are 30 to 36 inches and of the pump stations and appurtenances connected to those sewers. The Agencies represent over 99% of the total average flow under the Wastewater Service Contracts (defined below) in Fiscal Year 2023-24.

The Universal Terms Contracts include the following key provisions: (i) the Agencies will pay shares of the costs of the City’s wastewater system facilities regardless of which facilities actually treat and convey their wastewater, (ii) the Agencies’ shares of treatment costs will reflect the flow and quality of their wastewater, (iii) the Agencies’ shares of conveyance costs will reflect their flows and distances to the wastewater reclamation facilities, (iv) the Agencies’ charges will be based on their actual wastewater flow and quality, (v) there will be no limitation on the wastewater that an Agency can discharge into the System, (vi) the Agencies and the City

will share the connection fee income paid by new customers discharging to the System, (vii) interest and penalties will be added to late payments by the Agencies, (viii) each Agency may have access to a share of the reusable water produced by the City's water reclamation plants, and (ix) the contract will have a thirty-year term, except that the parties may initiate renegotiations after ten years for certain changed conditions. All of the Universal Terms Contracts are in effect through 2029. The City expects that wastewater service to the Agencies will be extended beyond 2029 pursuant to renegotiated contracts in part because of the large economies of scale available in the System, the difficulty associated with siting and permitting smaller wastewater reclamation facilities serving just the Agencies, and the high cost of connecting the Agencies' sewer systems to other regional wastewater systems.

***Older Sewage Disposal Contracts.*** The City also serves seven other agencies (each, an "SDC Entity" and together with the Agencies, the "Entities") on a wholesale basis pursuant to the older Sewage Disposal Contracts ("SDCs" which, together with the Universal Terms Contracts, are referred to herein as the "Wastewater Service Contracts" or "WSC"). However, two of these Agencies, "Veterans Administration" and "West Los Angeles Community College", currently operate under the Universal Terms, despite not having signed Universal Terms contracts. The nine SDC Entities operating under the older SDCs account for 0.28 mgd, which is 0.7% of the 29 Entities' total average flow in Fiscal Year 2023-24. These customers include the Federal Office Building and several small SDC Entities. Although each SDC varies somewhat as to its terms and conditions, in general each SDC requires payment of operation and maintenance expenses and capital costs attributable to those components of the sewer system used by the SDC Entity. See "FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM—Existing Sewer Rates and Charges—Wastewater Service Contracts" herein for a description of Revenues relating thereto.

***Flow Contributed by the Entities.*** The Entities contributed approximately 12.5% of the System flow in Fiscal Year 2023-24. The five largest Entities (Glendale, Santa Monica, Beverly Hills, Los Angeles County Sanitation District No. 4, and Culver City) accounted for approximately 76.7% of the 29 Entities' total flow. The next five largest Entities accounted for approximately 16.5% of the Entities' total flow. The following table sets forth the largest Entities and the flow contributed by each.

**TABLE 3**  
**MAJOR SUBSCRIBING ENTITIES AND FLOW CONTRIBUTED**  
**Fiscal Year 2023-24**

<i>Entities</i>	<i>Actual Flow (mgd)</i>
Glendale	12.93
Santa Monica	9.00
Beverly Hills	4.46
Los Angeles County Sanitation District No. 4	3.95
Culver City	2.47
San Fernando	1.67
Marina Del Rey	1.57
Crescenta Valley Water District	1.36
Burbank <sup>(1)</sup>	1.23
El Segundo	1.21
Universal City	0.68
Los Angeles County Sanitation District No.5	0.61
Las Virgenes Municipal Water District	0.42
Los Angeles County Sanitation District No. 16	0.38
Veterans Administration	0.22
Los Angeles County Sanitation District No. 9	0.22
All Others	<u>0.38</u>
Total	42.76

<sup>(1)</sup> Reflects the flow that was used in billing the City of Burbank for its wastewater service. However, this amount may be revised due to a dispute between the City and the City of Burbank over flow monitoring issues.

Source: Bureau of Sanitation.

**Other Facilities.** The City of Burbank independently owns and operates a wastewater treatment facility capable of treating up to nine mgd of wastewater flow. The remaining flow and the sludge from the City of Burbank's plant are deposited into the System. The City of Burbank could expand its facilities to treat all of the wastewater now produced in the City of Burbank. However, any biosolids generated by the City of Burbank could still be discharged to the System for treatment and disposal.

The City operates the LAGWRP and is a co-owner of the facility, with the City owning half of the facility, and the City of Glendale owning the other half. The City of Glendale is responsible for 50% of the operation and maintenance expenses and 50% of the costs for capital improvements not related to expanding the LAGWRP's wastewater treatment capacity beyond current design flows. The City is responsible for the remainder of the operation and maintenance expenses, the remainder of the cost for capital improvement not related to expanding the LAGWRP's wastewater treatment capacity beyond current design flows, and 100% of the costs for capital improvement related to expanding the LAGWRP's wastewater treatment capacity beyond current design flows.

**Contract Receipts.** The following table sets forth Wastewater Service Contract cash receipts from the 29 Entities for Fiscal Years 2019-20 through 2023-24. Under the terms of the Senior General Resolution and the Subordinate General Resolution, the receipts from the capital component of Wastewater Service Contracts are excluded from the definition of Revenues.

**TABLE 4**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**CONTRACTUAL WASTEWATER SERVICES RECEIPTS (UNAUDITED)**  
**Fiscal Year Ending June 30**  
**(in thousands)**

	<b>2020</b>	<b>2021</b>	<b>2022<sup>(1)</sup></b>	<b>2023</b>	<b>2024<sup>(2)</sup></b>
Operation and Maintenance	\$26,608	\$29,461	\$23,850	\$20,542	\$ 34,936
Capital <sup>(3)</sup>	<u>18,833</u>	<u>14,836</u>	<u>15,262</u>	<u>6,830</u>	<u>15,925</u>
Total <sup>(4)</sup>	\$45,441	\$44,298	\$39,112	\$27,373	\$ 50,861

(1) Operation and Maintenance receipts declined from previous year in Fiscal Year 2021-22 due to items under dispute by the City of Burbank and the City of Glendale that are being discussed. See the caption “FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM—Billing and Collection—*Wastewater Service Contract Charges*.”

(2) The annual adopted budget of the Bureau of Sanitation, as well as the amount of wastewater flow from the Entities, are major factors affecting the Operations and Maintenance billings that are sent to the Entities. Both the annual adopted budget and the wastewater flows from the agencies increased from Fiscal Year 2022-23 to Fiscal Year 2023-24, which led to the increase in receipts received for Operation and Maintenance.

(3) Capital charges to the Entities are based on the costs of the City’s wastewater facilities, including the costs of the four water reclamation plants, with the costs of the conveyance facilities being the sum of the costs for sewers 30 inches in diameter and greater and the pumping plants and appurtenances connected to sewers 30 inches in diameter and greater, and the costs for sewers 36 inches in diameter and greater and the pumping plants and appurtenances connected to sewers 36 inches and greater, divided by two. As such, the capital costs attributable to the Entities will fluctuate depending on the priorities of the CIP (defined below) and types of capital projects in any given year. Capital receipts from the Entities do not constitute Revenues pledged to the Series 2025 Subordinate Bonds. Capital receipts for Fiscal Year 2022-23 included billings that incorporated project costs from Fiscal Year 2020-21, a period during which there were less capital improvement projects and thus less project costs due to the COVID-19 pandemic. The increase in receipts from Fiscal Year 2022-23 to Fiscal Year 2023-24 reflects the return of the CIP to a more typical level.

(4) Totals may not equal the sum of components due to individual rounding.

Source: Office of Accounting.

## ORGANIZATION AND MANAGEMENT OF THE SYSTEM

### General

The City is the planning agency, owner, and operator of the System. The governing body consists of the Mayor, who is chief executive of the City, and a 15-member full-time City Council, which is the legislative body. The Mayor, the members of the City Council, the City Controller, and City Attorney are elected officials.

The Board of Public Works manages the Department of Public Works, which administers the City’s water pollution control policy and is responsible for operation of the following bureaus: Contract Administration, Engineering, Sanitation, Street Lighting, and Street Services. The Board of Public Works is composed of five full-time salaried members appointed by the Mayor for a term of five years.

The Board of Public Works advertises and invites proposals for bids, awards contracts for the construction of public facilities, and coordinates the issuance of certain activity permits for use of City-owned property.

### Office of Accounting

The Office of Accounting of the Board of Public Works (the “Office of Accounting”) provides accounting and financial services to the Department of Public Works for all of its funds and programs, including the Sewer Construction and Maintenance Fund and the wastewater program. The Sewer Construction and Maintenance Fund is composed of three funds: the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund, and the Sewer Capital Fund (collectively, the “SCM Fund”). The Office of

Accounting also prepares SCM Fund financial reports and statements, and operates systems to provide general ledger and cost data to departmental users.

### **Bureau of Engineering**

The Bureau of Engineering prepares environmental assessments, preliminary designs, final plans, specifications, and estimates for storm drains, sewers, water reclamation plants, bridges, service yards, and other public improvements. The Bureau of Engineering handles contract documents and certain contractual relationships for the aforementioned items during construction. The Bureau of Engineering acquires rights of way and easements required for the various City projects. For major design projects, such as the rehabilitation of the NOS, the Bureau of Engineering's staff is augmented through the use of engineering consultants.

### **Bureau of Sanitation**

The Bureau of Sanitation (sometimes referred to herein as the "Bureau") is responsible for the operation and maintenance of all facilities required for the conveyance, treatment, and recycling of wastewater, including various technical services related to wastewater. The Bureau is also responsible for the collection and disposal of all solid materials and waste in the City. Additionally, through its Watershed Protection Program, the Bureau protects the beneficial uses of receiving waters while complying with all flood control and pollution abandonment mandates. The Bureau has 25 divisions with over 3,500 employees.

A number of the Bureau's divisions are responsible for operating the System. The water reclamation plants are each responsible for their own operations and maintenance activities. Separate divisions are responsible for operating the separate sanitary sewer and local storm drain conveyance systems for both wastewater and stormwater. The Wastewater Engineering Service Division is responsible for integrated planning and engineering services for the System.

A number of technical services are provided to the System by other divisions within the Bureau: the Environmental Monitoring Division, the Industrial Waste Management Division, the Information and Control Systems Division, and the Industrial Safety and Compliance Division.

The Financial Management Division is responsible for budget, cost recovery, customer services, and other financial matters, including developing and recommending rates and charges for the System. The Administration Division handles activities related to contracts, purchasing, payroll, and human resources.

### **Bureau of Contract Administration**

The Bureau of Contract Administration is responsible for administering contracts and permits for construction of all public works projects, including providing inspection services at construction sites, preparing statements of payments due on contracts, recommending acceptance of public improvement projects, and reviewing contractor compliance with affirmative action and minority business enterprise requirements on City projects.

## **WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM**

### **General**

The City's capital planning process reflects several levels of decision making. The long-range planning is contained in the *One Water LA 2040 Plan* (which replaced the previously known *Integrated Resources Plan* and is now commonly referred to as *the Zero Wasted Water Plan*) (the "Plan"). The purpose of the Plan is to increase sustainable water management for the City to develop a vision and implementation strategy, to more sustainably and cost-effectively manage water and identify ways for City departments and regional agencies to integrate their water management strategies. The Bureau of Sanitation and the Los Angeles Department of Water

and Power (“LADWP”) led the Plan’s development, partnering with other City departments, regional agencies, academia, the business community, and other stakeholders. Among the resources addressed were stormwater pollution abatement, increased capture of stormwater and expanded uses of recycled wastewater. The latter goal is addressed in a chapter of the Plan titled the Wastewater Facilities Plan.

The Wastewater Facilities Plan informs the development of the Clean Water Capital Improvement Program (the “CIP”), an ongoing, ten-year, capital expenditure program. The general objectives of the CIP are to meet federal and State requirements and City policy regarding water pollution control, to provide satisfactory levels of service to users of the System, and to maintain the integrity of the System. The projects included in CIP have been approved by the Program Review Committee (the “PRC”), which is a working group composed of Assistant Directors of the Bureau of Sanitation and a Deputy City Engineer. The administration, coordination, and implementation of the projects in the CIP are assigned to various divisions of the Bureau of Sanitation and the Bureau of Engineering in the Department of Public Works. The CIP includes replacement, rehabilitation, water recycling and expansion of the City’s water reclamation and collection system facilities. Starting with Fiscal Year 2024-25, the 10-year estimated total cost of the CIP is approximately \$8.7 billion.

The CIP currently includes such improvements to the System as the installation of major interceptor sewers, the renovation or replacement of other major sewers and pumping stations, and the modernization and upgrading of wastewater treatment and water recycling facilities to, among other things, provide for the expanded availability and use of recycled water.

The Bureau of Sanitation is responsible for final decisions relating to the CIP costs and priorities. The PRC evaluates the CIP annually, and meets monthly to consider any changes affecting scope, cost, schedule, and overall implementation of CIP components. The City funds CIP projects either with existing funds on hand or by issuing debt.

The City annually prepares a Wastewater System Capital Improvement Expenditure Program budget for the System to appropriate funds for capital projects, which is included for funding in the City’s annual budget.

### **Current Major Projects of the Wastewater System Capital Improvement Program**

***Current Projects.*** The following projects are currently included in the CIP; some of the projects are expected to be funded or refinanced in whole or in part from proceeds of the Series 2025 Subordinate Bonds. The cost estimates for the projects that are set forth below may increase and the expected dates of completion for these projects may be delayed due to unexpected events, circumstances or conditions.

Central Business District Sewer Rehabilitation Unit 13 and 14 - Griffith to Grand. This project is rehabilitating approximately 5,040 linear feet of existing 40-inch, 45-inch, and 48-inch brick sewers. The estimated cost for the construction phase of this project is approximately \$36 million. Completion of the project is estimated to be in Fiscal Year 2027-28.

TIWRP Digester Insulation Replacement. This project is replacing the interior insulation of four digesters at TIWRP as well as removing the existing asbestos tiles, and replacing the exterior cladding system. The estimated cost for the construction phase of this project is approximately \$26 million, of which approximately \$13 million remains to be spent. Completion of the project is estimated to be in Fiscal Year 2025-26.

NOS/Large Diameter Sewer Pipe CCTV and Emergency Repairs. In Fiscal Year 2023-24, the Bureau of Sanitation completed 5 miles of Closed Circuit Television (“CCTV”) inspection of the NOS and 9.2 miles of primary sewers (sewers 16-inch and greater). The rehabilitation of the NOS and other large diameter sewers is ongoing. As the City continues the CCTV program, there will be a need for planned and emergency repairs to other sections of the NOS and other large diameter sewers, as these corrode due to an aging system. The City plans to spend approximately \$434 million for NOS and large diameter projects from Fiscal Years 2024-25



through 2028-29. The CIP also includes many major sewers that require rehabilitation and repairs. However, there are no guarantees that future sewer failures will not occur.

**Additional Projects.** In addition to the projects described above, the City plans to spend approximately \$3.1 billion from Fiscal Year 2024-25 through Fiscal Year 2028-29 to fund over 200 additional projects. These projects include collection system improvements (new sewers and rehabilitations) and pumping plants projected at \$633.5 million, reclamation plant process enhancements projected at \$770.3 million, and recycled water projects at the four wastewater reclamation facilities projected at \$623.1 million.

***Recycled Water Projects.*** The recycled water projects are currently in negotiation as joint projects between the Bureau and LADWP, wherein the Bureau anticipates that LADWP will agree to pay for the operation and maintenance costs (“O&M”) and capital costs required to produce recycled water above what is required by the National Pollutant Discharge Elimination System (“NPDES”) permit. The negotiated terms between the Bureau and LADWP with respect to recycled water projects are memorialized in Memorandums of Agreement (MOAs) that are approved by both the Board of Public Works and by the Board of Water and Power Commissioners.

The City is currently constructing an AWPf and other related facilities at the DCTWRP (the “DCTWRP AWPf”), which will produce up to 20 mgd of recycled water by Fiscal Year 2026-27 for groundwater replenishment. An MOA between the Bureau and LADWP for the DCTWRP AWPf project was approved by the Board of Public Works and the Board of Water and Power Commissioner in October 2024, and this MOA outlines LADWP’s agreement to pay for construction and startup costs associated with the DCTWRP AWPf. In addition, the Bureau and LADWP have also agreed to the Guaranteed Maximum Price of approximately \$464,560,013 for the DCTWRP AWPf construction from Jacobs Solutions, Inc.

A longer-term project is an AWPf at HWRP (“HWRP AWPf”), as part of the Pure Water Los Angeles Program (“Pure Water LA Program”). Under the Pure Water LA Program, the City set a goal of recycling all of the flow at the HWRP by 2035, although it is likely the timeline will be extended by an undetermined amount due to the disruption that was caused by the COVID-19 pandemic from Stay-At-Home orders, supply chain backlogs, decreased revenues due to the collections moratorium, and increases in the costs of parts and materials. The HWRP AWPf will produce up to 210 mgd of advanced water treatment processes at HWRP, with an approximate cost estimate exceeding \$4 billion over the next several decades.

While the majority of the construction for recycled water projects under the Pure Water LA Program is outside of the five-year horizon presented herein, several preliminary and pilot projects are underway, including the HWRP Advanced Water Purification Facility – Los Angeles International Airport (“HWRP AWPf LAX”) project (which is nearly complete) and the HWRP Membrane BioReactor Pilot (“HWRP MBR Pilot”) project.

The HWRP AWPf LAX project is a 1.5 mgd advanced water treatment process at HWRP that will serve the Los Angeles International Airport. The HWRP MBR Pilot project consists of a pilot study to determine the feasibility of utilizing the nitrification and denitrification membrane bioreactor at HWRP.

## Projected Capital Improvement Program Expenditures and Sources of Funding

The following table sets forth the projected expenditures and major funding sources for the CIP for Fiscal Years 2024-25 through 2028-29. The City is continually monitoring and evaluating its CIP and the levels of expenditures and sources of funding are regularly adjusted by the City.

**TABLE 5**  
**PROJECTED CAPITAL IMPROVEMENT PROGRAM EXPENDITURES**  
**AND SOURCES OF FUNDING<sup>(1)(2)</sup>**  
**Fiscal Year Ended June 30**  
**(in thousands)**

<i>Description</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>Total</i>
<b>PROJECTED CAPITAL IMPROVEMENT PROGRAM EXPENDITURES</b>						
System-Wide, Conveyance & Pumping	\$ 52,105	\$ 114,210	\$ 140,070	\$ 156,368	\$ 170,700	\$ 633,452
Hyperion Water Reclamation Plant	59,601	99,277	80,162	136,771	160,202	536,013
Other Water Reclamation Plants	30,788	60,318	44,805	59,145	39,264	234,319
Recycled Water Projects	<u>62,721</u>	<u>316,930</u>	<u>173,907</u>	<u>69,541</u>	<u>0</u>	<u>623,098</u>
Construction Projects Subtotal	205,214	590,734	438,944	421,824	370,165	2,026,883
Non-Construction Capital Expenditures	<u>167,773</u>	<u>249,471</u>	<u>227,651</u>	<u>231,845</u>	<u>220,981</u>	<u>1,097,721</u>
<b>Projected Capital Improvement Program Expenditures</b>	<b><u>\$ 372,987</u></b>	<b><u>\$ 840,206</u></b>	<b><u>\$ 666,595</u></b>	<b><u>\$ 653,669</u></b>	<b><u>\$ 591,146</u></b>	<b><u>\$ 3,124,603</u></b>
<b>PROJECTED SOURCES OF FUNDING FOR CAPITAL IMPROVEMENT PROGRAM</b>						
Recycled Water Capital Contributions						
DCTWRP AWP <sup>(3)</sup>	\$ 690	\$ 182,745	\$ 162,081	\$ 70,157	\$ 10,144	\$ 425,817
HWRP AWP LAX <sup>(4)</sup>	2,030	0	0	0	0	2,030
TIWRP AWP Capital Equipment & Backup Power Project <sup>(5)</sup>	<u>0</u>	<u>100</u>	<u>2,000</u>	<u>4,000</u>	<u>0</u>	<u>6,100</u>
Projected Recycled Water Capital Contributions	\$ 2,720	\$ 182,845	\$ 164,081	\$ 74,157	\$ 10,144	\$ 433,947
Debt Proceeds <sup>(6)</sup>	\$ 200,714	\$ 560,734	\$ 398,944	\$ 34,880	\$ 169,070	\$ 1,364,343
System Revenues <sup>(7)</sup>	143,133	88,889	88,389	530,322	399,509	1,250,242
Wastewater Service Contract Capital Payments	17,000	4,600	12,883	11,839	10,067	56,390
Interest Income <sup>(8)</sup>	4,920	3,137	2,297	2,471	2,356	15,181
Proceeds from Insurance	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,500</u>
<b>Projected Revenues Available to Fund Capital Improvement Program</b>	<b><u>\$ 372,987</u></b>	<b><u>\$ 840,206</u></b>	<b><u>\$ 666,595</u></b>	<b><u>\$ 653,669</u></b>	<b><u>\$ 591,146</u></b>	<b><u>\$ 3,124,603</u></b>

(1) Totals may not equal the sum of components due to individual rounding.

(2) These estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions “INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*” and “RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*.”

(3) The DCTWRP AWP Project currently consists of the construction of an AWP that can produce up to 20 mgd of recycled water for groundwater replenishment. The MOA with LADWP was approved by both the Board of Public Works and the LADWP Board. Construction began in the second quarter of Fiscal Year 2024-25.

(4) The HWRP AWP LAX project consists of the construction of a 1.5 mgd advanced water treatment process at HWRP that will serve the Los Angeles International Airport. There are two active agreements between the Bureau and LADWP for the design and construction of the project. A third agreement for the long-term operation and maintenance of the facility is currently being negotiated.

(5) The TIWRP AWP Capital Equipment & Backup Power Project will replace capital equipment and provide backup power for the TIWRP AWP. The reimbursement MOA is complete and awaiting approval from both the Public Works Board and LADWP Board.

(6) Reflects use of proceeds from bonds, Wastewater System Commercial Paper Notes, the WIFIA Loan, and/or other indebtedness in the indicated fiscal year and the use of released Debt Service Reserve Funds restricted for construction costs.

(7) System Revenues includes sources of funding that are not included as “Revenues” under the Resolution, such as grant funding.

(8) Includes estimated interest earned on construction funds and retained debt proceeds.

Source: Bureau of Sanitation.

## Major Sources of Funding

There are five primary funding sources available for the CIP: (i) System revenues, (ii) Wastewater Service Contracts, (iii) proceeds of debt issuances, (iv) recycled water capital contributions, and (v) federal and State grants and other reimbursements.

System Revenues derived from user fees will continue to directly finance a portion of capital improvements. Wastewater Service Contract capital payments made under agreements or contracts with the 29 Entities include reimbursement for certain capital improvements and related engineering and contract administration costs. Debt financing (primarily commercial paper, revenue bonds, and State and federal loans) and System revenues will provide the largest share of funds required by the CIP. Also see the caption “—Current Major Projects of the Wastewater System Capital Improvement Program—*Recycled Water Projects*.” The City estimates that a total of approximately \$1.4 billion of the CIP expenditures from Fiscal Years 2024-25 through 2028-29 will be financed through the issuance of bonds, notes or other forms of indebtedness.

On September 23, 2021, the City incurred a loan in the original principal amount of up to \$223,921,010, amended on October 17, 2024 to reflect a new final maturity date (as amended, the “WIFIA Loan”) from the United States Environmental Protection Agency (“US EPA”) under the Water Infrastructure Finance and Innovation Act for the DCTWRP AWPf project. The DCTWRP AWPf project, anticipated to be substantially completed by September 30, 2027, will provide high quality recycled water for groundwater replenishment. The City received the first drawdown of the WIFIA Loan in January 2025 after the beginning of the construction phase of the DCTWRP AWPf project which started in the second quarter of Fiscal Year 2024-25. The WIFIA Loan is secured on parity with the Subordinate Bonds. See Table 19 under the caption “FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM—Outstanding Indebtedness.”

In addition to the WIFIA Loan, in Fiscal Year 2023-24 the DCTWRP AWPf Project was awarded approximately \$318,000 from the United States Bureau of Reclamation (BOR) WaterSMART Water Recycling and Desalination Planning Grant. The City also expects to execute in Fiscal Year 2024-25 a grant agreement for a \$3 million Water Recycling Funding Program grant from the California State Water Resources Control Board (“SWRCB”) for the DCTWRP AWPf project as specified in their Fiscal Year 2024-25 Intended Use Plan.

In Fiscal Year 2023-24 the City was also awarded a \$5 million grant from the BOR WaterSMART Water Recycling and Desalination Planning Grant for the Pure Water Los Angeles Program. Additionally, in September 2024, the City was awarded a \$3,452,972 grant from the US EPA Community Grants Program (federal earmark) for a modernization project at HWRP. This HWRP Stormwater Discharge Piping Separation project would reroute contaminated stormwater collected within the plant into the wastewater treatment process to be properly treated.

## FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM

### Rate Setting Process

The City is required by the Senior General Resolution to establish rates and charges for the use of the System to produce Net Revenues in each year at least equal to 125% of actual debt service on all Senior Lien Bonds in such year, and by the Subordinate General Resolution to establish rates and charges to produce Net Revenues in each year at least equal to 110% of actual debt service on Senior Lien Bonds and Subordinate Bonds, in such year. The Bureau of Sanitation annually reviews the System’s rates and charges as part of the budgetary process. Upon recommendation by the Bureau of Sanitation and City Administrative Officer, the Mayor and City Council may enact rate increases as part of the budgetary process or at any other time, subject to compliance with Proposition 218. See “PROPOSITION 218” below.

The sewer service charge (“SSC”), the sewer facilities charge (“SFC”), Industrial Waste Inspection and Control Fees, Bonded Sewer Fees and other miscellaneous fees and charges are established by City ordinance. The Quality Surcharge Fee (“QSF”) is established by the Board of Public Works and becomes effective after a waiting period of 30 days (absent objection by City Council). The SSC is subject to the notification requirements of Proposition 218, which details the amount and the duration of the proposed rate adjustment. Approval of the City Council is required for the issuance of the Proposition 218 notice. Proposition 218 then requires a public hearing to be held by City Council 45 days following the posting of the Proposition 218 notice, and, with the concurrence of the Mayor, the enabling ordinance may be posted. Following a thirty-day public review period, the enabling ordinance becomes effective. The City Council recently adopted a series of SSC rate increases starting on October 19, 2024 through July 1, 2028 pursuant to the Proposition 218 process described above. See Table 6 for the resulting SSC rates. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

### Existing Sewer Rates and Charges

**General.** System user fees and charges consist of the SSC, industrial wastewater fees (which include the QSF and fees for industrial users), the SFC, Wastewater Service Contracts, and miscellaneous fees, as summarized below. In addition to the foregoing fees and charges, the City finances operations and capital expenditures through interest earnings and other miscellaneous revenues. For Fiscal Year 2023-24, as reflected on the SCM Audited Financial Statements, operating revenues were approximately \$704.2 million. See APPENDIX F—“CITY OF LOS ANGELES SEWER CONSTRUCTION AND MAINTENANCE FUND FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (WITH INDEPENDENT AUDITOR’S REPORT THEREON) AND DEBT SERVICE COMPLIANCE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH INDEPENDENT AUDITOR’S REPORT THEREON).”

- *Sewer Service Charge:* The SSC is the primary user fee for the System. As reflected in the SCM Audited Financial Statements, revenues from the SSC constitute the largest component of the System’s total operating revenues, having comprised approximately 89.9% of total operating revenues of the System annually from Fiscal Years 2019-20 through 2023-24. Revenues from the SSC were approximately 89.2% of operating revenues for Fiscal Year 2023-24.
- *Wastewater Service Contracts:* The Wastewater Service Contracts with the Entities provide for cost reimbursement of capital and operation and maintenance expenses. Revenues from WSC operation and maintenance payments were approximately 4.9% of operating revenues for Fiscal Year 2023-24. The capital component of WSC payments is used for pay-go capital projects and does not constitute Revenues under the Senior General Resolution or the Subordinate General Resolution.
- *Industrial Wastewater Fees:* Industrial Wastewater fees are charged to industrial users to account for the higher strength of wastewater discharged by them into the conveyance system, and these fees include the Quality Surcharge Fee (QSF), the Industrial Wastewater Permit Application fees, Inspection and Control fees, and Significant Industrial User fees. The QSF is designed to recover the costs related to suspended solids and biochemical oxygen demand strengths above normal or domestic strength values as well as costs for administering and maintaining the surcharge program. Industrial Wastewater Permit Application Fees are designed to recover the cost required to process permit applications for applicable users. Inspection and Control Fees are designed to recover the costs of necessary inspections of permitted users. Significant Industrial User fees recover a portion of additional costs incurred in the monitoring and inspection of certain industrial users subject to US EPA categorical pretreatment requirements. Revenues from industrial wastewater fees were approximately 2.9% of operating revenues for Fiscal Year 2023-24.

- **Sewerage Facilities Charge:** The SFC is designed to recover the cost of the System capacity required by new sewer connections and increases in capacity required by current System users. Revenues from SFC were approximately 1.8% of operating revenues for Fiscal Year 2023-24.
- **Miscellaneous Fees:** These fees include bonded sewer fees, septage fees, sewer tap fees, and other miscellaneous revenue sources. Revenues from miscellaneous fees were approximately 1.2% of operating revenues for Fiscal Year 2023-24.

Pursuant to the City Municipal Code, all monies derived from these user fees and charges are deposited into the SCM Fund and expended “only for sewer and sewage-related purposes, including but not limited to industrial waste control and water reclamation purposes.” All interest earnings on monies held in the SCM Fund are retained in the SCM Fund. The methodology for developing the fee schedules for the above outlined charges and fees is governed in part by the City Municipal Code and the SWRCB, acting on behalf of the US EPA.

Specific revenue calculation requirements and policies for specific components of the City’s sewer charges and fees are described below.

**Sewer Service Charge.** The City imposes an SSC based on a dollar rate per 100 cubic feet of wastewater discharged into the System. The City Council recently adopted the following SSC rate increases from the prior dollar rate of \$5.80. The rate increases have been challenged in the case *Shapiro v. City of Los Angeles*. If the challenge is successful, the rate increases could be invalidated, in which case the City may be required to adopt new rate increases in accordance with Proposition 218, and during that time, the City may be required to charge the prior SSC rate (of \$5.80) until new rate increases can be implemented. Further, if the challenge is successful, the City could be required to refund or credit a portion of the collected SSC fees to ratepayers. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

Current dollar rates and increases through July 1, 2028 are set forth in the following table. For Fiscal Year 2023-24, SSC cash receipts are estimated to be approximately \$649.8 million.

**TABLE 6  
SEWER SERVICE CHARGE RATES**

<i>Effective Date</i>	<i>Sewer Service Charge Rates (\$/hcf)<sup>(1)</sup></i>	<i>Percentage (%) Change</i>
October 19, 2024	\$ 7.08	22.1% <sup>(2)</sup>
March 1, 2025	7.56	6.8
July 1, 2025	8.48	12.2
January 1, 2026	9.28	9.4
July 1, 2026	10.13	9.2
July 1, 2027	11.01	8.7
July 1, 2028	11.96	8.6

<sup>(1)</sup> \$/hcf = Cost (rate) per hundred cubic feet of water used. 1 hcf is equal to 748 gallons.

<sup>(2)</sup> Increase from prior dollar rate of \$5.80.

Source: Bureau of Sanitation.

While the SSC is based on the amount of wastewater discharged into the System, the City calculates how much users discharge into the System based on water usage. How the City calculates a user’s discharge is different for residential customers than commercial customers. The determination of the SSC for residential customers, including multiple family dwellings up to four units, is based on winter water usage, which is established annually to determine each residential customer’s minimum average daily water consumption. Once established, each residential customer’s minimum average daily water consumption is multiplied by a dry winter compensation factor which compensates for a rainy season with insufficient rainfall to exclude outdoor

irrigation. The adjusted amount is presumed to closely approximate the sewer discharge and will be used to compute the SSC for the ensuing Fiscal Year. For example, a residential customer's winter water usage during the winter of Fiscal Year 2023-24 will be used to determine that customer's wastewater discharge for Fiscal Year 2024-25. The SSC shall be reduced by 31% for qualified low-income residential users who pay such charges for the first 18 hcf of water use during each two-month billing period. Low-income discounts are offset by the City's General Fund.

The winter water use method does not apply to commercial customers, including multiple family dwellings of five or more units, industrial, governmental and other non-residential users, who are billed monthly at the current effective rate per 100 cubic feet of 93% of total metered water usage. Based upon City Ordinance, the Board of Public Works may adjust the default percentage discharge within a range of 90% to 96%.

The ten largest customers of the System for Fiscal Year 2023-24 provided approximately 6.4% of the total SSC billings in that year. The following table sets forth the SSC billed for each of the ten largest customers:

**TABLE 7**  
**SEWER SERVICE CHARGE BILLED TO**  
**TEN LARGEST CUSTOMERS**  
**Fiscal Year 2023-24**

<i>User</i>	<i>Customer Type</i>	<i>SSC Billed</i>
City of Los Angeles	Government	\$ 9,049,996
Los Angeles Unified School District	School district	6,812,257
Phillips 66 Company <sup>(1)</sup>	Petroleum product refinery	5,973,170
County of Los Angeles	Government	5,392,137
University of California - Los Angeles	Education	4,224,629
University of Southern California	Education	2,566,809
Anheuser-Busch, LLC	Brewing company	2,003,349
Air Products & Chemicals, Inc	Chemical industry company	1,860,482
ERP Operating, LP	Property maintenance, real estate	1,823,877
Geoff Palmer	Property maintenance, real estate	<u>1,666,940</u>
Total <sup>(2)</sup>		\$41,373,647

(1) On October 16, 2024, Phillips 66 announced their plan to cease operations at their Los Angeles refinery in the fourth calendar quarter of 2025.

(2) Totals may not equal the sum of components due to individual rounding. Total SSC cash receipts for Fiscal Year 2023-24 were \$649.8 million.

Source: Bureau of Sanitation.

***Quality Surcharge Fees, Inspection and Control Fees, Industrial Wastewater Permit Application Fees and Significant Industrial User Fees.*** The City assesses a QSF on users of the wastewater system whose wastewater discharge strength, as measured by suspended solids ("SS") and biochemical oxygen demand ("BOD"), is higher than 350 milligrams per liter of BOD and/or 310 milligrams per liter of SS (domestic strength). Treatment of "high strength" wastewater results in additional operating costs, such as the cost of additional chemicals, power and solids storage capacity and final disposal. As of November 1, 2024, the QSF rates are \$0.73 per pound for BOD and \$0.64 per pound for SS. The QSF is important for purposes of compliance with Proposition 218 to ensure that users that impose larger cost burdens on the System appropriately share the cost of that burden. See "PROPOSITION 218" below.

The wastewater strength unit costs applied to QSF customers are also applied to users who participate in the low-strength SSC and "zero-based" QSF program. Under this program, users with one or both wastewater strength parameters below domestic strength values can petition for a "low-strength" SSC rate that includes only the flow component of the unit SSC. These low-strength customers are then billed for the strength component

of the SSC by paying a “zero-based” QSF equal to the treatment cost for the actual concentrations of BOD and SS in their discharge. The current “low-strength” SSC rate is \$4.15 per hcf.

In addition to the strength charges, when applicable, the City charges three other industrial waste related fees, including an Inspection and Control (“I&C”) Fee for each industrial user (“IU”) in possession of a valid Industrial Wastewater Permit. This fee is designed to recover costs related to inspecting and monitoring IUs and is set by ordinance. The I&C Fee currently ranges from \$85 to \$5,070 per permit per year based on the IU’s industrial classification. The City administers the Industrial Waste Source Control Program to reduce the introduction of all regulated pollutants and prevent the discharge of all prohibited pollutants into the sewer system. All IUs must obtain permits to discharge into the System. For Fiscal Year 2023-24, there are 15,170 local IUs with 5,221 active permits granting them permission to discharge to the System. Permit Application Fees are currently \$616. The City also has established a Significant Industrial User (“SIU”) program for IUs with discharges in excess of 25,000 gallons per day of processed wastewater, and all IUs that are subject to the Federal Categorical Pretreatment Standards established by the US EPA regardless of their discharge amounts. There are 149 SIUs currently regulated by the City. Existing SIU fees range from \$3,843 to \$7,257 per permit per year, depending on the SIU classification. The City estimates that the cost recovered from the industrial wastewater fees through permit application fee, QSF, I&C, and SIU fees for Fiscal Year 2023-24 is approximately \$19.0 million.

The City has implemented a commercial and industrial grease control ordinance, known as the Fats, Oils and Grease Control Program (“FOG Control Program”). The goal of this program is to reduce the amount of grease that accumulates in sewers, leading to blockages and potential overflows. As of June 30, 2024, approximately 7,134 food service establishments (“FSEs”) were regulated under the FOG Control Program. These businesses are required to obtain an Industrial Wastewater Permit, pay a one-time application fee of \$616 and pay an annual Inspection and Control Fee of \$423. As of June 2024, the City also permits and regulates approximately 1,751 dental offices in the City to control the potential discharge of certain heavy metals into the sewer system. These offices must obtain an Industrial Wastewater Permit and follow best management practices (“BMPs”) for capture of certain elements. Dental offices meeting the BMPs are inspected every five years and businesses not complying with the BMPs are inspected every year and are subject to higher fees.

***Sewerage Facilities Charge.*** The SFC is a fee collected when a customer is initially connected to the City’s sewer system. The “System Buy-In Approach” is used to determine SFCs for new connections and increased usage of the System. The parameters used to calculate the SFC are set forth in an ordinance adopted by the City Council. These parameters permit charges for wastewater strength to be determined separately. A customer’s SFC is based on two measures of wastewater strength, BOD and SS, in addition to the customer’s flow. This approach determines the SFC based on flow and strength proportionate to shares of the equity of the wastewater system, as originally contributed by the existing system customers. The SFC is based on the reproduction cost, less depreciation value of the existing facilities, and the applicable portion of wastewater system reserve funds, minus the outstanding debt of the wastewater system. Revenue from the SFC is dependent on growth and new construction within the City. The City estimates that it has collected approximately \$12.4 million for the SFC for fiscal year 2023-24.

The SFC base rates are currently \$344 per 100 gallons per day of flow, \$159 per pound per day of BOD, and \$147 per pound per day of SS. Applying the base rates to the sewage generation factors for typical three and four-bedroom single-family residences results in SFCs of \$950 and \$1,136, respectively.

Pursuant to the City Municipal Code, the Board of Public Works is authorized to issue refund credits to qualifying SIUs for unused capacity if: (1) the SFC payment was made and the current occupant of the property for which the SFC payment was made is an SIU, (2) the SIU is also an owner of the property for which the payment was made, (3) the flow from the property is less than the amount for which SFC payment was made, (4) the SIU can demonstrate that the reduced amount of flow was caused by the use of water conservation practices, pretreatment of discharge, or use of environmentally responsible practices and (5) the SIU, at the time of submission of the written claim, is not delinquent in payment of any monies owed with respect to sewer, water

course and drains charges, including SSCs. The City issued no refund credits for Fiscal Year 2023-24 and, as of August 2024, has no authorized future credits. However, future credits are possible if additional SIUs are granted refund credits.

**Wastewater Service Contracts.** The City provides wastewater conveyance, treatment, and disposal services to the 29 Entities pursuant to Wastewater Service Contracts executed and in force with each Entity. The capital charge component of Wastewater Service Contracts payments is not treated as Revenue to the SCM Fund and is not available to pay debt service on the Senior Lien Bonds or the Subordinate Bonds, including the Series 2025 Subordinate Bonds.

## Historical Sewer Rates and Charges

The following table sets forth the City's SSC, QSF and SFC charges and fees from Fiscal Years 2019-20 through 2023-24.

**TABLE 8**  
**SYSTEM RATES AND CHARGES**  
**Fiscal Years 2019-20 through 2023-24**

<i>Fiscal Year Ended June 30</i>	<i>Sewer Service Charge<sup>(1)</sup></i>	<i>Quality Surcharge Fees<sup>(2)</sup></i>		<i>Sewerage Facilities Charge (per 100 gal. avg. flow)<sup>(3)</sup></i>	<i>Typical Monthly Single Family Residential SSC<sup>(4)</sup></i>
		<i>BOD</i>	<i>SS</i>		
2020	\$5.44	\$0.567	\$0.571	\$413.00	\$39.71 <sup>(5)</sup>
2021	5.80	0.604	0.608	413.00	42.92
2022	5.80	0.604	0.608	413.00	43.50
2023	5.80	0.604	0.608	413.00	40.02
2024	5.80	0.604	0.608	413.00	40.02

(1) This charge was based on a dollar rate per 100 cubic feet (hcf or hundred cubic feet) of billable wastewater volume. For residential customers, including multiple-family dwellings up to four units, this charge was applied to each customer's minimum daily average water usage during the winter water use period from the prior winter, further reduced by a dry winter compensation factor. For commercial customers, including multiple family dwellings of five or more units, this charge was applied to 93% of total metered water usage.

(2) The surcharge was based on a rate per pound of biochemical oxygen demand (BOD) or suspended solids (SS) in excess of domestic strength wastewater 265 mg/L BOD and 275 mg/L SS (applicable prior to the rate increases adopted by the City Council in October 2024).

(3) SFC includes strength charges.

(4) These figures do not reflect the effects of the low-income assistance program. Typical Monthly Single Family Residential SSC is based on the adopted rate multiplied by average billable wastewater volume for that fiscal year, as provided below:

Fiscal Year 2019-20 - 7.3 hcf/month

Fiscal Year 2020-21 - 7.4 hcf/month

Fiscal Year 2021-22 - 7.5 hcf/month

Fiscal Year 2022-23 - 6.9 hcf/month

Fiscal Year 2023-24 - 6.9 hcf/month

(5) Typical Monthly Single Family Residential SSC for Fiscal Year 2019-20 has been corrected to \$39.71 (previously reported at \$39.41).

Source: Bureau of Sanitation.

## Water Usage and Wastewater Volume

**General.** Usage of the System is correlated to the amount of water consumed within its service area. Within the boundaries of the System's service area, almost all water is provided by LADWP. The ability of LADWP to operate effectively is affected by the water supply for the City. LADWP's Los Angeles Aqueduct supply deliveries have, over the years, been reduced to fulfill environmental restoration commitments in the Mono Basin and Owens Valley. As a result, LADWP has increased its purchase of water from The Metropolitan



Water District of Southern California (“MWD”), a wholesale water supplier for the Southern California region. LADWP is working with MWD to develop supply reliability for the City and all of MWD’s service area. The adequacy of MWD’s overall future supply reliability is dependent upon maintaining the supply of water available to MWD from the Colorado River and northern California through the State Water Project’s California Aqueduct operated by the State of California Department of Water Resources (“DWR”), and various projects relating to water conservation, recycled water, conjunctive use, water transfers and exchanges, groundwater recovery and seawater desalination.

The adequacy of LADWP’s water supply is affected by many factors, including but not limited to annual snowpack and rainfall, population growth, water use, groundwater basin quality and recharge trends, federal and State environmental rules and regulations, environmental restoration commitments, water quality, climate change, and area of origin issues. Sustained drought conditions or low water levels could adversely affect LADWP’s water supply, water rates and demand for water services. Additionally, any natural disaster or other physical calamity, including acts of terrorism, earthquake, earth movements, floods, extreme weather or gradual climate change, may have the effect of reducing water availability, quality and/or distribution capabilities of LADWP, impair the financial stability of LADWP, affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements thus affecting revenues of LADWP through damage to its water system and to the economy of the surrounding area. See “RISK FACTORS – Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System” in the Official Statement.

In recent years the State has experienced serious drought conditions. On January 17, 2014, Governor Edmund G. Brown, Jr. declared a drought state of emergency, asked residents to reduce their water consumption by 20% and directed State agencies to take certain actions to ameliorate the shortage of water. On May 9, 2016, as a result of persistent severe drought conditions in many areas of the State, Governor Brown issued an executive order (the “2016 Executive Order”) that, among other things, made permanent many of the temporary conservation measures set forth in the Governor’s previous executive orders relating to the drought conditions. On April 7, 2017, as a result of the record rain and snowfall that have occurred in the State between November 2016 and March 2017, Governor Brown declared an end to the drought emergency in California (except with respect to four counties mostly located in the State’s agricultural Central Valley). However, the conservation measures put in place by the 2016 Executive Order during the drought are expected to continue.

On October 14, 2014, then-Los Angeles Mayor Eric Garcetti issued Executive Directive No. 5 setting a goal of reducing per-capita water use by 20% in the City, directing City departments to take certain actions to meet the goal, and asking City residents to take certain voluntary actions. At this time, the City’s drought control efforts are expected to continue regardless of whether a drought is ongoing in California.

Beginning in early 2021, the State again began suffering from another drought. The 2021 Water Year (October 2020 through September 2021) was the second driest water year on record. On October 19, 2021, Governor Newsom declared a drought emergency for the entire State. On September 4, 2024, Governor Newsom terminated the drought state of emergency in 19 of the State’s most populous counties including Los Angeles County. However, the mandate does remain in effect for all other California counties from which some of the City’s water emanates. Given that the hotter, drier conditions could result in a 10% reduction in the State’s water supply by 2040, the State is implementing several programs and policies, leveraging historic State and federal funding, to safeguard and boost water supplies as outlined in the California Water Plan, Water Supply Strategy and Water Resilience Portfolio.

Wastewater flow contributed by the City’s customers was reduced by 3.32% from Fiscal Year 2019-20 to 2023-24. Fiscal Year 2020-21 saw a reduction of wastewater flow due to indoor water conservation, at a rate of 0.21%. Wastewater flow continued to decrease with the following Fiscal Year 2021-22 seeing a reduction in wastewater flow of 1.08%. Wastewater flow in Fiscal Year 2022-23 was reduced by 3.64% and Fiscal Year 2023-24 saw a 1.64% increase. Future wastewater flow will be affected by water conservation and changes in population in the City. The projected billable wastewater volume presented in Table 10 is based on a 3-year

rolling average of net billable wastewater volume data for each customer class provided by LADWP. No additional significant drought-related impacts are assumed in projected wastewater volumes due in part to the majority of permanent indoor water conservation measures already having been implemented in previous drought cycles. No assurance can be provided that the State and the City will not once again experience prolonged drought conditions, that mandatory conservation measures will not be imposed on the City, or that the City's population will not decrease. See "RISK FACTORS — Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System" herein.

***City Water Supply Plan.*** The Urban Water Management Plan (UWMP), updated every five years, is the City's plan for water supply and guides the decision-making process to secure a reliable water supply for the City. The 2020 UWMP update provides a comprehensive strategy consisting of new project, program and policy opportunities to manage water in a more integrated, collaborative, and sustainable manner. Both the 2015 and 2020 plans support the overall City goals for 50% reduction of purchased imported water by 2025, and 50% local water supply by 2035, with the City having already achieved 50% reduction of purchased imported water from the MWD. However, the goal of achieving 50% local water supply by 2035 is still being evaluated, as it is dependent on the Pure Water Los Angeles Master Plan currently in development by LADWP and anticipated to be released in calendar year 2025, which would assess the impact that the construction of City recycled water facilities would have on the augmentation of the City's water supply.

The following table sets forth the number of wastewater system service points that were billed and the billable wastewater volume subject to SSC during the past five fiscal years. A service point is a location where wastewater service is provided. There are more accounts than service points because a service point can have more than one account as customers discontinue and establish service during a year. In addition, there can be multiple service points per account, such as a college campus.

**TABLE 9**  
**WASTEWATER SYSTEM SERVICE POINTS AND**  
**BILLABLE WASTEWATER VOLUME**  
**Fiscal Year Ending June 30**

<i>Customer Class</i>	<i>Number of Service Points</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Single Family	487,605	490,384	491,763	489,865	492,694
Small Multi-family	70,073	70,494	71,229	71,853	72,993
Large Multi-family	40,656	40,623	40,702	40,907	41,350
Commercial/Industrial	51,907	51,519	51,838	51,143	51,621
All Others	<u>3,891</u>	<u>3,869</u>	<u>3,876</u>	<u>3,901</u>	<u>4,020</u>
Total Customers	654,132	656,889	659,408	657,669	662,678

<i>Customer Class</i>	<i>Billable Wastewater Volume<sup>(1)</sup></i>				
	<i>2020<sup>(5)</sup></i>	<i>2021<sup>(5)</sup></i>	<i>2022</i>	<i>2023<sup>(6)</sup></i>	<i>2024</i>
Single Family <sup>(2)</sup>	42,827	43,392	44,012	40,710	40,822
Small Multi-family <sup>(2)</sup>	12,234	11,339	10,616	10,696	12,644
Large Multi-family <sup>(3)</sup>	40,061	41,489	40,187	38,908	38,533
Commercial/Industrial <sup>(3)</sup>	28,757	26,434	28,428	27,712	27,820
All Others	<u>5,508</u>	<u>6,469</u>	<u>4,485</u>	<u>5,050</u>	<u>5,277</u>
Total Billable Wastewater Volume <sup>(4)</sup>	129,389	129,122	127,728	123,075	125,096

(1) In thousands of hcf (hundred cubic feet).

(2) Billable wastewater volume for single family and multi-family dwellings of up to four units for any Fiscal Year was based on each residential customer's minimum average daily water consumption during the winter water use from the prior winter, further reduced by a dry winter compensation factor.

(3) Billable wastewater volume for large multi-family, commercial industrial and other customers was, for each month, generally equal to 93% of total water sales volume for that month. All customers demonstrating that the billable wastewater volume was less than 74% of annual water sales were billed at the lower estimate.

(4) Totals may not equal the sum of components due to individual rounding.

(5) In Fiscal Years 2019-20 and 2020-21, the System experienced some reduction in business and government volumes and increases to small multi-family volumes as a result of the Governor's stay-at-home orders implemented in March 2020 in response to the COVID-19 pandemic.

(6) Beginning in Fiscal Year 2022-23, the Bureau of Sanitation, as a condition of the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*, changed the method to calculate the dry winter compensation factor. This ongoing change has decreased the billable volume for Single Family and Small Multi-family customers.

Source: Bureau of Sanitation.

The following table sets forth the projected number of service points and billable wastewater volume subject to SSC for Fiscal Years 2024-25 through 2028-29 that the City has developed for budgetary purposes. Actual number of service points and billable wastewater depends on numerous factors which are outside of the control of the City, including annual rainfall, State and local conservation measures and other economic and demographic factors.

**TABLE 10**  
**PROJECTED WASTEWATER SYSTEM SERVICE POINTS AND**  
**BILLABLE WASTEWATER VOLUME<sup>(1)</sup>**  
**Fiscal Year Ending June 30**

<i>Customer Class</i>	<i>Number of Service Points</i>				
	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
Single Family	493,475	494,054	495,464	496,391	497,367
Small Multi-family	73,847	74,742	75,731	76,666	77,630
Large Multi-family	41,595	41,897	42,232	42,530	42,846
Commercial/Industrial	51,720	51,724	51,920	52,022	52,125
All Others	<u>4,072</u>	<u>4,140</u>	<u>4,222</u>	<u>4,292</u>	<u>4,368</u>
Total Customers	664,708	666,556	669,569	671,901	674,336

<i>Customer Class</i>	<i>Billable Wastewater Volume<sup>(2)</sup></i>				
	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
Single Family <sup>(3)</sup>	40,097	38,919	38,418	37,650	36,868
Small Multi-family <sup>(3)</sup>	13,329	14,532	16,203	17,604	19,316
Large Multi-family <sup>(4)</sup>	37,821	37,261	36,861	36,320	35,833
Commercial/Industrial <sup>(4)</sup>	28,402	28,400	28,724	29,034	29,250
All Others <sup>(4)</sup>	<u>5,103</u>	<u>5,405</u>	<u>5,589</u>	<u>5,701</u>	<u>5,917</u>
Total Billable Wastewater Volume <sup>(5)</sup>	124,752	124,516	125,795	126,309	127,184

(1) These estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions “INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*” and “RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*.”

(2) In thousands of hcf (hundred cubic feet).

(3) Billable wastewater volume for single family and small multi-family dwellings of up to four units are based on each residential customer’s minimum average daily water consumption during the winter water use from the prior winter, as adjusted by a dry winter compensation factor.

(4) Billable wastewater volume for Large Multi-family and Commercial/Industrial is based upon usage of metered water multiplied by the default percent discharge factor as approved by the Board of Public Works. The range of the default percent discharge factor as set by City Ordinance is 90% to 96%. The current effective default percent discharge factor approved by the Board of Public Works is 93%. See “— Existing Sewer Rates and Charges” for a description of adjustments to the default percentage discharge for commercial customers. All customers who can demonstrate that their billable wastewater volume is less than 74% of annual water sales are billed at the lower estimate.

(5) Totals may not equal the sum of components due to individual rounding.

Source: Bureau of Sanitation.

## **Billing and Collection**

***Sewer Service Charge.*** Billing and collection services for the SSC are provided by LADWP. With some limited exceptions, LADWP currently bills residential customers on a bimonthly basis and commercial and industrial customers on a monthly basis. LADWP prepares bills covering water and electric charges and non-LADWP charges (such as sewer services, solid resources fee and State and local taxes).

Payments are posted in the following order: overdue receivables, customer deposits, water charges, electric charges, State and local taxes, sewer service charges, solid resources fees and bulky item fees. LADWP transfers funds to the SCM Fund on a weekly basis based on expected SSC revenues. The last payment of the month is adjusted for the actual revenues received for the prior month. A monthly billing and collection fee of \$248,400 is also subtracted from one of the weekly payments.

If a customer pays less than the amount billed for a billing period, then the payment is credited to the various utility services in the order set forth in the preceding paragraph. Payments received for the next billing period are credited first to the services in arrears, in the following order: (1) any required deposits, (2) water and electric charges, which are credited proportionally, and (3) the SSC, solid resources fee and bulky item fee, which are also credited proportionally. Remaining payments are then credited to the current services in the order set forth in the preceding paragraph. This procedure in effect brings any customer's delinquent sewer service charges current, prior to applying payments against current charges, including water and electric.

In response to the increase in arrearages that were the result of the shutoff moratorium for non-payment established during the COVID-19 pandemic, LADWP has continued the implementation of a number of measures intended to mitigate operational and financial impacts, and to assist its customers, including: (i) LADWP is widely promoting its existing payment plans and extended payment options; and (ii) the LADWP Board issued Resolution No. 023 251 to discontinue collection-based water and power shutoffs for non-payment aimed at residential customers enrolled in LADWP EZ-SAVE and Lifeline assistance programs. LADWP resumed collection/severance for non-residential customers in June 2023, and for residential customers in June 2024.

Certain LADWP customers receive water and electric service by means of a master meter which may serve multiple dwelling units. Water and electrical service to multiple dwelling unit residences served by a master meter may be disconnected for non-payment. In February 1998, LADWP implemented the Utility Maintenance Program as an alternative to the termination of master-metered service. This program is an extension of the existing Rent Escrow Accounts Program. Tenants who participate in the program have the option of putting their rent into an escrow trust fund established by the Los Angeles Housing Department to maintain utility services until such time as the delinquent bill is paid in full.

**SSC Revenues.** LADWP is the billing agent of the SCM Fund for its SSC revenues. As such, LADWP maintains the records of all SSC accounts receivable, both collectible and uncollectible.

The total SSC accounts receivable were \$159.1 million as of June 30, 2023 and \$133.9 million as of June 30, 2024. The following table sets forth the SSC budgeted, billed, and collected amounts for Fiscal Years 2019-20 through 2023-24:

**TABLE 11**  
**SSC REVENUE**  
**BUDGET, BILLINGS, AND CASH REMITTANCE**  
**Fiscal Year Ending June 30**  
**(in thousands)**

<i>Fiscal Year</i>	<i>Budgeted</i>	<i>Billed</i>	<i>Remitted</i>	<i>Billed as a Percent of Budget</i>	<i>Remitted as a Percent of Billed<sup>(1)</sup></i>
2020	\$665,533	\$675,639	\$660,495	101.5%	97.8%
2021 <sup>(2)(3)</sup>	709,501	718,894	668,421	101.3	93.0
2022	725,100	715,638	700,752	98.7	97.9
2023 <sup>(4)</sup>	671,372	688,496	657,328	102.6	95.5
2024 <sup>(5)</sup>	636,682	697,732	649,792	109.6	93.1

(1) LADWP's remittance rate of SSC revenue varies from year to year and may exceed 100% because of differences in average time taken by customers to pay their bills and differences in the estimation used to calculate expected revenue versus actual revenue.

(2) In response to the COVID-19 pandemic, LADWP implemented a number of temporary measures to assist its customers, including a moratorium on disconnection due to nonpayment. LADWP has resumed normal billing and collection processes. The budget for Fiscal Year 2020-21 was not adjusted to reflect the impact of the disconnection moratorium.

(3) Billed SSC for Fiscal Year 2020-21 was previously reported as \$718,921. This clerical error has been corrected to \$718,894.

(4) The decline in Fiscal Year 2022-23 budgeted revenue was due to the assumption that the collection moratorium was still going to be in place during this fiscal year.

(5) The decline in Fiscal Year 2023-24 budgeted revenue is related to the change in the calculation of the dry winter compensation factor as a condition of the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*.

Source: Bureau of Sanitation.

***Sewerage Facilities Charge.*** The SFC is collected along with Bonded Sewer Fees and Tapping Fees as part of the building permit and sewer connection permit application procedures. Permits are not granted until the SFC payment has been received. The SFC, Bonded Sewer Fees, and Tapping Fees are deposited by the Department of Public Works directly into the SCM Fund as received by the City.

***Industrial Wastewater Fees.*** Billings for QSF, Inspection and Control Fees and SIU Fees are prepared by the Bureau of Sanitation, Industrial Waste Management Division. All customers are billed quarterly in arrears except for dental offices that are billed annually in advance. Payments are remitted to the Department of Public Works and deposited directly into the SCM Fund. All fees that are not paid by the end of the month in which they are due become delinquent and a delinquency charge of 2.5% (minimum \$10) of the principal balance owed is added to the amount due. The delinquent dates are February 1, May 1, August 1 and November 1. Delinquent accounts are referred to a collection agency or to the Office of Finance for collection activities within 45 days of the delinquent date.

**TABLE 12**  
**INDUSTRIAL WASTEWATER FEES (QSF, INSPECTION AND CONTROL FEES, SIU FEES)**  
**BUDGET, BILLINGS, AND REMITTANCE**  
**Fiscal Year Ending June 30**  
**(in thousands)**

<i>Fiscal Year</i>	<i>Budgeted</i>	<i>Billed</i>	<i>Remitted</i>	<i>Billed as a Percent of Budget</i>	<i>Remitted as a Percent of Billed<sup>(1)</sup></i>
2020	\$18,600	\$20,499	\$20,185	110.2%	98.5%
2021	20,885	19,457	19,738	93.2	101.4
2022	20,900	19,389	19,943	92.8	102.9
2023	20,808	19,993	19,420	96.1	97.1
2024	19,680	19,678	19,030	100.0	96.7

<sup>(1)</sup> Remitted as Percent of Billed may be over 100% because the amount billed and remitted may be higher due to various reasons such as payment adjustments and penalty payments.

Source: Bureau of Sanitation.

**Wastewater Service Contract Charges.** Billings under the Universal Terms Contracts and the older Sewage Disposal Contracts are prepared annually by the Department of Public Works according to the contractual obligation of each Agency or Entity (as described in “THE WASTEWATER SYSTEM — Subscribing Agencies” herein) to pay its contractual share of O&M and capital costs of the System. Allocations of O&M and capital costs are prepared by the Bureau of Sanitation. Under contractual provisions, O&M and capital bills for those Agencies with Universal Terms Contracts are payable bimonthly during the year in which they receive service, with a later reconciled bill to adjust for actual costs. For other Entities, O&M and capital bills are payable in arrears. Some of the Sewage Disposal Contracts do not specify the timing of capital bills and, in nearly all such cases, they are billed semi-annually in arrears.

The City has certain billed accounts receivable with respect to these charges. The Universal Terms Contracts between the City and most Agencies allow the City to collect late payment charges. Late payment charges are not authorized under the older contracts, which provide less than 1% of the total billings to the Agencies and other Entities. If payment is not made by the contractual due date, overdue notices are sent and telephone contact is made to determine why payment was not made. The City has not terminated service when an Entity failed to pay these charges because of the essential nature of the service provided to the Entities by the System. In those cases where late payments do occur, the City has imposed late charges sufficient to offset any lost revenues as a result of such delinquencies.

Disagreements over flow and strength monitoring of the City of Burbank’s wastewater are currently being addressed and negotiated. The remaining unpaid balances and estimated billings total approximately \$22.4 million. Burbank has indicated that it will continue to pay the City based on Burbank’s own calculation of the flow and strength of its wastewater discharged to the System. The City continues to work with Burbank to resolve the remaining disputed amount. At this time, the City does not have sufficient data to determine when the issue will be resolved or what may be the longer-term impact to the SCM Fund.

The City of Glendale and the City are partners in the LAGWRP and, though the City operates the plant, each is responsible to pay half the cost of capital projects at the plant, pursuant to cost-sharing agreements between the two cities. The construction costs for the projects proposed by the Bureau and provided to the City of Glendale in January 2018 have increased from an estimated \$43.1 million to an estimated \$235.05 million as of September 2024. The agreement requires that the City of Glendale approve the capital expenditures proposed by the City or they may decline to pay their share. The City of Glendale has objected to paying its portion of the estimated cost increases for nine projects, which accounts for substantially all of the estimated costs. Communication between the two cities has improved after meeting on a monthly basis since March 2024. The

cities have discussed cost sharing of projects and have proceeded with the billing of non-disputed O&M and capital projects to bring billings current and to negotiate the cost sharing of the disputed projects.

## **Labor and Employment**

Several City departments and bureaus contribute labor to the operations of the System. See “ORGANIZATION AND MANAGEMENT OF THE SYSTEM” herein. The primary labor for the System is from the Bureau of Sanitation, whose authorized workforce is as shown in the following table:

**TABLE 13**  
**BUREAU OF SANITATION AUTHORIZED POSITIONS<sup>(1)</sup>**

<i><b>Fiscal Year Ending June 30</b></i>	<i><b>Authorized Number of Positions</b></i>
2021	1,412
2022	1,416
2023	1,407
2024	1,410
2025	1,371

<sup>(1)</sup> As authorized in the Adopted Budget. This figure represents permanent (“regular”) positions, funded by the SCM Fund, and excludes temporary personnel (also referred to as “resolution authority positions”).

Source: Office of the City Administrative Officer.

Bureau of Sanitation’s workforce is 99% unionized under a number of separate labor organizations that collectively refer to themselves as the Coalition of Los Angeles City Unions as well as the non-coalition Engineers and Architects Association. The City has memoranda of understanding that are effective through either Fiscal Year 2027-28 or 2028-29 with all unions that are part of Bureau of Sanitation. The System has not experienced any work stoppage over the past five years and does not currently anticipate any work stoppage. See APPENDIX B—“CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES—Budget and Financial Operations—Labor Relations.”

## **Retirement and Other Postemployment Benefits Contributions**

The City’s annual required contribution to the Los Angeles City Employees’ Retirement System (“LACERS”) includes amounts related to the retirement benefits and other postemployment healthcare benefits (“OPEB”) of City employees who work on the System, which are attributable to the SCM Fund. See APPENDIX B—“CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES—Budget and Financial Operations—Labor Relations.” Such System-related expenses are first paid from the City’s General Fund and subsequently reimbursed from the SCM Fund through application of a Cost Allocation Plan (“CAP”), which is subject to approval each year by the Federal government in connection with on-going grant compliance procedures. Annual OPEB amounts attributable to the SCM Fund are included in these CAP rates.

The System’s percentage share of such costs may increase or decrease from year to year depending on, among other things, the number of covered employees attributable to the SCM Fund, the overall number of City employees and the retirement benefits accruing to the respective employees. The following table sets forth retirement and OPEB contributions from the SCM Fund for Fiscal Years 2020-21 through 2024-25.



**TABLE 14**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**RETIREMENT AND OPEB CONTRIBUTIONS**  
**(\$ in thousands)**

<i><b>Fiscal Year Ending June 30</b></i>	<i><b>Total City Contribution<sup>(1)</sup></b></i>	<i><b>Wastewater System Contribution<sup>(2)</sup></b></i>	<i><b>Wastewater System Percentage</b></i>
2021	\$532,833	\$56,216	10.6%
2022	601,450	56,869	9.5
2023	636,523	65,000	10.2
2024	675,824	64,376	9.5
2025	706,025	65,498	9.3

(1) Total City Contribution represents amounts paid to the Los Angeles City Employees' Retirement System for City Council controlled departments only.

(2) Wastewater System Contribution reflects the costs attributable to the Bureau of Sanitation and other City departments that support the System.

Source: Office of the City Administrative Officer.

The City is generally projecting increases to the amount it will contribute to LACERS over the next three years. See APPENDIX B — "CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES — Budget and Financial Operations — Los Angeles City Employees' Retirement System ("LACERS")" for a description of the City's historical and current projected pension and OPEB contributions. The System's projected share of the City's projected contributions to LACERS are included in the pro forma projection of financial operations included herein

The City's current retirement contribution projections, as set forth in Appendix B, are based on, among other things, information provided by LACERS' actuary and LACERS' current actuarial assumptions, which are based on the results of LACERS' most recent triennial experience study. Actual retirement and OPEB costs attributable to the SCM Fund may be more or less than and may vary materially from the amounts included in the projections for the System. The System has experienced similar fluctuations in expenditures in the past and will make adjustments to revenues and expenditures as necessary to address any such changes in expenditures. There can be no assurance that the retirement and OPEB costs attributable to the SCM Fund will not materially increase.

### **Summary of Operations and Debt Service Coverage**

The following table sets forth the revenues and expenses of the SCM Fund for Fiscal Years 2019-20 through 2023-24. Figures in the following table are audited and presented based on accruals. Other figures in this Appendix A are recorded on a cash basis, consistent with the City's budget practices, and therefore may differ from the audited figures presented in this table.

**TABLE 15**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**SUMMARY OF OPERATIONS AND DEBT SERVICE COVERAGE**  
**Fiscal Year Ending June 30**  
**(in thousands)**

	2020	2021	2022	2023	2024
<b>OPERATING REVENUES</b>					
Sewer Service Charge	\$ 681,164	\$ 713,013	\$ 670,488	\$ 686,674	\$ 628,138 <sup>(1)</sup>
Wastewater Service Contracts <sup>(2)</sup>	25,734	29,647	20,952	28,275	34,606
Industrial Wastewater Fees <sup>(3)</sup>	20,455	20,158	20,028	19,773	20,169
Sewerage Facilities Charge	15,779	14,583	16,542	17,196	12,550
Other Operating Revenues	<u>9,595</u>	<u>11,354</u>	<u>11,656</u>	<u>24,027</u>	<u>8,712</u>
Total Operating Receipts	\$ 752,727	\$ 788,755	\$ 739,666	\$ 775,945	\$ 704,175
<b>NON-OPERATING REVENUES</b>					
Gross Interest Income	9,870	48	(3,834) <sup>(4)</sup>	15,325	23,928
Other Non-Operating Revenues (Net)	2,289	20,119	102,405 <sup>(5)</sup>	(35,807) <sup>(6)</sup>	102,398 <sup>(7)</sup>
<b>ADJUSTMENTS<sup>(8)</sup></b>					
Interest on Construction Funds	(3,121)	(241)	(107)	(626)	(954)
Other Non-Operating Expenses (Revenues) <sup>(9)</sup>	<u>9,301</u>	<u>(11,527)</u>	<u>4,059</u>	<u>65,123<sup>(9)</sup></u>	<u>5,030</u>
<b>TOTAL REVENUES</b>	\$ 771,066	\$ 797,154	\$ 842,189	\$ 819,960	\$ 834,577
Less: Operating Expenses	<u>368,658</u>	<u>318,637</u>	<u>369,274</u>	<u>443,764<sup>(10)</sup></u>	<u>446,024<sup>(11)</sup></u>
<b>NET REVENUES</b>	<u>\$ 402,408</u>	<u>\$ 478,517</u>	<u>\$ 472,915</u>	<u>\$ 376,196</u>	<u>\$ 388,553</u>
Senior Debt Service <sup>(12)(13)</sup>	\$ 58,806	\$ 73,634	\$ 91,037	\$ 47,799	\$ 38,130
Senior Debt Service Coverage	6.84x	6.50x	5.19x	7.87x	10.19x
Subordinate Debt Service <sup>(12)</sup>	\$ 159,204	\$ 136,667	\$ 124,925	\$ 176,932	\$ 192,226
Aggregate Debt Service	\$ 218,010	\$ 210,301	\$ 215,962	\$ 224,731	\$ 230,356
Aggregate Debt Service Coverage	1.85x	2.28x	2.19x	1.67x	1.69x

<sup>(1)</sup> While there was a slight increase in billable volume, the decrease in SSC revenue is attributable to the revised methodology in billing computation following resolution of *Hoffman et al. v. City of Los Angeles* and decrease in accrual of accounts receivable. This reduction in receivables was also impacted by the receipt of the CWWAPP 2.0 funds and application of credits to customer accounts. The receipt of these funds offset the reduction of SSC revenues conversely increasing other non-operating revenues.

<sup>(2)</sup> Operations and maintenance portion of Wastewater Service Contracts payments (excluding capital charge component, which is not treated as Revenues).

<sup>(3)</sup> Includes Quality Surcharge Fees, Permit Application Fees, Inspection and Control Fees, and Significant Industrial User Fees.

<sup>(4)</sup> Interest earnings on construction funds is excluded, resulting in a negative number.

<sup>(5)</sup> The increase in Other Non-Operating Revenues (Net) from Fiscal Year 2020-21 to Fiscal Year 2021-22 is due to the receipt of a \$59.8 million grant for the California Water and Wastewater Arrearages Payment Program (CWWAPP) from the State Water Resources Control Board (SWRCB) for residential and commercial customers' arrearages during the COVID-19 pandemic. Additionally, the Fiscal Year 2021-22 amount includes an increase of \$22.2 million in damage and claims settlement revenues compared to the prior year.

<sup>(6)</sup> The decrease in Other Non-Operating Revenues (Net) in Fiscal Year 2022-23 is due to the one-time grant revenue associated with the CWWAPP from the SWRCB received in Fiscal Year 2021-22 referenced in footnote (5), a decrease of \$14.2 million in damage and claims settlement revenues compared to the prior year, and payment of \$57.5 million in litigation expenses related to the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*.

<sup>(7)</sup> Increase in Other-Non Operating Revenues is driven by the net receipt of \$59.8 million from the CWWAPP 2.0.

<sup>(8)</sup> Adjustments made in the annual Debt Service Compliance Report to calculate coverage in accordance with the Resolutions.

<sup>(9)</sup> Includes various adjustments to conform analysis to the definition of "Revenues" and "Expenses" in the Resolutions, primarily reversing items reported as non-operating expenses in the annual financial reports. The increase in Other Non-Operating Expenses (Revenues) in Fiscal Year 2022-23 is primarily due to the payment related to the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*, referenced in footnote (6).

<sup>(10)</sup> The increase in Operating Expenses in Fiscal Year 2022-23 is primarily attributed to adjustments to prior year related costs, transfers to various City departments, and higher costs for Bureau of Sanitation expenses and equipment.

<sup>(11)</sup> In Fiscal year 2023-24 there was a decrease in Bureau of Sanitation expense and equipment, which was offset by an increase on Other O&M expenses resulting from a higher accrual of Contracts Payable.

<sup>(12)</sup> Derived from Debt Service Compliance Reports. Excludes debt service on the Existing State Revolving Fund ("SRF") Clean Water Loan, which is subordinate to the Senior Lien Bonds, the Subordinate Lien Bonds, and the Wastewater System Commercial Paper Notes. The Existing SRF Clean Water Loan was paid in full in Fiscal Year 2024-25.

<sup>(13)</sup> Net of interest subsidy from US Treasury.

Source: Office of Accounting. Sewer Construction and Maintenance Fund Financial Statements and Debt Service Compliance Reports.

## Sewer Construction and Maintenance Fund Cash Balances

The following table sets forth the cash balances of the SCM Fund's unrestricted and restricted funds.

**TABLE 16**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**CASH BALANCES IN ALL FUNDS (UNAUDITED)<sup>(1)(2)</sup>**  
**Fiscal Year Ending June 30**  
**(in thousands)**

	2020	2021	2022	2023	2024
UNRESTRICTED FUNDS <sup>(3)</sup>					
Sewer Construction and Maintenance <sup>(4)</sup>	\$ 29,455	\$ 101,245	\$ 204,721	\$ 211,678	\$ 221,348
Sewer Operation and Maintenance <sup>(5)</sup>	21,670	39,140	109,591	48,561	39,965
Sewer Capital <sup>(6)</sup>	<u>13,658</u>	<u>27,478</u>	<u>44,277</u>	<u>44,069</u>	<u>35,028</u>
Total Unrestricted Funds	\$ 64,783	\$ 167,863 <sup>(7)</sup>	\$ 358,589 <sup>(8)</sup>	\$ 304,308	\$ 296,341
RESTRICTED FUNDS <sup>(9)</sup>					
Operation and Maintenance Reserve <sup>(10)</sup>	\$ 47,255	\$ 48,968	\$ 63,325	\$ 51,639	\$ 54,893
Insurance Reserve <sup>(11)</sup>	3,000	3,000	3,000	3,000	3,000
Emergency Fund	5,008	5,008	5,004	5,117	5,010
Construction Funds <sup>(12)</sup>	93,274	45,853	37,999	30,302	25,270
Reserve Funds <sup>(13)</sup>	102,310	100,547	102,310	106,890	105,360
Debt Service Funds	20,826	26,052	19,342	21,960	26,885
Rebate Funds	<u>169</u>	<u>170</u>	<u>171</u>	<u>175</u>	<u>182</u>
Total Restricted Funds	\$ 271,842	\$ 229,598	\$ 231,151	\$ 219,083	\$ 220,599
TOTAL FUNDS	<u>\$ 336,625</u>	<u>\$ 397,461</u>	<u>\$ 589,740</u>	<u>\$ 523,391</u>	<u>\$ 516,941</u>
FUNDS AVAILABLE FOR O&M <sup>(14)</sup>	\$ 101,380	\$ 192,353	\$ 380,637	\$ 314,878	\$ 319,206

(1) All the funds listed under Unrestricted Funds are considered accounts of the SCM Fund pursuant to the Resolutions and the supplemental resolutions related thereto, and reported within a single SCM Fund in the City's audited financial statements.

(2) Totals may not equal the sum of components due to individual rounding.

(3) Reported under current assets as "unrestricted" cash and pooled investments held by the City Treasurer in the Statements of Net Position of the separately prepared audited financial statement of the SCM Fund and valued at market value rather than the original cost value shown in the table above.

(4) All receipts deposited into this fund are maintained in the City's Treasury for transfer to other funds and accounts of the SCM Fund.

(5) The fund established by the City to make payment of operations and maintenance expenses. The amounts reported above are residual after paying O&M expenses.

(6) The fund established by the City make payment of pay-as-you-go capital. Additionally, capital grant receipts and Wastewater Service Contract capital payments are deposited into this account. The amounts reported above are residual after paying pay-as-you-go capital.

(7) The increase in cash balance from Fiscal Year 2019-2020 to Fiscal Year 2020-21 is due to a decline in expenditures, such as salaries and other operating expenditures. Additionally, due to the COVID-19 pandemic, the City paused the award of some capital improvement projects for several months while evaluating the impact of the pandemic on revenues and the construction industry, which resulted in lower expenditures in such Fiscal Year.

(8) The increase in cash balance from Fiscal Year 2020-21 to Fiscal Year 2021-22 is due to the receipt of the CWWAPP grant from the SWRCB, the increase in damage and claims settlement revenues, and increased remittance of SSC revenues. Additionally, the Fiscal Year 2021-22 cash balance includes a one-time general fund reconciliation payment of \$85.7 million for prior year overpayments.

(9) Reported by the City Treasurer in the Statements of Net Position of the audited financial statement of the SCM Fund in current assets and noncurrent assets as "restricted" cash and pooled investments and at market value rather than the original cost value shown in the table above.

(10) Pursuant to the Resolutions, certain transfers from the SCM Funds are restricted if the City does not maintain an amount needed to provide for the System's operation and maintenance expenses for 45 days.

(11) Represents amounts reserved for self insurance purposes.

(12) These funds are funded with proceeds of the Senior Lien Bonds, Subordinate Lien Bonds, and Wastewater System Commercial Paper Notes.

(13) Funded with proceeds of the Senior Lien Bonds.

(14) Includes balances in the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund, the Operation and Maintenance Reserve, and the Insurance Reserve. Amounts in the Sewer Capital Fund may also be available for O&M; however, certain deposits to the Sewer Capital Fund are restricted for capital purposes.

Source: Office of Accounting.

## Property, Plant and Equipment

The following table sets forth the City's expenditures on property, plant and equipment and the balances in the total debt attributable thereto for the most recent five Fiscal Years for which the information is currently available.

**TABLE 17**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**GROWTH IN PROPERTY, PLANT AND EQUIPMENT**  
**(in thousands)**

<i>Fiscal Year Ended June 30</i>	<i>Property, Plant and Equipment (at cost)</i>	<i>Net Property, Plant and Equipment (depreciated)</i>	<i>Long-Term Debt</i>	<i>Net Debt<sup>(1)(2)</sup></i>	<i>Net Debt as Percent of Net Plant</i>
2020 <sup>(3)</sup>	\$ 8,930,918	\$4,667,165	\$2,843,975	\$2,740,511	58.71%
2021 <sup>(4)</sup>	9,216,923	4,745,806	2,724,511	2,623,442	55.28
2022	9,452,711	4,803,962	2,763,378	2,661,720	55.41
2023	9,704,940	4,864,971	2,634,937	2,528,873	51.98
2024	10,024,692	4,981,629	2,502,767	2,397,808	48.13

(1) Total debt net of balances in debt service reserve funds.

(2) Totals may not equal the sum of components due to individual rounding.

(3) For Fiscal Year End 2020, Net Debt as a Percent of Net Plant was in error previously presented at 60.0%.

(4) For Fiscal Year End 2021, Property Plant and Equipment (at cost), Net Property Plant and Equipment (depreciated), and Net Debt as a Percent of Net Plant have been restated to account for the adoption of GASB Statement No. 87, Leases.

Source: Office of Accounting.

## Projected Statement of Revenues and Expenditures

The following table sets forth a projected operations statement based on revenue and expenditure projections developed by the Bureau of Sanitation for its budgetary purposes. In developing these projections, the Bureau of Sanitation uses many budgetary assumptions which, in many instances, reflect placeholder assumptions that it uses to develop its budgets but reflect factors which the Bureau of Sanitation is unable to assess the likelihood of the actual occurrence of such factors. The projected financial operations statement includes a number of assumptions, including the following:

- The five-year projection was developed using the Adopted Budget for Fiscal Year 2024-25, updated to reflect performance from the first and second quarter of the current fiscal year and various other revenue and expenditure assumptions related to the current and other future years. For example, SSC revenues were decreased for 2024-25 from the adopted budget to reflect:
  - \$11.9 million less due to implementation of the new dollar rate on October 19, 2024 rather than the budgeted assumption of October 1, 2024;
  - \$7.6 million less due to reimbursement of unspent California Water Arrearage Payment Program funding.
- Assumes Total Billable Wastewater Volume as reflected in Table 10.
- The projections assume a 22.1% rate increase effective on October 19, 2024 and subsequent rate increases on March 1, 2025, July 1, 2025, and January 1, 2026 followed by annual rate increases every July 1st from Fiscal Year 2026-27 to 2028-29. The City Council recently

adopted the aforementioned rate increases for the Wastewater System on September 10, 2024. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

- Projections and estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions “INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*” and “RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*.”
- The achievement of certain results or other expectations contained in the following table involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements reflected in the following table to be materially different from any future results, performance or achievements expressed or implied by such table. Although, in the opinion of the Bureau of Sanitation, such projections are reasonable, there can be no assurance that any or all of such projections will be realized or predictive of future results.

In addition, the following table does not take into consideration the impact of any litigation pending or threatened against the City other than the approximately \$5.4 million that the System budgets every year for liability claims. See “LITIGATION” below.

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**TABLE 18**  
**PRO FORMA STATEMENT OF FINANCIAL OPERATIONS, DEBT SERVICE, AND**  
**DEBT SERVICE COVERAGE UNDER INDICATED REVENUE LEVELS**  
**Fiscal Year Ending June 30**  
**(in thousands)<sup>(1)(2)</sup>**

<i>Description</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
<b>SOURCES OF FUNDS</b>					
Projected Beginning Cash Balance <sup>(3)</sup>	\$ 354,234	\$ 377,960	\$ 485,562	\$ 643,111	\$ 447,450
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Rates As of July 1, 2024	\$ 650,496	\$ 658,812	\$ 659,463	\$ 660,114	\$ 660,767
Increased Rates <sup>(4)</sup>	89,847	269,444	393,075	491,196	598,039
Total User Charges Revenues	740,342	928,255	1,052,538	1,151,310	1,258,806
Non-Rate Charges for Services and Other Operating Revenue <sup>(5)</sup>	92,293	96,887	132,099	137,833	176,595
<b>Subtotal Projected Operating Revenues</b>	\$ 832,635	\$ 1,025,142	\$ 1,184,637	\$ 1,289,143	\$ 1,435,401
Capital and Non-operating Revenues - Not Applicable to Coverage <sup>(6)</sup>	95,316	227,235	194,382	98,307	32,407
<b>TOTAL PROJECTED SOURCES OF FUNDS</b>	\$ 1,282,185	\$ 1,630,337	\$ 1,864,581	\$ 2,030,561	\$ 1,915,259
<b>USE OF FUNDS</b>					
<b>Operations and Maintenance (O&amp;M)<sup>(7)</sup></b>	\$ 486,516	\$ 595,503	\$ 654,197	\$ 666,642	\$ 685,702
<b>PROJECTED NET REVENUES</b>	\$ 346,119	\$ 429,639	\$ 530,440	\$ 622,501	\$ 749,700
<b>Debt Service</b>					
<u>Senior Lien Bonds</u>					
Existing Senior Lien Bonds <sup>(8)</sup>	\$ 55,398	\$ 43,833	\$ 55,655	\$ 65,683	\$ 59,839
Fiscal Year 2025 Issuance <sup>(9)</sup>					
2025A (Senior Lien)	0	0	0	0	0
Additional Senior Lien Bonds <sup>(10)</sup>	0	5,776	20,067	28,137	28,137
<b>Total Senior Lien Bonds Debt Service</b>	\$ 55,398	\$ 49,609	\$ 75,722	\$ 93,819	\$ 87,976
<u>Subordinate Bonds</u>					
Existing Subordinate Bonds <sup>(11)</sup>	\$ 164,953	\$ 177,866	\$ 167,113	\$ 138,415	\$ 141,983
Fiscal Year 2025 Issuance <sup>(12)</sup>					
2025A (Subordinate)	0	14,584	14,584	14,584	14,584
2025B (Subordinate)	0	11,635	11,635	11,635	11,635
2025C (Subordinate)	0	0	0	0	0
Additional Subordinate Bonds <sup>(13)</sup>	0	5,776	20,067	28,137	28,137
<b>Total Subordinate Bonds Lien Bonds Debt Service</b>	164,953	209,862	213,399	192,771	196,339
Commercial Paper Interest Expense <sup>(14)</sup>	11,000	7,167	6,649	945	6,323
WIFIA Loan <sup>(15)</sup>	479	3,163	3,851	10,144	10,144
<b>Subtotal Debt Service</b>	\$ 231,830	\$ 269,801	\$ 299,622	\$ 297,679	\$ 300,782
Projected Debt Service Coverage					
Total Senior Debt	6.25x	8.66x	7.01x	6.64x	8.52x
Total Senior and Subordinate Debt	1.49x	1.59x	1.77x	2.09x	2.49x
<b>Other Expenditures</b>					
Cash Financing of Construction <sup>(16)</sup>	\$ 167,773	\$ 279,471	\$ 267,651	\$ 618,789	\$422,076
Existing SRF Clean Water Loan <sup>(17)</sup>	13,605	0	0	0	0
Proceeds from Insurance and Other Sources <sup>(18)</sup>	4,500	0	0	0	0
<b>Subtotal Other Expenditures</b>	\$ 185,878	\$ 279,471	\$ 267,651	\$ 618,789	\$ 422,076
<b>TOTAL USES OF FUNDS</b>	\$ 904,225	\$ 1,144,775	\$ 1,221,470	\$ 1,583,110	\$ 1,408,560
<b>Projected Ending Cash Balance</b>	\$ 377,960	\$ 485,562	\$ 643,111	\$ 447,450	\$ 506,699

(1) These estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions "INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*" and "RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*."

(2) Totals may not equal the sum of components due to individual rounding.

(3) Cash balance includes restricted and unrestricted funds available for operations and maintenance.

(4) Assumes rates in effect as shown in Table 6 and service points and billable wastewater volume as shown in Table 10.

(5) Includes revenues from the O&M portion of wastewater service contract payments, industrial wastewater fees, the SFC, interest income on all funds except Construction Funds, bonded sewer fees, and miscellaneous revenue. Fiscal Year 2024-25 is based on the 2024-25 Adopted Budget. Fiscal Years 2025-26 through 2028-29 are projections based on historical revenue trends.

(6) Includes interest on construction funds and debt proceeds, Entities' capital contributions, recycled water capital reimbursements, federal and State grants, and other non-operating revenues and capital revenues.

[Footnotes continue on following page]

[Footnotes continue from previous page]

- (7) Fiscal Year 2024-25 O&M expense estimate is based on the 2024-25 Adopted Budget, which serves as the basis for subsequent year projections. Generally, actual O&M expenditures have been less than the amounts budgeted. O&M expenses include the System's projected share of the City's projected health and pension costs and includes an increase of 5% for Fiscal Year 2025-26, 3% for Fiscal Year 2026-27, 4.5% for Fiscal Year 2027-28, 2% for Fiscal Year 2028-29, and 3% for Fiscal Year 2029-30 for salary related costs.
  - (8) Represents principal and interest becoming due and payable on all Senior Lien Bonds issued and Outstanding in each Fiscal Year, net of federal interest subsidies.
  - (9) Does not reflect the refunding of the bonds to be refunded with proceeds of Additional Senior Lien Bonds.
  - (10) Assumes the issuance of additional Senior Bonds in Fiscal Year 2025-26 in the amount of \$229 million and \$199 million in Fiscal Year 2026-27, with amortization over 30-years structured on a level debt service basis at an interest rate of 5.00%. It is assumed that no Senior Bonds will be issued in Fiscal Years 2027-28, and 2028-29.
  - (11) Represents principal and interest becoming due and payable on all Existing Subordinate Bonds issued and Outstanding in each Fiscal Year.
  - (12) Does not reflect the refunding of the Refunded Bonds.
  - (13) Assumes the issuance of additional Subordinate Bonds in the amount of \$229 million in Fiscal Year 2025-26 and \$199 million in Fiscal Year 2026-27, with amortization over 30-years structured on a level debt service basis at an interest rate of 5.00%. It is assumed that no Subordinate Bonds will be issued in Fiscal Years 2027-28 and 2028-29.
  - (14) Reflects varying levels of issuance of Wastewater System Commercial Paper Notes to fund needs of capital projects. Fiscal Year 2024-25 is based upon the adopted budget. Assumes annual interest rate of 5%.
  - (15) Includes payments on the WIFIA Loan which are projected to begin in Fiscal Year 2024-25.
  - (16) Includes cash funding from user rates, grants, Entities' contributions, reimbursements from LADWP for recycled water projects, insurance, and other reimbursements. See table 5 for additional details of cash funding sources.
  - (17) Existing SRF Clean Water Loan debt service is subordinate to subordinate bonds and commercial paper, and is not included in debt service coverage calculations. The existing SRF Clean Water Loan was paid in full in the first quarter of Fiscal Year 2024-25.
  - (18) Accounts for transfer of revenues from insurance, reimbursements, settlements, etc. to debt proceeds funds, within the SCM family of funds.
- Source: City of Los Angeles, Bureau of Sanitation.

## Outstanding Indebtedness

Senior Lien Bonds and Subordinate Bonds have been heretofore issued pursuant to the City Charter of the City of Los Angeles, and the authority of elections held in the City in 1987, 1988 and 1992, under which the voters of the City authorized the issuance of wastewater system revenue bonds and notes in an aggregate principal amount of \$3,500,000,000 (collectively, the "Authorizations"). Pursuant to the amended and restated charter approved by the voters of the City, additional revenue bonds and notes of the City in excess of the aggregate principal amount approved pursuant to the Authorizations may be issued upon adoption of a procedural ordinance and without any further authorization by the voters of the City. The Series 2025 Subordinate Bonds are being issued pursuant to the City Charter and the Procedural Ordinance.

As of January 1, 2025, the City had \$869,190,000 aggregate principal amount of Existing Senior Lien Bonds Outstanding and \$1,456,730,000 aggregate principal amount of Existing Subordinate Bonds Outstanding, excluding Wastewater System Commercial Paper Notes Outstanding.

In addition, the City has also authorized a maximum of \$400 million aggregate principal amount of Subordinate Bonds in the form of Wastewater System Commercial Paper Notes. The Wastewater System Commercial Paper Notes are currently supported by Letters of Credit issued by Barclays Bank PLC and TD Bank, N.A. The maximum amount of Wastewater System Commercial Paper Notes that may be Outstanding at any particular time under the existing Letters of Credit for the Wastewater System Commercial Paper Notes is \$400 million. As of March 1, 2025, there was approximately \$360 million in aggregate principal amount of Wastewater System Commercial Paper Notes Outstanding, all or a portion of which will be paid at their respective maturity dates from proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds. See "PLAN OF FINANCE" herein.

The City incurred the WIFIA Loan from the US EPA under the Water Infrastructure Finance and Innovation Act for the DCTWRP AWPf project. Absent an event of default, amounts outstanding under the WIFIA Loan bear interest at a fixed rate of 1.72% per annum, calculated on the basis of a 360-day year of twelve 30-day months. Repayment of principal of the WIFIA Loan shall commence on June 1, 2028. Repayment of the WIFIA Loan is secured by a pledge of all Revenues, Revenues held in the SCM Fund (including earnings thereon) and all moneys and securities held in funds and accounts created under the WIFIA Loan documents. The lien on the collateral securing the WIFIA Loan is *pari passu* in right of payment and right of security to the lien of the Subordinate Bonds. The final maturity for the WIFIA Loan will be the earlier of (a) June 1, 2055 or

(b) the principal payment date immediately preceding the date that is thirty-five (35) years following the substantial completion date. See the caption “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM—Major Sources of Funding” for the current anticipated timing of draws on the WIFIA Loan.

The following table sets forth the Outstanding Wastewater System Revenue Bonds and Wastewater System Commercial Paper Notes. **[To be updated prior to posting]**

**TABLE 19**  
**CITY OF LOS ANGELES OUTSTANDING WASTEWATER SYSTEM**  
**REVENUE BONDS AND COMMERCIAL PAPER REVENUE NOTES**  
**(in thousands) (as of [March] 1, 2025)**

<i>Issue</i>	<i>Amount Issued</i>	<i>Amount Outstanding</i>	<i>Final Maturity</i>
Series 2010-A (Senior) (Taxable)	\$ 177,420	\$ 177,420	6/1/2039
Series 2010-B (Senior) (Taxable)	89,600	89,600	6/1/2040
Series 2013-A (Senior) <sup>(1)</sup>	149,980	149,980	6/1/2043
Series 2013-B (Senior Refunding) <sup>(1)</sup>	143,880	49,705	6/1/2035
Series 2013-A (Subordinate Refunding) <sup>(2)</sup>	349,505	229,575	6/1/2035
Series 2015-A (Senior) <sup>(3)</sup>	188,755	188,755	6/1/2045
Series 2015-B (Senior Refunding) <sup>(3)</sup>	41,175	41,175	6/1/2035
Series 2015-C (Senior) <sup>(3)</sup>	100,835	100,835	6/1/2045
Series 2015-D (Senior Refunding) <sup>(3)</sup>	108,860	71,720	6/1/2034
Series 2017-A (Subordinate)	227,540	227,540	6/1/2047
Series 2017-B (Subordinate Refunding)	107,155	90,185	6/1/2039
Series 2017-C (Subordinate Refunding) (Taxable) <sup>(2)</sup>	115,455	94,805	6/1/2039
Series 2018-A (Subordinate)	219,790	213,175	6/1/2048
Series 2018-B (Subordinate)	139,880	139,880	6/1/2028
Series 2022-C (Subordinate Refunding)	380,570	292,245	6/1/2032
Series 2022-A (Subordinate)	99,025	99,025	6/1/2052
Series 2022-B (Subordinate)(Taxable)	70,300	70,300	6/1/2040
WIFIA Loan (Subordinate) <sup>(4)</sup>	223,921	[36,753]	6/1/2055
Wastewater System Commercial Paper Notes	<u>400,000</u>	<u>359,024<sup>(5)</sup></u>	
Total:	\$ 3,333,646	\$ [2,721,697]	

(1) Some or all of these bonds may be included as Refunded Senior Bonds.

(2) Some or all of these bonds may be included as Refunded Subordinate Bonds.

(3) Some or all of these bonds may be refunded by Additional Senior Lien Bonds.

(4) See the caption “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM—Major Sources of Funding” for the current anticipated timing of draws on the WIFIA Loan.

(5) Includes \$[TBD] of outstanding Wastewater System Commercial Paper Notes that will be refunded with the proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds.

Source: Office of the City Administrative Officer.



## Annual Debt Service Requirements

The following table sets forth the amounts required in each Fiscal Year ending June 30 for the payment of principal and interest on all Outstanding Senior Lien Bonds and Subordinate Bonds.

**TABLE 20**  
**CITY OF LOS ANGELES**  
**WASTEWATER SYSTEM REVENUE BONDS**  
**DEBT SERVICE ON ALL SENIOR LIEN BONDS AND SUBORDINATE BONDS**

<i>Fiscal Year Ending June 30</i>	<i>Series 2025 Subordinate Bonds*</i>			<i>Debt Service on Other Subordinate Bonds</i>	<i>Debt Service on All Subordinate Bonds*</i>	<i>Debt Service on All Senior Lien Bonds<sup>(1)*</sup></i>	<i>Total Debt Service on All Bonds<sup>(1)(2)*</sup></i>
	<i>Principal</i>	<i>Interest</i>	<i>Total Principal and Interest</i>				
2025				\$ 164,953,046	\$ 164,953,046	\$ 61,289,853	\$ 226,242,899
2026				177,866,433	177,866,433	49,724,603	227,591,036
2027				167,113,397	167,113,397	61,546,853	228,660,250
2028				138,415,210	138,415,210	71,574,103	209,989,313
2029				141,982,924	141,982,924	65,730,853	207,713,776
2030				134,262,633	134,262,633	71,863,353	206,125,986
2031				132,606,189	132,606,189	71,863,853	204,470,042
2032				131,091,142	131,091,142	71,865,603	202,956,745
2033				98,543,011	98,543,011	71,869,603	170,412,613
2034				98,544,686	98,544,686	71,866,603	170,411,289
2035				106,891,425	106,891,425	63,237,603	170,129,027
2036				61,223,729	61,223,729	79,709,353	140,933,081
2037				61,225,644	61,225,644	78,714,848	139,940,492
2038				61,228,090	61,228,090	77,685,224	138,913,313
2039				61,224,108	61,224,108	76,621,481	137,845,589
2040				42,126,046	42,126,046	103,806,971	145,933,017
2041				41,525,513	41,525,513	63,260,150	104,785,663
2042				41,525,713	41,525,713	63,263,400	104,789,113
2043				41,526,063	41,526,063	63,261,650	104,787,713
2044				41,523,200	41,523,200	63,228,900	104,752,100
2045				41,526,863	41,526,863	63,230,150	104,757,013
2046				41,532,725	41,532,725	-	41,532,725
2047				41,531,450	41,531,450	-	41,531,450
2048				27,003,950	27,003,950	-	27,003,950
2049				10,756,600	10,756,600	-	10,756,600
2050				10,753,800	10,753,800	-	10,753,800
2051				10,756,400	10,756,400	-	10,756,400
2052				10,753,600	10,753,600	-	10,753,600
2053				-	-	-	-
2054				-	-	-	-
Total <sup>(3)</sup>	\$	\$	\$	\$ 2,321,739,698	\$ 2,321,739,698	\$ 1,510,199,857	\$ 3,831,939,555

\* Preliminary, subject to change.

(1) [Does not reflect any offset for the Refundable Credits. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS—Pledge of Revenues."]

(2) Excludes debt service on the Existing SRF Clean Water Loan, which was paid in full in Fiscal Year 2024-25, and the WIFIA Loan. See Table 19 for outstanding principal amount of WIFIA Loan.

(3) Totals may not add due to rounding.

Source: Office of the City Administrative Officer.

## Anticipated Financings

The City anticipates issuing additional Senior Lien Bonds and Subordinate Bonds (including Wastewater System Commercial Paper Notes) from time to time to finance capital improvement projects. See “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM — Projected Capital Improvement Program Expenditures and Sources of Funding” and “— Major Sources of Funding,” and Table 18, titled “PRO FORMA STATEMENT OF FINANCIAL OPERATIONS, DEBT SERVICE, AND DEBT SERVICE COVERAGE UNDER INDICATED REVENUE LEVELS,” herein. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS — Additional Senior Lien Bonds” in the front part of this Official Statement for information regarding the City’s plans to issue Additional Senior Lien Bonds in Fiscal Year 2024-25.

### PROPOSITION 218

On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”) that added Articles XIIC and XIID to the California Constitution. Proposition 218 limits the application of property-related fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing. Proposition 218 also extended the initiative power to reducing or repealing local property-related fees and charges, regardless of the date such fees and charges were imposed. Fees and charges for sewer, water and refuse collection services are excepted from the voter approval provisions of Proposition 218 pursuant to Article XIID. Because water and sewer charges are similarly treated under Article XIID, the City believes that the judicial determinations with respect to water charges, as described below, would also apply to sewer charges.

Section 1 of Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and Section 2 thereof requires two thirds voter approval for the imposition, extension or increase of special taxes. Section 3 of Article XIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power.

“Fees” and “charges” are not expressly defined in Article XIIC or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIIC and Article XIID (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil (Kelley)* (the “*Bighorn Decision*”) that charges for ongoing water delivery are property-related fees and charges within the meaning of Article XIID and are also fees or charges within the meaning of Section 3 of Article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIC.

In the *Bighorn Decision*, the California Supreme Court did state that nothing in Section 3 of Article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The California Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge. The Supreme Court further stated in the *Bighorn Decision* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to requirements that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after [the effective date of Proposition 218] assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an

impairment of contractual rights” protected by the United States Constitution. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s SSC, which are a significant source of Revenues pledged to the payment of debt service on the Series 2025 Subordinate Bonds.

Notwithstanding the fact that the SSC may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIIC, the City has covenanted to establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System which meet the requirements of the Resolutions and in accordance with applicable law. The City Council recently adopted a series of SSC rate increases starting on October 19, 2024 through July 1, 2028 pursuant to the Proposition 218 process described above. See Table 6 for the resulting SSC rates. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City.*”

Article XIID defines a “fee” or “charge” as any levy other than an *ad valorem* tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership.” In the *Bighorn Decision*, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of Article XIID. Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID also includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Further, pursuant to *Capistrano Taxpayers Association v. City of San Juan Capistrano*, tiered rates charged to different classes of customers must be calculated based on the actual costs of providing the service. In *Capistrano Taxpayers Association*, the Court of Appeal held that Proposition 218 requires public water agencies to calculate the actual costs of providing water at various levels of usage and that Article XIID, section 6, subdivision (b)(3) of the California Constitution, as interpreted by the California Supreme Court in the *Bighorn Decision* provides that water rates must reflect the “cost of service attributable” to a given parcel. The Court of Appeal further stated that “[w]hile tiered, or inclined rates that go up progressively in relation to usage are perfectly consonant with [A]rticle XIID, section 6, subdivision (b)(3) and Bighorn, the tiers must still correspond to the actual cost of providing service at a given level of usage.”

If the City increases the sewer fees and charges above current levels, the City would be required to comply with the requirements of Article XIID in connection with such proposed increase. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s fees and charges related to the System. The City’s sewer rates and charges may be subject to litigation from time to time under Proposition 218.

Implementing legislation pertaining to Proposition 218 may be introduced in the State legislature from time to time. Moreover, Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted to modify Proposition 218. No assurance may be given as to the terms of such legislation or initiatives or their potential

impact on the various fees and charges that constitute Revenues of the System, however, there could be a material negative impact on the City's ability to collect such Revenues.

On November 2, 2010, voters of the State approved Proposition 26 ("Proposition 26"), which amended Article XIII C of the State Constitution to expand the definition of a "tax" so that certain fees and charges imposed by governmental entities are subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 lists several exceptions to such definition of "tax", including property-related fees imposed in accordance with Article XIII D (Proposition 218), reasonable regulatory costs of performing investigations and inspections, and charges imposed as a condition of property development. The City believes that Proposition 26 does not apply to any of the user fees imposed by the City because such fees are within various exceptions to Proposition 26.

## **REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM**

### **General**

The City's wastewater operations are subject to regulatory requirements relating to the Federal Water Pollution Control Act, as amended (the "Clean Water Act"). The regulatory requirements are administered by the US EPA through the SWRCB and the Los Angeles Regional Water Quality Control Board ("LARWQCB"). Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the four water reclamation facilities, the recycling of residual solids generated by the water reclamation facilities, the reuse of reclaimed water for irrigation and industrial uses to conserve potable water, and the nature of waste material (particularly industrial waste) discharged into the conveyance system. As a condition of having received federal US EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the City is subject to additional requirements. Among the grant-related requirements are guidelines which must be followed concerning planning methodologies, design criteria, procurement, construction activities, and financing of facilities.

To comply with federally mandated effluent quality and disposal criteria, the City must operate its water reclamation facilities according to discharge limitations and reporting requirements set forth in NPDES discharge permits. All wastewater reclamation facilities currently comply with the requirements of their respective NPDES permits.

To comply with other federal regulations concerning the discharge of waste materials into the sewer system, the City must administer and enforce industrial pretreatment limitation standards upon users of the system. The City has had an industrial waste program in effect since the early 1940s. The City has been approved by the State and the US EPA to administer its own industrial pretreatment program.

The City's industrial waste ordinance sets forth the water quality standards that industrial users must meet and provides enforcement procedures for violators. The Industrial Waste Management Division of the Bureau of Sanitation is currently responsible for monitoring industrial sites, food service establishments, and dental offices located in the City. In addition, each Entity is required to permit and monitor all industries within its respective service area. The contractual agreements require the Entities to ensure compliance with federal, State, and local regulations, including pretreatment regulations. The Industrial Waste Management Division oversees each Entity's compliance with federal pretreatment requirements and works with the Entity on a regular basis ensuring their continued compliance.

In addition to federal requirements, the City must comply with State requirements which are generally more stringent. The primary State law concerned with the control of water quality is the Porter-Cologne Water Quality Control Act of 1969, as amended (the "Porter-Cologne Act"). The basic tenor of that act was set by the policy that the waters of the State must be protected for use and enjoyment by the people of the State. The Porter-Cologne Act directly addresses the issue of water reclamation and reuse. A declared policy of the law is that the people of the State have a primary interest in the development of facilities to reclaim wastewater to

supplement existing surface and underground water supplies in order to meet their water requirements. The legislative intent was to undertake all possible development of water reclamation facilities to make reclaimed water available for use. The law requires the State Department of Health Services to establish statewide reclamation criteria for each type of use where such use involves public health.

**Industry Associations.** The City is a member of several industry associations that support the Bureau of Sanitation's efforts in addressing federal and state regulations that impact its Clean Water, Solid Resources, and Watershed Protection programs. The associations advocate on behalf of the Bureau of Sanitation interests on a broad spectrum of issues, including those pertaining to air quality and climate change, and include:

- California Association of Sanitation Agencies ("CASA")
- National Association of Clean Water Agencies ("NACWA")
- Clean Water SoCal ("CWSC"- previously known as the Southern California Alliance of Publicly Owned Treatment Works or SCAP)
- The Water Environment Federation ("WEF")
- WaterReuse Association

No assurance can be given that the cost of compliance with future laws, regulations and orders relating to climate change, GHGs and/or renewable energy would not adversely affect the ability of the System to generate Revenues sufficient to pay debt service on the Series 2025 Subordinate Bonds.

### **Biosolids Management**

The City currently reuses biosolids, a byproduct and residual of wastewater treatment, as a soil amendment at the City-owned Green Acres Farm ("Farm") in Kern County. The biosolids are used as a soil conditioner and fertilizer to help promote growth on sites where chemical fertilizers would otherwise have to be used to produce crops. Farm activities produce non-food chain crops such as wheat, corn, alfalfa, oats, milo, and sudan grass. After crops are harvested, they are sold as feedstock to local dairies.

The Farm must comply with the Salt and Nitrate Control Programs (Central Valley Salinity Alternatives for Long-Term Sustainability or CV-SALTS) being implemented by the Central Valley Regional Water Quality Control Board ("Central Valley Water Board"), which adopted Resolution R5-2018-0034 in May 2018 (the "Salt Control Program"). The Salt Control Program imposes new requirements on permittees to protect surface waters and groundwater from salts in wastewater; it offers two new salinity permitting options - the Conservative Salinity Permitting Approach and the Alternative Salinity Permitting Approach. On January 22, 2021, the Farm received a Notice to Comply for the Salt Control Program issued by the Central Valley Water Board. On April 5, 2021, the City submitted its Notice of Intent and selection of the Alternative Salinity Permitting Approach. Under this approach, permittees must participate in the Prioritization & Optimization ("P&O") Study and are required to pay an annual fee. The City has paid fees of approximately \$25,667 since 2021. The P&O Study will run from 10-15 years, and the future fees may change depending on the need and complexity of the study, and if other funding is available. Permittees can maintain current permit performance levels and will be allowed to defer more stringent and costly permitting requirements, if applicable, until such requirements are reevaluated after completion of Phase 1 of the P&O Study and Phase 2 is implemented. At this time, the P&O Study is not expected to impact Farm operations.

The Farm is currently irrigated with treated effluent supplied at no cost by a City of Bakersfield water reclamation plant. The City of Bakersfield has informed the City that it will stop providing this water supply after December 2026. Thereafter, the Farm will have to purchase water from other suppliers in order to continue its operations. The associated costs are unknown at this time.

The City continues to investigate and evaluate a new beneficial use option for its biosolids called the Terminal Island Renewable Energy ("TIRE") demonstration project. The TIRE Project applies innovative technology to convert biosolids into clean energy by deep well placement and geothermal biodegradation. The

TIRE project is currently injecting about 200 tons of bio-slurry material per day into the deep subsurface. The third demonstration permit was issued on July 28, 2022 and effective as of August 31, 2022. This third permit was issued for a period of ten years.

## **Air Quality**

***South Coast Air Quality Management District.*** The air quality issues relating to wastewater reclamation facilities have been the subject of increased federal, State and local regulation. The US EPA has delegated most enforcement responsibilities of the federal Clean Air Act, as amended (“CAA”) to the South Coast Air Quality Management District (“SCAQMD”). The Bureau of Engineering and Sanitation obtain SCAQMD permits to construct many System capital improvement projects. The Bureau of Sanitation tracks federal and State air quality legislation and proposed federal, State and regional regulations, prepares responses to issues that may impact System operations and future development and coordinates SCAQMD permits to construct larger System projects such as the Hyperion Bioenergy Facility (“HBEF”) at HWRP.

***Pollutant and Air Toxics Emissions.*** All of the City’s water reclamation facilities monitor and report on criteria air pollutant emissions and certain toxic air contaminants (“TAC”) pursuant to SCAQMD requirements, which are based on requirements of AB 2588 Air Toxics “Hot Spots” (1987). Emission Inventory Criteria Guidelines Regulation (“EICG”) requires Annual Emissions Reports (“AERs”) of air contaminants and has designated HWRP and TIWRP as high priority emitters also requiring a health risk assessment (“HRA”) from each facility every four years, or as requested by SCAQMD. An HRA is a comprehensive analysis of the dispersion of hazardous substances into the environment, the potential for human exposure, and a quantitative assessment of both individual and population-wide health risks associated with those levels of exposure. Future HRA analyses will be based on the recently revised Exposure Assessment by the California Office of Environmental Health Hazard Assessment (“OEHHA”). Due to the 2016 revised Exposure Assessment Guidelines of the OEHHA, SCAQMD has amended Rules 1401, 1401.1, 1402, and 212, and has revised its Risk Assessment Procedures. It is expected that this may result in more public notices for future construction or operations at HWRP and potentially TIWRP. OEHHA and California Air Resources Board (“CARB”) recently proposed through AB 2588 updates and AB 617, Criteria Air Pollutant and Toxic Air Contaminant Regulation (sometimes referred to as a CTR or CTR Regulation), mandatory monitoring for up to 10,000 new compounds. During 15-day regulation modifications, waste handling facilities, such as wastewater facilities and landfills, were specifically allowed a 2-step, qualification and quantification study that would require these waste handling facilities to report a new small set of TACs in AERs starting in calendar year 2029. No additional issues are expected to arise from AERS, Hot Spots reports, or HRAs.

***SCAQMD Air Quality Management Plan and National Ambient Air Quality Standards.*** Every three (3) years, SCAQMD is required to review its Air Quality Management Plan (“AQMP”). The South Coast Air Basin is in extreme nonattainment for ozone, a federal criteria pollutant in accordance with the National Ambient Air Quality Standards (“NAAQSs”) of the CAA. To meet requirements of the CAA, the 2016 AQMP, adopted March 3, 2017, is focused on reducing nitric oxide and nitrogen dioxide (collectively, “NOx”) and volatile organic compounds (“VOCs”), which are precursors to ozone. Although emissions from stationary sources, SCAQMD’s primary area of jurisdiction, have been significantly reduced during the past few decades, further reduction of ozone from stationary sources is a priority for the SCAQMD, as are beneficial uses, in issuing air permits. Because the City consistently invests in beneficial uses and equipment that best reduce NOx, VOCs, particulate matter (“PM”) and other pollutants, SCAQMD rules should not impinge significantly on the City. SCAQMD is working with US EPA and CARB to reduce ozone from mobile sources sufficiently to meet attainment. An August 2018 development from the US EPA relative to car and light truck emissions would have made attainment more difficult, but was recently reversed. SCAQMD has started work on the 2022 AQMP, which will continue to work on reducing NOx and VOCs, and continues to work with CARB on reducing mobile sources.

***CARB.*** In December 2007, CARB adopted Mandatory Reporting Requirements (“MRRs”) requiring reporting of Greenhouse Gas (“GHG”) emissions from the largest sources, including refineries, general

stationary combustion facilities, and hydrogen plants that emit at least 25,000 metric tons of CO<sub>2</sub> equivalents (“MTCO<sub>2</sub>e”) per year. On December 16, 2011, CARB reduced the reporting threshold to 10,000 MTCO<sub>2</sub>e per year and removed cogeneration as a category subject to MRRs. If HBEF emissions cause HWRP to exceed 10,000 MTCO<sub>2</sub>e per year, then HWRP will report to CARB in accordance with the MRRs. HWRP also pays Cap and Trade fees of about \$450,000 each year.

The Cap and Trade program began on January 1, 2012, with enforceable limits on January 1, 2013. This CARB program requires a declining cap for stationary source combustion of fossil fuels above 25,000 MTCO<sub>2</sub>e per year.

AB 617 (2017) requires CARB and air districts, including SCAQMD, to prepare and deploy community air monitoring systems (CAMSs) every year, and develop a state-wide strategy to reduce TACs and criteria air pollutants in communities of high cumulative exposure burden. Air districts, including the SCAQMD, must adopt an expedited schedule to implement the best available retrofit control technology. In some cases, City facilities may be required to deploy a fence-line or other monitoring system.

AB 1216 mandates that by January 1, 2027, facilities located within 1,500 feet of residential areas and with a design capacity of 425 mgd or more must develop, install, operate, and maintain an approved fence-line monitoring system. This system must be capable of measuring pollutants such as Hydrogen Sulfide (“H<sub>2</sub>S”), ammonia, VOCs, and NO<sub>x</sub>, as deemed appropriate by the local air quality management district (SCAQMD in this case). HWRP, which already has systems to monitor H<sub>2</sub>S and ammonia, will need to upgrade to include additional constituents such as VOCs and NO<sub>x</sub>. The plant must budget for the capital and maintenance costs associated with upgrading and operating the enhanced monitoring systems, as well as cover any related expenses incurred by the air quality management district. The implementation of AB 1216 requires substantial upgrades to HWRP’s existing monitoring systems, which involves significant investment in new equipment and increased operational costs to comply with these stricter monitoring standards. This change will place financial and operational demands on the HWRP to meet these new obligations.

**US EPA.** On September 22, 2009, the US EPA finalized a rule for GHG MRRs, one in a series of regulatory changes, impacting only highly emitting Publicly Owned Treatment Works (“POTWs”), including HWRP. Through this series of changes, the regulation clarified that most POTWs, except HWRP and a few others, are impacted by the federal MRR, which require reporting only for stationary source combustion emissions of fossil fuels with emissions above 25,000 MTCO<sub>2</sub>e per year.

On August 2, 2018, the United States Department of Transportation and US EPA proposed withdrawing California’s waiver for regulating motor vehicles through proposing the SAFE Vehicle Rule, which relaxes Corporate average fuel economy standards for 2021-26 cars and light trucks; the Biden administration was moving to reverse the relaxation of these standards but it is unknown what the Trump administration will propose. On September 23, 2020, California Governor Newsom issued Executive Order N-79-20, which establishes goals to achieve 100% sales of zero-emission cars by 2035, 100% sales of zero-emission medium- and heavy-duty vehicles by 2045, and 100% sales of zero-emission off road vehicles and equipment by 2035. For at least the next few years, federal and State efforts will continue to focus on reducing NO<sub>x</sub>, VOC, and GHG emissions from both stationary and mobile sources. The City and the Bureau of Sanitation will continue its investments in vehicles, infrastructure, and equipment to support these efforts.

## **Water Quality**

**Total Maximum Daily Loads.** The LARWQCB is required to develop Total Maximum Daily Loads (“TMDLs”) for impaired waterbodies. Section 303(d) of the Clean Water Act requires every state to compile a list of waterbodies that are impaired with respect to water quality. Various watersheds in the Los Angeles area have water body segments that are listed as impaired due to a variety of pollutants. Currently, there are 22 TMDLs that apply to surface waters within the City. Additional TMDLs are expected to be developed in the future and compliance with both existing and new TMDLs will continue into the next decade. Some of these

TMDLs have significant potential cost implications to the System (in addition to the municipal separate storm sewer system (MS4) and General Industrial Permit discharges of various System facilities). Bacteria TMDLs have been established for all receiving waters of POTWs. Typically, the POTWs have no issues in meeting effluent limitations; however, if leaks are detected in the sewage conveyance systems, this could require costly repairs to the System. Furthermore, as more low flow diversion projects are implemented to divert urban runoff to the sanitary sewer system in order to protect receiving waters and/or increase water recycling, there could be significant costs associated with improving and maintaining these diversion systems, the sewer conveyance systems that bring this new source of water to the wastewater reclamation facilities, and wastewater reclamation facility processes.

At this time, it is difficult to predict the full impact of existing and future TMDLs on the NPDES effluent limits at the City's four water reclamation facilities. In addition, the Greater Los Angeles County MS4 permit, adopted by the LARWQCB in November 2012 and renewed in June 2021 as a regional permit that encompasses Los Angeles and Ventura counties, contains provisions that require compliance with all the adopted TMDLs. TMDLs have resulted in several discharge limits included in the City's NPDES permits (e.g., polychlorinated biphenyls, DDT, heavy metals, and bacteria). As discharge limits are developed for future TMDLs (e.g., mercury, arsenic, and nitrogen) they could result in the need for major plant upgrades to meet these new requirements (e.g., reverse osmosis and/or microfiltration systems). Improvements of this nature could cost in the billions of dollars to construct and operate/maintain.

### **NPDES Permits**

The City's four wastewater reclamation facilities are required to obtain five-year NPDES permits that are issued by the LARWQCB. The process of renewing a permit begins when the City files a Waste Discharge Requirements ("WDR") NPDES permit application with the LARWQCB no later than 180 days prior to the Order expiration date. Once a WDR application is complete, the LARWQCB initially issues a Tentative Order for review by the City and shall be open for public comments. If any changes are made following the review both by the City and/or the public, a Revised Tentative Order will be issued. The LARWQCB will issue the adoption of the new Order containing the new permit and becomes effective approximately two months after the permit adoption.

The latest NPDES permits obtained by the City's four water reclamation plants had new requirements. The LARWQCB requires water reclamation plants to submit a Climate Change Effects Vulnerability Assessment and Mitigation Plan as part of the NPDES requirements. It requires the plants to develop a plan to assess and manage climate related effects that may impact the water reclamation facility's operation, water supplies, collection system, and water quality including any projected changes to the influent water temperature and pollutant concentration and beneficial uses. Reports are due 12 months after the effective date of the permit. The overall climate-hazard risk assessment and recommendations described in the Climate Change Plan submitted by the City's water reclamation facilities may pose some changes to its operations and finances as a result of permit renewals. In addition, on September 18, 2024, the SWRCB adopted the 2024-2025 fee schedules for the waste discharge permit funds which included a 5.3% increase in WDR fees and 1.5% for wastewater NPDES fees. The status of the permits is summarized in the table below:



**TABLE 21**  
**STATUS OF NPDES PERMITS**

<i><b>WATER RECLAMATION PLANT (“WRP”)</b></i>	<i><b>Permit #</b></i>	<i><b>Order #</b></i>	<i><b>Adopted by LARWQCB</b></i>	<i><b>Expected Expiration</b></i>
Donald C. Tillman (“DCTWRP”)	CA0056227	R4-2022-0341	December 8, 2022	January 31, 2028
Los Angeles–Glendale (“LAGWRP”)	CA0053953	R4-2022-0343	December 8, 2022	January 31, 2028
Hyperion (“HWRP”)	CA0109991	R4-2023-0033	February 23, 2023	April 30, 2028
Terminal Island (“TIWRP”)	CA0053856	R4-2021-0095	June 10, 2021	July 31, 2026

**DCTWRP and LAGWRP.** DCTWRP’s 2023 permit contains new effluent limits for Carbon Tetrachloride, Pentachlorophenol, Benzo(a)pyrene, Benzo(b)fluoranthene, and Benzo(k)fluoranthene. LAGWRP’s 2023 permit imposes new effluent limits for Indeno(1,2,3-cd) pyrene as a result of the exceedances that occurred in December 2018 and February 2019.

In addition to the newly established effluent limits, LARWQCB, has newly interpreted the Water Quality Control Plan: Los Angeles Region Basin Plan for the Coastal Watersheds of Los Angeles and Ventura Counties (“Basin Plan”) 1 water quality objective (“WQO”) for temperature and, consequently, has lowered the effluent limits for temperature in the NPDES discharge permits issued to the DCTWRP and LAGWRP. The new effluent temperature limit is 80°F (86°F from the previous permits). In recognition that effluent temperatures from the DCTWRP and LAGWRP can, at times, exceed the new 80°F permit limit, the DCTWRP and LAGWRP requested and were granted an in-permit compliance schedule that includes the development and implementation of a special study that identifies the potential impacts of the effluent temperature and potential control measures that can be implemented to protect beneficial uses (the “LA River Temperature Special Study”). The LARWQCB provided a compliance schedule that describes efforts taken by the DCTWRP and LAGWRP toward achieving compliance with the final effluent limitations for temperature. This effort started on April 1, 2023 and should be completed by February 1, 2031 (8-year study). The estimated cost to complete the LA River Temperature Special Study is \$1.8 million.

**HWRP.** HWRP’s 2023 NPDES permit imposes a new Copper and Dioxin toxicity equivalency limits for the effluent based on the Reasonable Potential Analysis. The newly imposed limits could lead to potential compliance issues. In addition, annual effluent monitoring requirements for Per- and polyfluoroalkyl substances (“PFAS”) and Flame Retardants are also added in the NPDES 2023 permit. The Bureau of Sanitation is continuing its mandated PFAS sampling and monitoring efforts for HWRP and the TIWRP, and as directed by the City Council, the Bureau is also investigating prospective methods for treatment and removal of PFAS with the LADWP.

**TIWRP.** TIWRP’s NPDES permit was renewed in June 2021 and is in effect until July 2026. The permit required that the City stop the discharge of tertiary treated wastewater effluent from TIWRP into the Los Angeles Harbor by December 31, 2024, with the exception of the occasional discharge of tertiary-treated effluent and brine waste. The Bureau of Sanitation requested an extension which was granted up to August 11, 2025. Due to schedule delays for a distribution system construction project and an end-user internal improvement, the City may not be able to meet such requirements until 2026. The Bureau of Sanitation has communicated the delays to the LARWQCB; however, LARWQCB has yet to approve a further extension of the current deadline of August 11, 2025. New effluent limits for Nickel, Dibenzo (a,h) Anthracene, P,P-DDT, and P,P-DDD were also added to the new permit.

**TIWRP AWP.** In October 1994, the LARWQCB adopted Resolution No. 94-009 approving the City’s proposal to ultimately phase out the discharge of tertiary-treated wastewater effluent from TIWRP into Los Angeles Harbor at the earliest practicable date and to implement a Water Recycling Program with the goal of

achieving total recycled water reuse by 2020. TIWRP's NPDES permit acknowledges the City's intent to cease continuous discharge by 2020, but that there have been delays in LADWP obtaining recycled water customer agreements with the end users and in the completion of their recycled water distribution network of pipelines and pump stations, the completion of which is expected in Fiscal Year 2024-25.

**Industrial General Permit.** The federal Clean Water Act requires ten (10) broad categories of industrial storm water discharges, including from wastewater reclamation facilities, to be covered by the NPDES General Permit for Storm Water Discharges Associated with Industrial Activities or Industrial General Permit ("IGP"). The City's four water reclamation plants (DCTWRP, HWRP, LAGWRP, and TIWRP) are subject to the IGP. The IGP was amended in November 2018 and the adopted changes became effective on July 1, 2020. The changes include requirements to comply with receiving water limitations based on water quality standards and impose TMDL Numeric Effluent Limitations ("NEL") for stormwater discharges that are applicable DCTWRP and LAGWRP (Los Angeles River TMDLs for nitrogen compounds, cadmium, copper, lead, and zinc). Results from LAGWRP and DCTWRP stormwater sampling during the 2020-21, 2021-2022, 2022-23, and 2023-2024 rain years indicate NEL exceedances for zinc. These NEL exceedances are in violation of the IGP, triggering Water Quality Based Corrective Actions and an assessment of Mandatory Minimum Penalties ("MMPs"). MMPs of \$3,000 per violation are assessed when the monitoring results exceed the NEL by 20% or more. LAGWRP exceeded the NEL for zinc by 20% or more a total of 17 times from 2020 until 2024. Violations of NELs also expose the City to administrative civil liabilities (ACLs) and third-party lawsuits. Solutions to remediate NEL exceedances include discharging the stormwater to the sewer conveyance system and retaining stormwater on-site and pumping it to the headworks for subsequent treatment. Depending on a facility's layout, this could require structural improvements (e.g., tanks, pipes, pumps, catch basins, etc.).

If the plants cannot meet future permit requirements, it is possible that the City may be required to install new treatment processes at a substantial cost to the City. The City cannot currently estimate the cost of such permit requirements, and such permit requirements are not included in the current Capital Improvement Program. However, the expected cost of building treatment facilities for PFAS is currently estimated at over \$1 billion.

PFAS are constituents of emerging concern for the System. PFAS are fluorinated organic chemicals that have been extensively produced and studied in the United States and internationally. There are some accepted methods for accurately measuring and effectively removing PFAS contamination, but the science for both is still developing. Concurrently, calls to take corrective action are becoming more frequent and urgent, and numerous regulations and legislative measures are being proposed to limit the level of PFAS in the environment, including in the effluent from wastewater treatment plants. Consequently, future NPDES permits for the System's four water reclamation plants may include discharge limits for PFAS. HWRP's 2023 NPDES permit already requires an annual PFAS monitoring. On July 15, 2020, the SWRCB issued its PFAS Investigate Order to the System's four water reclamation facilities to conduct PFAS sampling and analysis and to submit the results of the sampling. The activities included in that order are part of a statewide effort to (a) evaluate PFAS groundwater and surface water impacts, and (b) conduct a preliminary investigation of the mass loading of PFAS entering POTW and then leaving the POTW in different media (treated wastewater, brine, biosolids).

The City tested for PFAS in influent, effluent, biosolids, landfill leachate, recycled water, and brine. At the City's four water reclamation plants, various PFAS compounds were detected in effluent at a higher concentration than in influent indicating the possible transformation of precursors and/or, at least in part, the recirculation of various treatment streams (e.g., waste activated sludge, centrate, filtrate) during wastewater treatment plant operations. Existing wastewater treatment facilities are not designed to remove PFAS. Several wastewater agencies including the Bureau of Sanitation and environmental groups have actively been seeking regulatory relief to some of the fundamental challenges that are being faced by POTWs, who do not manufacture PFAS but are nevertheless required, in some instances, to assume responsibility for various types of PFAS contamination.

The US EPA has broad discretion to exempt POTWs from PFAS regulations, but they are not exempt from legal action by private citizens or state governments. The US EPA's unofficial policy is to focus

enforcement on PFAS manufacturers and producers, but this could change. While the US EPA has broad enforcement discretion to exempt POTW facilities, the US EPA strongly encourages states and municipalities to identify known or suspected sources of PFAS using the most current sampling and analysis methods in their NPDES programs. PFAS clean-up and containment measures may pose significant financial challenges for wastewater operations. If found liable for PFAS contamination, operators may be required to pay for remediation activities, reimburse impacted parties, and/or invest in costly treatment technologies to reduce PFAS discharges.

PFAS testing is conducted quarterly for TIWRP's AWPf, pursuant to the California Department of Drinking Water permit. Furthermore, in May 2023, the Bureau of Sanitation established its own Bureau of Sanitation PFAS Task Force. The Task Force's ultimate goal is to address PFAS within the Bureau of Sanitation's operations and purview to protect the public from PFAS exposure and the environment from the effects of PFAS pollution. The Bureau of Sanitation PFAS Task Force has developed a set of action items that will aid in achieving this goal. The implementation of the action items will require continued collaboration of the Bureau of Sanitation divisions and PFAS Task Force groups, as well as continued research, monitoring, securing funding, and collaboration with other agencies, the public, and outside industries throughout the City of Los Angeles. The Bureau of Sanitation intends on making a proposal to the U.S. Bureau of Reclamation to investigate removal and destruction of PFAS in Reverse Osmosis concentrate at the HWRP's AWPf.

### **Wastewater Overflows**

The City continuously develops and implements new programs and projects and enhances existing programs in order to reduce sanitary sewer overflows ("SSOs"). Through Fiscal Year 2023-24, the combination of all of these efforts has helped the City achieve a 56% reduction in overflow incidents since Fiscal Year 2013-14 and an 89% reduction in overflow incidents since Fiscal Year 2000-01. Root-caused SSOs have been reduced by 61% since Fiscal Year 2013-14 as a result of focused chemical root-control and sewer cleaning programs. In addition, SSOs caused by fats, oils, and grease (FOG) have also been reduced by 45% since Fiscal Year 2013-14. Nevertheless, in Fiscal Year 2023-24, the City experienced 77 overflows and major overflows continue to be a challenge.

***HWRP Overflows.*** On July 26, 2022, the Regional Water Board issued a Notice of Violation Letter ("NOV") to the Bureau of Sanitation for the City of Los Angeles Hyperion Collection System, WDID 4SS010450, ORDER NOS. 2006-0003-DWQ AND 2013-0058-EXEC.

The NOV is associated with SSOs from the conveyance system that occurred between January 2, 2007 and April 27, 2022 and identified various potential penalties, including administrative penalties of up to \$5,000 for each day in which a violation occurs or \$10 for each gallon of waste discharged, or administrative civil liability of up to \$10,000 for each day in which a violation occurs plus \$10 multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons, beginning from the date that the violation first occurred. The Regional Water Board may also refer this matter to the Attorney General for judicial enforcement, which could result in civil penalties of \$15,000 per day or \$20 per gallon or \$25,000 per day and \$25 per gallon.

The Bureau of Sanitation responded to the NOV on September 30, 2022 refuting many of the alleged violations. No fines or penalties have been calculated or assessed to date.

On July 11, 2021, HWRP Headworks screening facility experienced a major sewage spill. HWRP's relief system was triggered and sewage flows were controlled through use of the plant's 1-Mile Outfall and the discharge of over 12 million gallons of untreated sewage into Santa Monica Bay. The plant suffered major damage to critical equipment and vehicles. Normal plant operations resumed in October 2021, following months of cleanup and restoration. The City's insurance carrier has informed the City that the City's policy will cover the reasonable and necessary costs associated with the restoration of the physically damaged real and personal property related to the incident, and any temporary repair or replacement thereof. As of December 9, 2024, the City has collected approximately \$46 million of insurance proceeds related to the incident. The City is still

seeking additional insurance proceeds and is in dialogue with the insurance company. Also, the City is seeking reimbursement from the Federal Emergency Management Agency in an amount yet to be determined.

Several lawsuits have been filed against the City in connection with the incident. See “LITIGATION — Certain Claims Against the SCM Fund—*Hyperion Water Reclamation Plant Incident*.” The City cannot determine at this time the full extent of the financial impact of this incident as the costs of repairs to the facility and equipment, the amount of resulting fees and fines by regulatory agencies, the costs resulting from any litigation related to the incident, and other incidental costs/damages are currently unknown but such amounts could be substantial.

As a result of an extraordinary atmospheric river storm event that occurred between February 3, 2024 and February 7, 2024, HWRP received a high continuous inflow of wastewater. The peak flow was estimated at 900 and 860 mgd on February 4 and February 5, respectively, exceeding the effluent pumping plant’s 720 mgd-capacity. The high flow necessitated the discharge of approximately 13 million gallons of disinfected secondary effluent through the 1-Mile Outfall on February 5, 2024. During the 1-Mile Outfall discharge, the 5-Mile Outfall discharge was still maintained with all five effluent pumps running at the maximum speed. The unplanned 1-Mile Outfall discharge was to prevent overflow of secondary effluent and flooding of plant facilities. While some sewage spilled out of the Headworks Facility despite the opening of the Emergency Bypass Channel, it was contained within the plant and returned to the treatment process.

## LITIGATION

### Certain Claims Against the SCM Fund

The City is routinely a party to a variety of pending and threatened lawsuits and administrative proceedings, including those that may affect the SCM Fund of the City. The Office of the City Attorney has prepared the following summary, as of [January 23, 2025], unless another date is indicated, of certain claims and lawsuits pending against the City (with service of process having been given to the City) and that affect the SCM Fund. The City makes no representation regarding the likely resolution of any specific litigation matter described below. There are other claims and lawsuits arising during the ordinary course of operations of the System that collectively seek damages in the tens of millions of dollars that the City is currently defending.

***Hyperion Water Reclamation Plant Incident.*** On July 11, 2021, the City’s largest wastewater treatment plant, the Hyperion Water Reclamation Plant (the “Plant”), experienced a flooding of wastewater (the “2021 Incident”). The flooded wastewater flowed into the Plant’s one-mile outfall, resulting in the discharge of approximately 12.5 million gallons of untreated wastewater into the Santa Monica Bay. The Plant suffered major damage to critical equipment and vehicles. The event was contained and, following months of cleanup and restoration, normal Plant operations resumed in October 2021.

Several civil lawsuits (*Mecklenburg v. Hyperion Water Reclamation Plant*, *Abdelnur, Katarina et al. v. City of Los Angeles*, *Konig, Joshua v. City of Los Angeles*, and *Ace American Insurance v. City of Los Angeles* (“Ace”)) have been filed against the City in connection with this incident, and have been determined to be related by the court. It is still too early in the litigation process to evaluate the likelihood of an unfavorable outcome to the City or the amount or range of potential liability. Ace, unlike the other civil matters, was an insurance subrogation action brought by the insurer for a City contractor who suffered equipment damage during the 2021 Incident. On August 26, 2024, the City approved a settlement in Ace for \$315,000.

In addition, the 2021 Incident resulted in federal and state agencies initiating investigations and proceedings against the City, several of which have been resolved through settlement. Certain of these matters are described below.

In March 2024, the City entered into a settlement with the U.S. EPA through an Administrative Order on Consent, under which the City has committed to spending up to \$30 million over the next two years on various

capital projects (“EPA Settlement”). Of that amount, approximately \$6.4 million remains to be expended as of October 2024.

In August 2024, the City and the U.S. Attorney’s Office also reached a settlement, in the form of a non-prosecution agreement, of certain threatened criminal claims (including alleged negligent unauthorized discharge of a pollutant into waters of the United States in violation of the Clean Water Act, 33 U.S.C. §1319(c)(1)(A)) (the “USAO Settlement”). In addition to requiring the City to complete the capital improvement projects required by the EPA Settlement, the USAO Settlement requires the City to complete a Droplet Digital PCR (ddPCR) testing study to determine appropriate protocols for rapid testing in the event of future spills into the Santa Monica Bay, conduct additional water quality monitoring, and implement a community outreach program through an agreement with a third party.

The capital projects required by the EPA Settlement and the USAO Settlement are included in the System’s capital improvement plan and most of these projects are either completed or currently underway.

On March 29, 2023, the Los Angeles Regional Water Quality Control Board (“LARWQCB”) filed an administrative civil complaint against the City seeking a penalty of over \$21.7 million relating to the 2021 Incident. The City is in the process of negotiating with the LARWQCB on this matter. The City is also aware of other potential penalties from LARWQCB and the South Coast Air Quality Management District (“SCAQMD”), currently estimated to be approximately \$30 million, including certain amounts related to the Plant but unrelated to the 2021 Incident. Discussions between the City and these authorities (LARWQCB and SCAQMD) are underway and the ultimate outcome is currently unknown. The City cannot at this time determine what the full financial or other impacts of this incident will be; however, cumulative costs are expected to be substantial, including costs resulting from any litigation, fees and fines, the settlements described above, and capital project investments.

***Dustin Bramell v. City.*** This is a putative class action challenging the Bureau’s surcharge to SSC ratepayers that funds a low-income program as violating Proposition 218. The case is in its early stages of litigation and the City cannot determine at this time the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

***Korf v. City.*** This is a putative class action alleging that the Bureau and LADWP violated the California Constitution and the California Public Records Act regarding the City’s application of the median winter water usage calculation relating to SSCs. The case is in its early stages of litigation and the City cannot determine at this time the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

***Shapiro v. City.*** This is a putative class action, filed February 14, 2025, alleging that in connection with the Bureau’s recent SSC rate increase, the City failed to comply with the California Public Records Act requests and Proposition 218 (alleging inadequate Proposition 218 notice and that rates exceed the cost of service), or in the alternative, that the rates constitute an unlawful tax in violation of Proposition 26. Plaintiffs seek a class-wide refund of all sewer fees collected since the rates took effect. The case is in its early stages of litigation and the City cannot determine at this time the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

***Lee, Jessica v. City.*** Plaintiff filed suit on behalf of herself and other hourly non-exempt employees (412 employees covered under this action) for recovery of shift differential for night and overnight shifts and meal period allowance for eligible shifts that she alleges were not paid in cash when due nor banked at the correct hourly rate when the amount was compensated with time-off in lieu of cash. The lawsuit asserts claims for relief for (1) violation of the Fair Labor Standards Act, (2) violation of Labor Code Section 222, and (3) violation of Labor Code Section 1126, for the time period from July 2, 2021 to present. The City is still gathering data to determine the number of qualifying shifts and the number of non-payments to estimate potential loss if plaintiff prevails.

***Vadnais Trenchless Services v. City.*** Vadnais Trenchless Services filed a lawsuit against the City related to Vadnais' work as a contractor on the City's Venice Dual Force Main and Venice Pumping Plant Replacement project. Vadnais alleges causes of action of Breach of Contract, Breach of Implied Covenant of Good Faith and Fair Dealing, Violation of Prompt Payment Statutes – Progress Payments, Declaratory Relief – Failure to Disclose, and Declaratory Relief – Prescriptive Specification. Vadnais claims damages in an amount in excess of \$54 million. On June 10, 2024, the City filed a cross-complaint seeking an estimated \$12 million in liquidated damages based on Vadnais' failure to complete the project on schedule. It is too early in the litigation to determine the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

## APPENDIX B

### CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES

*The information contained in APPENDIX B is provided as general information regarding the City of Los Angeles. Investors are advised that no funds or other financial resources of the City discussed in APPENDIX B are pledged to the payment of the Series 2025 Subordinate Bonds. The Series 2025 Subordinate Bonds are limited obligations secured by and payable only from the sources of funds described in the Official Statement. See “Security and Sources of Payment for the Series 2025 Subordinate Bonds” in the forepart of this Official Statement.*

**APPENDIX C**  
**GLOSSARY OF DEFINED TERMS**



## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS**

## **APPENDIX E**

### **CITY OF LOS ANGELES SEWER CONSTRUCTION AND MAINTENANCE FUND FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (WITH INDEPENDENT AUDITOR'S REPORT THEREON) AND DEBT SERVICE COMPLIANCE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH INDEPENDENT AUDITOR'S REPORT THEREON)**

**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**

## APPENDIX G

### BOOK-ENTRY ONLY SYSTEM

*The information in this APPENDIX G concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s Book-Entry system has been obtained from DTC and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2025 Subordinate Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2025 Subordinate Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025 Subordinate Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The City, the Paying Agent and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2025 Subordinate Bonds or an error or delay relating thereto. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company, New York, NY, will act as securities depository for the Series 2025 Subordinate Bonds. The Series 2025 Subordinate Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each Series of the Series 2025 Subordinate Bonds, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025 Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Subordinate Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Subordinate Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025 Subordinate Bonds, except in the event that use of the book-entry system for the Series 2025 Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Subordinate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Subordinate Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Subordinate Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Subordinate Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Series 2025 Subordinate Bonds may wish to ascertain that the nominee holding the Series 2025 Subordinate Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While the Series 2025 Subordinate Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2025 Subordinate Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Subordinate Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Interest on, principal and redemption price of, and other payments on the Series 2025 Subordinate Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Beneficial Owner shall give notice to elect to have its Series 2025 Subordinate Bonds purchased or tendered, through its Participant, to the City's designated agent, and shall effect delivery of such Series 2025 Subordinate Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025 Subordinate Bonds, on DTC's records, to the City's designated agent. The requirement for physical delivery of Series 2025 Subordinate Bonds in connection with an optional tender or a mandatory purchase will be deemed

satisfied when the ownership rights in the Series 2025 Subordinate Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2025 Subordinate Bonds to the DTC account of the City's designated agent.

DTC may discontinue providing its services as depository with respect to the Series 2025 Subordinate Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Subordinate General Resolution with respect to certificated Series 2025 Subordinate Bonds will apply.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

*NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2025 SUBORDINATE BONDS FOR REDEMPTION.*

## APPENDIX H

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Los Angeles, California (the “City”) in connection with the issuance by the City of its City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A, City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable), and City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (collectively, the “Bonds”). The Bonds are issued pursuant to the provisions of Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City on March 26, 1991, as amended and supplemented, including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “Subordinate General Resolution”).

The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Subordinate General Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has or shares the power, directly, or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*DAC*” shall mean Digital Assurance Certificate L.L.C.

“*Dissemination Agent*” shall mean each of the City Administrative Officer of the City or any other person authorized to act on his behalf, acting in the capacity of Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. The initial Dissemination Agent hereunder shall be DAC.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate as Listed Events.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“*Official Statement*” shall mean the Official Statement dated \_\_\_\_\_, 2025, issued by the City in connection with the sale of the Bonds.

“*Owner*” shall mean the person in whose name any Bond shall be registered.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, [2026], for the report for the [2024-25] fiscal year, or if the fiscal year end changes from June 30, not later than 365 days after the end of the City’s fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Fund (defined below) may be submitted separately from the balance of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the then-current procedures for submitting Annual Reports to the MSRB; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City of Los Angeles Sewer Construction and Maintenance Fund (the “Fund”) for the prior fiscal year, prepared in accordance with significant accounting policies of the City, with respect to the Fund. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update to the following tables set forth in Appendix A to the Official Statement for the prior fiscal year:

“WATER RECLAMATION FACILITIES AVERAGE FLOWS” table.

“SEWER SERVICE CHARGE BILLED TO TEN LARGEST CUSTOMERS” table.



“SYSTEM RATES AND CHARGES” table.

“WASTEWATER SYSTEM SERVICE POINTS AND BILLABLE WASTEWATER VOLUME” table.

“SSC REVENUE BUDGET, BILLINGS, AND CASH REMITTANCE” table.

“BUREAU OF SANITATION AUTHORIZED POSITIONS” table.

“SEWER CONSTRUCTION AND MAINTENANCE FUND RETIREMENT AND OPEB CONTRIBUTIONS” table.

“SEWER CONSTRUCTION AND MAINTENANCE FUND SUMMARY OF OPERATIONS AND DEBT SERVICE COVERAGE” table.

“SEWER CONSTRUCTION AND MAINTENANCE FUND CASH BALANCES IN ALL FUNDS (UNAUDITED)” table.

“CITY OF LOS ANGELES OUTSTANDING WASTEWATER SYSTEM REVENUE BONDS AND COMMERCIAL PAPER REVENUE NOTES” table.

(c) An update of the amount of expenditures of the Capital Improvement Program of the Wastewater System for the prior fiscal year.

(d) An update to the following Sections in the Official Statement: APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION — Certain Claims Against the SCM Fund” and APPENDIX B — “CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES — BUDGET AND FINANCIAL OPERATIONS.”

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, available to the public on the MSRB’s Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents so incorporated by reference.

#### Section 5. Reporting of Significant Events.

(a) To the extent applicable and pursuant to provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each of which is a “Listed Event”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights to Owners, if material;
- (4) bond calls other than scheduled sinking fund redemptions, if material, and tender offers;
- (5) defeasances;
- (6) rating changes;

(7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570 1-TEB) or other material notices of determinations with respect to the tax status of the Bonds;

(8) unscheduled draws on the debt service reserves reflecting financial difficulties;

(9) unscheduled draws on credit enhancements reflecting financial difficulties;

(10) substitution of any credit or liquidity providers, or their failure to perform;

(11) release, substitution or sale of property securing repayment of the Bonds, if material;

(12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation, as defined in the Rule, of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) If the Dissemination Agent is other than the City, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the City and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (a) and promptly direct the Dissemination Agent whether or not to report such event to the owners of the Bonds. In the absence of such direction, the Dissemination Agent shall not report such event unless required to be reported by the Dissemination Agent to the owners of the Bonds under the Subordinate General Resolution. The Dissemination Agent may conclusively rely upon such direction or lack thereof. For purposes of this Disclosure Certificate, actual knowledge of the occurrence of such Listed Events shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events. Notwithstanding the foregoing, notice of any Listed Event shall be filed with the MSRB through its EMMA system, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, but, in the case of a Listed Event described in subsection (2), (3), (4) (but only with respect to bond calls), (11), (13), (14) and (15)

of Section 5(a), only in the event the City determines that knowledge of occurrence of a Listed Event would be material under applicable federal securities laws, the City shall file or cause to be filed a notice of such occurrence with the MSRB through its EMMA system, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

Section 6. Termination of Reporting Obligations. The City's obligations under the Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent other than the original Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (other than the City or the City Administrative Officer) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions relating to the filing of an Annual Report or the giving of notice of a Listed Event as set forth in Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Subordinate General Resolution for amendments to the Subordinate General Resolution with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall

have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Owners' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2025

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Assistant City Administrative Officer

**EXHIBIT A**

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: City of Los Angeles, California

Name of Bond Issue: \$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A,

\$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable), and

\$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C

Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated \_\_\_\_\_, 2025. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, 20\_\_

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## **APPENDIX I**

### **PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION**

## **APPENDIX J**

### **PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION**



**Attachment C – Form of the Bond Purchase  
Agreement for the 2025 Subordinate Bonds**

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System Subordinate**  
**Revenue Bonds,**  
**Series 2025-A**

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System Subordinate**  
**Revenue Bonds,**  
**Series 2025-B (Federally Taxable)**

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System Subordinate**  
**Revenue Bonds,**  
**Refunding Series 2025-C**

## **CONTRACT OF PURCHASE**

[April 24], 2025

City of Los Angeles  
Office of the City Administrative Officer  
200 North Main Street  
Room 1500, City Hall East  
Los Angeles, California 90012-4137

Ladies and Gentlemen:

The undersigned on behalf of itself and as representative of the underwriters named on the signature page hereto (hereinafter called the “Underwriters”) offers to enter into this agreement with the City of Los Angeles (the “City”), which, upon acceptance of this offer by the City, will be binding upon the City and the Underwriters. This offer is made subject to the written acceptance hereof by the City on or before 11:59 p.m., Los Angeles Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written or oral notice given to the City at any time prior to the acceptance hereof by the City. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Official Statement (defined herein).

### **1. Purchase and Sale.**

(a) Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase, and the City hereby agrees to sell all (but not less than all) of \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A (the “Series 2025-A Subordinate Bonds”), the \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable) (the “Series 2025-B Subordinate Bonds”) and the \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (the “Series 2025-C Subordinate Bonds” and, together with the Series 2025-A Subordinate Bonds, the Series 2025-B Subordinate Bonds, the “Series 2025 Subordinate Bonds”). The Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds are referred to herein as the “Tax-Exempt Bonds.”

The Series 2025 Subordinate Bonds shall be dated the date of delivery thereof and shall be payable in the years and the amounts, and bear interest at the rates, set forth in Schedule I hereto, such interest being payable on June 1 and December 1 of each year, commencing December 1, 2025.

The purchase price for the Series 2025 Subordinate Bonds shall be \$ \_\_\_\_\_, which is equal to the aggregate principal amount of the Series 2025 Subordinate Bonds, plus [net] original issue premium of \$ \_\_\_\_\_, less the Underwriters’ discount of \$ \_\_\_\_\_.

The Series 2025 Subordinate Bonds shall be subject to redemption prior to their stated maturities, as set forth in Schedule I hereto.

(b) The City has delivered or caused to be delivered to the Underwriters the City's preliminary official statement dated [April 15], 2025 relating to the Series 2025 Subordinate Bonds (said preliminary official statement, together with the cover page and any and all appendices thereto, being herein referred to as the "Preliminary Official Statement"). The City confirms that the Preliminary Official Statement was "deemed final" as of the date thereof, for purposes of Securities and Exchange Commission Rule 15c2-12, as amended ("Rule 15c2-12"), except for certain information permitted to be omitted by said Rule. The Series 2025 Subordinate Bonds are being offered pursuant to the City's final official statement relating to the Series 2025 Subordinate Bonds, dated [April 24], 2025 (said final official statement, together with the cover page and any and all appendices thereto and including any amendments or supplements thereto prior to the Closing (as defined herein), being herein referred to as the "Official Statement"). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings given such terms in the Official Statement.

(c) The City acknowledges and agrees that (i) the primary role of the Underwriters, as underwriters, is to purchase the Series 2025 Subordinate Bonds, for re-sale to investors pursuant to this Contract of Purchase in an arm's-length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agent, financial advisor, municipal advisor or fiduciary of the City, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters) and the Underwriters have no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase and (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

2. The Series 2025 Subordinate Bonds. The Series 2025 Subordinate Bonds are being issued by the City of Los Angeles (the "City") pursuant to the Charter of the City of Los Angeles (the "City Charter"), Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the "Procedural Ordinance") and 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 (as amended, the "Refunding Law"). The Series 2025 Subordinate Bonds are also issued pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City (the "City Council") on March 26, 1991, as amended and supplemented (the "Subordinate General Resolution"), including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the "Twenty-Ninth Subordinate Supplemental Resolution").

The proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, together with certain other amounts from the City, will be used to (i) pay all or a portion of outstanding Wastewater System Commercial Paper Notes at their respective maturity dates and (ii) pay the costs of issuance in connection with the issuance of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds. The proceeds of the Series 2025-C Subordinate Bonds, together with certain other amounts from the City, will be used to (i) refund all or a portion of the outstanding City of Los Angeles Wastewater System Revenue Bonds, Series 2013-A (the "Series 2013-A Senior

Bonds”), which are currently outstanding in the principal amount of \$149,980,000 (such portion to be refunded, the “Refunded Series 2013-A Senior Bonds”) and the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2013-B (the “Series 2013-B Senior Bonds”), which are currently outstanding in the principal amount of \$49,705,000 (such portion to be refunded, the “Refunded Series 2013-B Senior Bonds” and, together with the Refunded Series 2013-A Senior Bonds, the “Refunded Senior Bonds”), (ii) refund all or a portion of the outstanding City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2013-A (the “Series 2013-A Subordinate Bonds”), which are currently outstanding in the principal amount of \$229,575,000 (such portion to be refunded, the “Refunded Series 2013-A Subordinate Bonds”) [and the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), which are currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds” and, together with the Refunded Series 2013-A Subordinate Bonds, the “Refunded Subordinate Bonds”)], and (iii) pay the costs of issuance in connection with the issuance of the Series 2025-C Subordinate Bonds. The Refunded Senior Bonds and the Refunded Subordinate Bonds are referred to herein as “Refunded Bonds.”

3. Authority. The Underwriters represent and warrant to the City that they are authorized to take any action under this Contract of Purchase required to be taken by them, that Goldman Sachs & Co. LLC, (the “Representative”) is authorized to execute this Contract of Purchase on behalf of the Underwriters and it has been duly authorized by the Underwriters to act hereunder and, as the representative of the Underwriters, to take all actions, and waive any condition or requirement, required or permitted to be taken or waived hereunder by the Underwriters, and that this Contract of Purchase is a binding contract of the Underwriters enforceable in accordance with its terms.

4. Offering; Issue Price.

(a) The Underwriters agree to make a bona fide public offering of the Tax-Exempt Bonds at a price not in excess of the initial offering price or prices or yields not less than the yields set forth in the Official Statement, which prices may be changed from time to time by the Underwriters after such initial offering.

(b) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Tax-Exempt Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Tax-Exempt Bonds.

(c) [Except as otherwise set forth in Schedule I attached hereto,] the City will treat the first price at which 10% of each maturity of the Tax-Exempt Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of the Tax-Exempt Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Tax-Exempt Bonds, the Representative agrees to promptly report to the City the prices at which Tax-Exempt Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined herein) has occurred, until either (i) all Tax-Exempt Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity, provided that, the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of

the Representative, the City or Bond Counsel.] For purposes of this section, if Tax-Exempt Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Tax-Exempt Bonds. [Schedule I attached hereto sets forth the maturities of the Tax-Exempt Bonds for which the 10% test has been satisfied as of the date of this Contract of Purchase (the “10% Test Maturities”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public. As shown in Schedule I, all of the maturities are 10% Test Maturities.]

(d) The Representative confirms that the Underwriters have offered the Tax-Exempt Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Tax-Exempt Bonds for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Tax-Exempt Bonds, the Underwriters will neither offer nor sell unsold Tax-Exempt Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Tax-Exempt Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) satisfied (the “10% Test Maturities”). [As shown in Schedule I, all of the maturities are 10% Test Maturities.]

(f) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allotted or allocated to it, whether or not the Closing Date has occurred, until either all Tax-Exempt Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of the Tax-Exempt Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter

participating in the initial sale of the Tax-Exempt Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by an underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Tax-Exempt Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Tax-Exempt Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Tax-Exempt Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Tax-Exempt Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Tax-Exempt Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(g) The City acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Tax-Exempt Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Tax-Exempt Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Tax-Exempt Bonds.

(h) The Underwriters acknowledge that sales of any Tax-Exempt Bonds to any person that is a related party to an underwriter (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Tax-Exempt Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Tax-Exempt Bonds to the public),
- (iii) a purchaser of any of the Tax-Exempt Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date of execution of this Contract of Purchase by all parties.

5. Official Statement, Delivery of Other Documents. The City shall deliver to the Underwriters, within seven business days of the date hereof and in any event, at least three business days prior to the Closing, the Official Statement, in such quantity as the Underwriters may reasonably request in order for the Underwriters to comply with the rules of the Municipal Securities Rulemaking Board (“MSRB”) and subsection (b)(4) of Rule 15c2-12. The City shall deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission. In order to assist the Underwriters in complying with Rule 15c2-12, the City will undertake, pursuant to the Continuing Disclosure Certificate, dated as of the date of Closing (the “Continuing Disclosure Certificate”), to provide annual financial information and notices of the occurrence of specified events. A description of the Continuing Disclosure Certificate is set forth in, and a form of such undertaking is attached as an appendix to, the Preliminary Official Statement and the Official Statement.

6. Use of Documents.

(a) The City authorizes the use by the Underwriters of the Subordinate General Resolution, the Official Statement (including any supplements or amendments thereto and including in electronic format), and the information therein contained, in connection with the public offering and sale of the Series 2025 Subordinate Bonds. The City also confirms its consent to the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement (including in electronic format) in connection with the public offering of the Series 2025 Subordinate Bonds.

(b) As soon as practicable following receipt thereof, the Representative shall deliver the Official Statement, and any supplement or amendment thereto, to the MSRB.

7. Representations and Agreements of the City. The City hereby represents and warrants as of the date hereof and agrees as follows:

(a) The City is a charter city and municipal corporation duly organized and validly existing under the laws of the State of California.

(b) The City has the full legal power and authority to (i) adopt the Twenty-Ninth Subordinate Supplemental Resolution and enter into the Continuing Disclosure Certificate, [the Escrow Agreement relating to the Refunded Series 2013-A Senior Bonds, the Refunded Series 2013-B Senior Bonds and the Refunded Series 2013-A Subordinate Bonds and the Escrow Agreement relating to the Refunded Series 2017-C Bonds, each by and between the City and U.S. Bank Trust Company, National Association as Escrow Agent (together, the “Escrow Agreements”),] this Contract of Purchase and any other documents executed by the City in connection with the Series 2025 Subordinate Bonds (the “City Documents”); (ii) to sell, issue and deliver the Series 2025 Subordinate Bonds to the Underwriters as provided herein and (iii) to carry out and consummate the transactions on its part contemplated by the City Documents and the Subordinate General Resolution.

(c) An ordinance of the City (the “Ordinance”) relating to the Series 2025 Subordinate Bonds was duly adopted by the City Council at a meeting which was held on [April 8], 2025 pursuant to the terms of the Charter and all other applicable law and with all required notice and at which a quorum was present at the time of adoption of such Ordinance, and such Ordinance will be published prior to Closing and will become effective 31 days from its publication.

(d) By all necessary official action, the City has duly adopted, authorized and approved (i) the City Documents, (ii) the Preliminary Official Statement and the Official Statement; (iii) the execution and delivery of, and the performance by the City of its obligations to provide the information described in, the Continuing Disclosure Certificate and its obligations contained in [the Escrow Agreements] and this Contract of Purchase; (iv) the execution of all certificates and other instruments necessary to effectuate the issuance and delivery of the Series 2025 Subordinate Bonds, and (v) the performance by the City of the obligations on its part contained in the City Documents and the Subordinate General Resolution and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Series 2025 Subordinate Bonds. In connection with the issuance of the Series 2025 Subordinate Bonds, the City has complied in all material respects, (i) with the laws of the State of California and of the United States and (ii) with its obligations on its part contained in the Subordinate General Resolution, the Continuing Disclosure Certificate[, the Escrow Agreements] and this Contract of Purchase.

(e) The Series 2025 Subordinate Bonds, the Subordinate General Resolution, [the Escrow Agreements] and the Continuing Disclosure Certificate conform in all material respects to the descriptions thereof contained in the Official Statement.

(f) At or prior to the Closing, the Twenty-Ninth Subordinate Supplemental Resolution shall have been duly adopted by the City Council and this Contract of Purchase, the Series 2025 Subordinate Bonds, [the Escrow Agreements] and the Continuing Disclosure Certificate shall have been duly executed by the City and the Subordinate General Resolution, this Contract of Purchase, the Series 2025 Subordinate Bonds, [the Escrow Agreements] and the Continuing Disclosure Certificate shall be legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws



affecting creditors' rights generally and subject, as to enforceability, to the general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California.

(g) Between the date of this Contract of Purchase and the date of the Closing, except as contemplated by the Official Statement, the City will not, with respect to the System (as defined in the Official Statement), incur any material liabilities, direct or contingent other than in the ordinary course of business of the System, and, except as contemplated by the Official Statement, there shall not have been any material adverse change in the finances or operations of the System other than changes in the ordinary course of business.

(h) The City is not, in any material respect, in breach of or default under any applicable existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment or court decree binding on the City or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which would materially adversely affect the ability of the City to pay the principal and interest on the Series 2025 Subordinate Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such an event of default which would have such effect under any such instrument; and the adoption of the Twenty-Ninth Subordinate Supplemental Resolution and the execution and delivery of this Contract of Purchase, [the Escrow Agreements] and the Continuing Disclosure Certificate and the performance by the City of its obligations under the Subordinate General Resolution, this Contract of Purchase, [the Escrow Agreements] and the Continuing Disclosure Certificate will not, in any material respect, conflict with or constitute a breach of or default under any existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment or court decree binding on the City, or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party, which conflict, breach or default would materially adversely affect the ability of the City to pay the principal and interest on the Series 2025 Subordinate Bonds. The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied on.

(i) Except as disclosed in the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against the City (service of process against the City having been made) or, to the knowledge of the officer of the City executing this Contract of Purchase, overtly threatened in writing (i) in any way questioning the existence of the City or the titles of the Authorized City Representatives (as defined in the Twenty-Ninth Subordinate Supplemental Resolution) to their respective offices; (ii) seeking to prohibit, restrain or enjoin the adoption of the Twenty-Ninth Subordinate Supplemental Resolution, the issuance or delivery of the Series 2025 Subordinate Bonds, or application of the proceeds of sale of the Series 2025 Subordinate Bonds, or in any way contesting the validity of the Subordinate General Resolution, the Ordinance, the Series 2025 Subordinate Bonds, the Continuing Disclosure Certificate, [the Escrow Agreements] or this Contract of Purchase, or the tax-exempt status of interest due with respect to the Tax-Exempt Bonds or any authority for the execution and delivery of the Series 2025 Subordinate Bonds, or the execution and delivery by the City of the Continuing Disclosure Certificate, [the Escrow Agreements] or this Contract of Purchase; or (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(j) Except as disclosed in the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against the City (service of process against the City having been made) or, to the knowledge of the officer of the City executing this Contract of Purchase, overtly threatened in writing, which would result in any material adverse change to the financial condition of the System and the Sewer Construction and Maintenance Fund (the “SCM Fund”).

(k) The City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as necessary (i) to qualify the Series 2025 Subordinate Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Series 2025 Subordinate Bonds for investment under the laws of such states and other jurisdictions, and will use its commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the Series 2025 Subordinate Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(l) All approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with, the execution, sale and delivery of the Series 2025 Subordinate Bonds under this Contract of Purchase have been obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2025 Subordinate Bonds; and, except as disclosed in the Official Statement, all approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under, the City Documents have been obtained.

(m) The Preliminary Official Statement (other than the information contained in the Preliminary Official Statement with respect to The Depository Trust Company (“DTC”) or the book-entry system) did not, on the date thereof, and through the period up to the execution of this Contract of Purchase, contain any untrue statement of a material fact or omit to state a material fact (other than information permitted to be omitted pursuant to Rule 15c2-12) necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(n) At the time of the City’s acceptance hereof and up to and including the time of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made with respect to the information in the Official Statement relating to DTC and the book-entry system.

(o) If the Official Statement is supplemented or amended pursuant to subsection (p) of this section 7, the City agrees that, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such section) at all times during the period from the date of this Contract of Purchase to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with section 17 hereof), the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under

which they were made, not misleading, except that the City shall have no responsibility with respect to the information in the Official Statement relating to DTC and the book-entry system.

(p) If between the date of this Contract of Purchase and that date which is 25 days after the end of the underwriting period (as determined in accordance with section 17 hereof) any event shall occur or be discovered that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriters of any such event of which it has knowledge and, if in the reasonable opinion of the Underwriters such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall prepare and furnish to the Underwriters (i) a reasonable number of copies of a supplement or amendment to the Official Statement in form and substance reasonably acceptable to the Underwriters and (ii) if such notification shall be subsequent to the Closing, such legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(q) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the Tax-Exempt Bonds.

(r) Any certificate signed by any officer of the City and delivered to the Underwriters pursuant to the City Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(s) The City is not in payment default and at no time in the past ten years has been in payment default with respect to any SCM Fund obligations incurred by it of a character similar to the Series 2025 Subordinate Bonds.

(t) The financial statements of, and other financial information regarding the City in the Official Statement fairly present the financial position and results of operations with respect to the System as of the dates and for the periods therein set forth. The financial statements with respect to the System have been prepared in accordance with generally accepted accounting principles consistently applied, except as noted in the Official Statement. Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the System or in its operations since June 30, 2024 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(u) The description of the application of the proceeds from the sale of the Series 2025 Subordinate Bonds contained in the Official Statement is true, accurate and complete in all material respects.

(v) During the last five years, the City has not failed to materially comply with any previous undertakings relating to continuing disclosure of information pursuant to Rule 15c2-12, except as noted in the Preliminary Official Statement and the Official Statement.

8. Closing. At 9:00 a.m., Los Angeles time, on [May 8], 2025, or at such other time or on such later date as shall have been mutually agreed upon by the City and the Representative, the City shall deliver through the facilities of DTC in New York, New York, on behalf of the Underwriters, the Series 2025 Subordinate Bonds, in definitive form duly executed by the City, and the Underwriters shall accept such delivery to DTC and shall pay the purchase price of the Series 2025 Subordinate

Bonds as set forth in section 1(a) hereof, by delivering federal or other immediately available funds in the amount of \$\_\_\_\_\_ to the City. The City shall deliver to the Underwriters the other documents hereinafter mentioned at the offices of Nixon Peabody LLP in Los Angeles, California or such other place as shall have been mutually agreed upon by the City and the Representative. Such payment and delivery is herein called the "Closing." The Series 2025 Subordinate Bonds shall be prepared in fully registered form without coupons, in authorized denominations shall bear CUSIP numbers and shall be registered in the name of "Cede & Co.," as nominee of DTC; there shall be one (1) bond for each maturity of the Series 2025 Subordinate Bonds (and, if Series 2025 Subordinate Bonds of the same maturity bear interest at different rates, for each Series 2025 Bond of such maturity bearing interest at a different rate) and the Series 2025 Subordinate Bonds shall be made available for inspection by the Underwriters at least one business day prior to the Closing.

9. Closing Conditions. The Underwriters have entered into this Contract of Purchase in reliance upon the representations of the City contained herein and the performance by the City of its respective obligations hereunder both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Contract of Purchase shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under the other documents and instruments delivered in connection with the execution and delivery of the Series 2025 Subordinate Bonds and shall also be subject to the following further conditions:

(a) The representations of the City contained herein shall be true, complete and correct in all material respects on the date hereof and true, complete and correct in all material respects on the date of the Closing.

(b) At the time of the Closing (i) the City Documents shall be in full force and effect in accordance with their terms and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in each case as may have been agreed to by the Representative, and (ii) the City shall perform or have performed its obligations under the City Documents which are required to be performed at or prior to the Closing.

(c) At or prior to the Closing, the Underwriters shall receive the following documents:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the City by an Authorized City Representative;

(2) Certified copies of the Subordinate General Resolution, the Twenty-Ninth Subordinate Supplemental Resolution, and the Ordinance and an executed copy of the Continuing Disclosure Certificate, [the Escrow Agreements] and a tax certificate in connection with the issuance of the Tax-Exempt Bonds, in form and substance reasonably satisfactory to Bond Counsel and the City, executed on behalf of the City by an Authorized City Representative;

(3) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing, in substantially the form attached to the Official Statement as Appendix F, together with a letter, dated the date of the Closing, from such Bond Counsel addressed to the Underwriters stating that the Underwriters may rely on such opinion as though it was addressed to them;

(4) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing and addressed to the Underwriters, in substantially the form set forth in Exhibit A hereto;

(5) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing and addressed to the City, the Escrow Agent and the Underwriters, to the effect that the

Refunded Subordinate Bonds have been defeased in accordance with the Subordinate General Resolution;

(6) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing and addressed to the City, the Escrow Agent and the Underwriters, to the effect that the Refunded Senior Bonds have been defeased in accordance with the Wastewater System Revenue Bonds General Resolution, adopted by the City Council on November 10, 1987, as amended and supplemented (the “Senior General Resolution”).

(7) An opinion of the City Attorney, dated the date of the Closing and addressed to the Underwriters, in substantially the form set forth in Exhibit C hereto;

(8) [The opinion of counsel to the Escrow Agent, dated the Closing Date and addressed to the City and the Underwriters, to the effect that (i) the Escrow Agent has duly authorized, executed and delivered the Escrow Agreements; and (ii) the Escrow Agreements constitutes a legally valid and binding obligation of the Escrow Agent, enforceable against the Escrow Agent in accordance with its terms, except that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally and except to the extent that the enforceability thereof may be limited by the application of general principles of equity;]

(9) A certificate of an Authorized City Representative, dated the date of Closing, to the effect that each of the representations set forth in section 7 of this Contract of Purchase is true, accurate and complete in all material respects as of the Closing and each of the agreements of the City, as set forth in this Contract of Purchase to be complied with at or prior to the Closing, has been complied with in all material respects;

(10) Evidence reasonably satisfactory to the Underwriters that, as of the date of Closing, the rating on the Series 2025 Subordinate Bonds are “\_\_” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC and “\_\_” by Fitch Ratings;

(11) The opinion of Stradling Yocca Carlson & Rauth, LLP, Disclosure Counsel, dated the date of Closing in substantially the form attached hereto as Exhibit B addressed to the City and accompanied by a reliance letter from Disclosure Counsel to the effect that such opinion may be relied upon by the Underwriters to the same effect as if such opinion were addressed to them;

(12) The opinion of Norton Rose Fulbright US LLP, Underwriters’ Counsel, dated the date of Closing and addressed to the Underwriters, in form and substance satisfactory to the Underwriters;

(13) [A report of Samuel Klein and Company, Certified Public Accountants stating that the firm has verified the mathematical accuracy of certain computations relating to the defeasance of the Refunded Bonds; and]

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters, Disclosure or Bond Counsel may reasonably deem necessary to evidence the due execution and delivery of the Series 2025 Subordinate Bonds, the truth and accuracy as of the time of the Closing of the City’s representations contained in section 7 hereof and performance in all material respects by the City at or prior to the time of the Closing of all agreements then to be performed and all conditions then to be satisfied by the City pursuant to the City Documents.

The opinions and certificates and other material referred to above shall be in form and substance reasonably satisfactory to the Representative.

10. Termination. The Representative shall have the right to terminate the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Series 2025 Subordinate Bonds by notifying the City of the Underwriters' election to do so if, after the execution hereof and prior to the Closing:

(a) the marketability of the Series 2025 Subordinate Bonds or the market price thereof, in the reasonable opinion of the Representative (after consultation with the City), has been materially adversely affected by (i) an amendment to the Constitution of the United States, (ii) any legislation (A) enacted by the United States or the State of California, (B) recommended to the Congress or, except as disclosed in the Official Statement, otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or (C) presented as an option for consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration, or (iii) any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States or any comparable legislative, judicial or administrative development affecting the federal or state tax status of the City, its property or income, or the federal or state income tax treatment of interest on its obligations, including the Tax-Exempt Bonds;

(b) there shall have occurred the outbreak or escalation of hostilities involving the United States or a national or international calamity or crisis, or the declaration by the United States of a national emergency or war, which in the reasonable judgment of the Representative (after consultation with the City) have had a materially adverse effect on the marketability of the Series 2025 Subordinate Bonds or the market price thereof;

(c) there shall have occurred the declaration of a general banking moratorium by any authority of the United States, the State of New York or the State of California or a major financial crisis or material disruption in commercial banking or securities settlement or clearance services shall have occurred which, in the reasonable opinion of the Representative (after consultation with the City), materially adversely affects the marketability of the Series 2025 Subordinate Bonds or the market price thereof;

(d) there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading, suspension or withdrawal of any underlying rating on bonds secured by the Revenues by any rating service which has rated the Series 2025 Subordinate Bonds;

(e) a general suspension of trading shall have occurred, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(f) an event described in subsection (p) of section 7 shall have occurred or be discovered which in the reasonable opinion of the Representative (after consultation with the City) requires the preparation and publication of a supplement or amendment to the Official Statement;

(g) a tentative decision with respect to legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or legislation shall be introduced, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate, or a decision by a court of the United States, or action (including a stop order) shall be taken or a regulation shall be issued by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject, the effect of which, in the opinion of the Representative, could be that either (i) the Series 2025 Subordinate Bonds are not, or may not be, exempt from the registration, qualification or other similar requirements of the Securities Act of 1933, as amended (the "Securities Act"), or (ii) the Subordinate General Resolution is not, or may not be, exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

(h) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Series 2025 Subordinate Bonds, or issued a stop order or similar ruling relating thereto; or

(i) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed additional material restrictions not in force as of the date hereof upon trading in securities generally or shall have imposed, as to any bonds or similar obligations, any material, restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

11. Expenses.

(a) The City shall pay any expenses incident to the performance of the City's obligations hereunder, including but not limited to the following: (i) the cost of the preparation, printing and delivery of the Series 2025 Subordinate Bonds; (ii) the fees for bond ratings; (iii) the cost of printing and distribution of the Preliminary Official Statement and the Official Statement; (iv) the fees and disbursements of Bond Counsel; (v) the fees and disbursements of Disclosure Counsel; (vi) the fees and disbursements of any other engineers, accountants, attorneys, [verification agent] and other experts or consultants or advisors retained by the City; (vii) the expenses to qualify the Series 2025 Subordinate Bonds for sale under any Blue Sky Laws; and (viii) any other costs and disbursements incurred by the City in connection with the transaction. The City shall reimburse the Underwriters for expenses (included in the expense component of the Underwriters' spread) incurred on behalf of the City's employees which are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation and lodging of those employees.

(b) The Underwriters shall pay their own expenses including but not limited to the fees and disbursements of any attorneys retained by the Underwriters. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the sale of the Series 2025 Subordinate Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the City agrees to reimburse the Underwriters for such fees through inclusion in the underwriters' discount.

12. Notices. Any notice or other communication to be given to the City under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) may be given by giving the same in writing to the City of Los Angeles, Office of the City Administrative Officer,

200 North Main Street, Room 1500, City Hall East, Los Angeles, California 90012, Attention: Debt Management Group; and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Goldman Sachs & Co. LLC, 10100 Santa Monica Blvd., Suite 1600, Los Angeles, California 90067, Attention: Ruth Pan.

13. Governing Law; Venue. This Agreement was made and entered into in the City and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City, including any applicable statute of limitation, without regard to conflict of law principles. All litigation arising out of, or relating to this Agreement, shall be brought in a State or Federal court in the County of Los Angeles in the State of California. The parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens*.

14. Parties in Interest. This Contract of Purchase when executed by the City shall constitute the entire agreement between the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including the successors or permitted assigns of any of the Underwriters but does not include any purchasers of the Series 2025 Subordinate Bonds from the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations (as of the date such representations were made) of the City contained in this Contract of Purchase shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriters. This Contract of Purchase may not be assigned by any party without the written consent of the other party.

15. Effective Date. This Contract of Purchase shall be effective upon the execution hereof by the Representative, on behalf of the Underwriters, and the City.

16. Headings. The headings of the sections of this Contract of Purchase are inserted for convenience only and shall not be deemed to be a part hereof.

17. End of Underwriting Period. The term “end of the underwriting period” referred to in sections 7(o) and (p) of this Contract of Purchase shall mean the later of such time as (i) the City delivers the Series 2025 Subordinate Bonds to the Underwriters or (ii) the Underwriters do not retain an unsold balance of the Series 2025 Subordinate Bonds for sale to the public. Unless the Underwriters gives notice to the contrary, the end of the underwriting period shall be deemed to be the date of the Closing. Any notice delivered pursuant to this section 17 shall be delivered in writing to the City at or prior to the date of the Closing, and shall specify a date, other than the date of the Closing (or such other date specified by notice delivered pursuant to this section 17), to be deemed the end of the underwriting period.

18. Representation by Counsel. Each party hereto represents and acknowledges that it has been represented by competent counsel in connection with the negotiation and execution of this Agreement, and has been fully advised by said counsel with respect to its rights and obligations hereunder.

19. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the City and the Underwriters or their officers or partners set forth in, or made pursuant to, this Contract of Purchase will remain operative and in full force and effect regardless of any investigation made by or on behalf of the City or the underwriters or any controlling person and will survive delivery of and payment for the Series 2025 Subordinate Bonds.



20. Counterparts. This Contract of Purchase may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The parties further agree that facsimile signatures or signatures scanned into PDF format (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

21. City Standard Provisions. Each of the Underwriters agrees that it will comply with the Standard Provisions for City Contracts attached hereto as Exhibit E.

22. Iran Contracting Act of 2010. In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit." Each of the Underwriters shall complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit" prior to the date of the execution of this Contract of Purchase.

**[Signatures appear on next page.]**

Very truly yours,

GOLDMAN SACHS & CO. LLC  
Ramirez & Co., Inc.  
Siebert Williams Shank & Co., LLC  
Morgan Stanley & Co. LLC  
Stifel, Nicolaus & Company, Incorporated  
TD Securities (USA) LLC

By: \_\_\_\_\_  
GOLDMAN SACHS & CO. LLC,  
as representative of the Underwriters

Agreed and Accepted:

This 24th day of April, 2025

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Name: Benjamin Ceja  
Title: Assistant City Administrative Officer

APPROVED AS TO FORM  
This 24th day of April, 2025

HYDEE FELDSTEIN SOTO  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**SCHEDULE I**

**Maturity Schedules**

**\$(PAR)**

**\$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series  
2025-A**

<b><u>Year (June 1)*</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>
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**\$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series  
2025-B (Federally Taxable)**

<b><u>Year (June 1)*</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>
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**\$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds,  
Refunding Series 2025-C**

<b><u>Year (June 1)*</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>
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\* All of the maturities are 10% Test Maturities.

## REDEMPTION PROVISIONS

### Optional Redemption

Optional Redemption of the Series 2025-A Subordinate Bonds. The Series 2025-A Subordinate Bonds and the Series 2025-C Subordinate Bonds are subject to redemption, as a whole or in part as designated by the City, or, absent such designation, *pro rata* among maturities and by lot within any one maturity if less than all of the Series 2025-A Subordinate Bonds or the Series 2025-C Subordinate Bonds of such maturity are to be redeemed, prior to their respective maturity dates, at the option of the City, on any date on or after June 1, 20\_\_, at a redemption price equal to the principal amount of the Series 2025-A Subordinate Bonds or the Series 2025-C Subordinate Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of the Series 2025-B Subordinate Bonds. The Series 2025-B Subordinate Bonds maturing on and after June 1, 20\_\_ are subject to redemption, as a whole or in part as designated by the City, or, absent such designation, *pro rata* among maturities and *pro rata* within any one maturity if less than all of the Series 2025-B Subordinate Bonds of such maturity are to be redeemed, prior to their respective maturity dates, at the option of the City, on any date on or after June 1, 20\_\_, at a redemption price equal to the principal amount of the Series 2025-B Subordinate Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

[[Make-Whole Optional Redemption of the Series 2025-B Subordinate Bonds. The Series 2025-B Subordinate Bonds are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, on any business day before June 1, 20\_\_, at the Make-Whole Redemption Price (defined below), plus accrued and unpaid interest up to, but not including, the redemption date, on the Series 2025-B Subordinate Bonds to be redeemed on the date fixed for redemption.

The “**Make-Whole Redemption Price**” is the greater of (i) 100% of the principal amount of each outstanding maturity of the Series 2025-B Subordinate Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on each outstanding maturity of the Series 2025-B Subordinate Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2025-B Subordinate Bonds are to be redeemed, discounted to the date on which the Series 2025-B Subordinate Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus \_\_ basis points.

“**Treasury Rate**” means, as of any redemption date for a particular Series 2025-B Subordinate Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2025-B Subordinate Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the City, the Make-Whole Redemption Price of the Series 2025-B Subordinate Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or municipal advisor retained by City at the City’s expense to calculate such Make-Whole Redemption Price. The City may conclusively rely on the determination of such Make-Whole Redemption price by such independent accounting firm, investment banking firm or municipal advisor and shall not be liable for such reliance.]]

## **Mandatory Sinking Fund Redemption**

Mandatory Sinking Fund Redemption of the Series 2025-A Subordinate Bonds. The Series 2025-A Subordinate Bonds with a stated maturity date of June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, commencing on June 1, 20\_\_, and on each June 1 thereafter until maturity, in accordance with the terms of the following mandatory sinking fund redemption schedule (subject to adjustment in the event of an optional redemption of the Series 2025-A Subordinate Bonds, as provided in the Twenty-Ninth Subordinate Supplemental Resolution):

### **Series 2025-A Term Bonds Maturing June 1, 20\_\_**

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
-------------------------------------	-------------------------

The Series 2025-B Subordinate Bonds with a stated maturity date of June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, commencing on June 1, 20\_\_, and on each June 1 thereafter until maturity, in accordance with the terms of the following mandatory sinking fund redemption schedule (subject to adjustment in the event of an optional redemption of the Series 2025-B Subordinate Bonds, as provided in the Twenty-Ninth Subordinate Supplemental Resolution):

### **Series 2025-B Term Bonds Maturing June 1, 20\_\_**

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
-------------------------------------	-------------------------

**EXHIBIT A**  
**FORM OF SUPPLEMENTAL OPINION**

[Closing Date]

City of Los Angeles  
Los Angeles, California

Goldman Sachs & Co. LLC  
as Representative of the Underwriters  
Los Angeles, California

Re: \$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds  
Refunding, Series 2025-A

\$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds,  
Refunding, Series 2025-B (Federally Taxable)

\$\_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds,  
Refunding, Series 2025-C

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Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the sale and issuance by the City of Los Angeles (the “City”) of \$\_\_\_\_\_ aggregate principal amount of its Wastewater System Subordinate Revenue Bonds, Series 2025-A (the “Series 2025-A Subordinate Bonds”), \$\_\_\_\_\_ aggregate principal amount of its Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable) (the “Series 2025-B Subordinate Bonds”) and \$\_\_\_\_\_ aggregate principal amount of its Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (the “Series 2025-C Subordinate Bonds” and, together with the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, the “Series 2025 Subordinate Bonds”). The Series 2025 Subordinate Bonds are authorized under the Charter of the City of Los Angeles and Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City and 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 (as amended, the “Refunding Law”). The Series 2025 Subordinate Bonds are being issued pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on March 26, 1991, as amended and supplemented, including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (collectively, the “Subordinate General Resolution”). This supplemental opinion is rendered pursuant to Section 9(c)(4) of the Contract of Purchase, dated [April 24], 2025 (the “Contract of Purchase”), by and between the City and Goldman Sachs & Co. LLC (the “Representative”), as Representative of itself and Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC, Morgan Stanley & Co. LLC, Stifel, Nicolaus & Co., Inc. and TD Securities (USA) LLC (collectively, the “Underwriters”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Contract of Purchase.

In arriving at the opinions and conclusions hereinafter expressed, we have examined: the Subordinate General Resolution, the Wastewater System Revenue Bonds General Resolution, adopted by the City Council on November 10, 1987, as amended and supplemented to the date hereof (the “Senior General Resolution,” and together with the Subordinate General Resolution, the “Resolutions”), the Contract of Purchase, [the Escrow Agreement relating to the Refunded Series 2013-A Senior Bonds, the Refunded Series 2013-B Senior Bonds and the Refunded Series 2013-A Subordinate Bonds, and the Escrow Agreement relating to the Refunded Series 2017-C Subordinate Bonds, each dated as of April 1, 2025 (together, the “Escrow Agreements”), each by and between the City and U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”)] and the Continuing Disclosure Certificate dated April 1, 2025 executed and delivered by the City in connection with the issuance of the Series 2025 Subordinate Bonds (the “Continuing Disclosure Certificate”). In addition, we have relied upon and examined opinions of counsel to the City and the Escrow Agent, certificates of the City, the Escrow Agent and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have also examined the Preliminary Official Statement, dated [April 15], 2025 (the “Preliminary Official Statement”) and the Official Statement, dated [April 24], 2025, (the “Official Statement”) relating to the Series 2025 Subordinate Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. The rights and obligations under the Series 2025 Subordinate Bonds, the Contract of Purchase, [the Escrow Agreements,] the Continuing Disclosure Certificate and other documents, and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, to the limitations on legal remedies against municipal corporations in the State, and to the application of laws of the State relating to conflicts of interest to which public agencies are subject.

Based upon and subject to the foregoing, as of the date hereof and under existing law, we are of the following opinions or conclusions:

1. The statements in the Preliminary Official Statement and the Official Statement under the captions “DESCRIPTION OF THE SERIES 2025 SUBORDINATE BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS” and “TAX MATTERS” and in Appendix C—“GLOSSARY OF DEFINED TERMS,” in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS,” in Appendix F—“FORM OF OPINION OF BOND COUNSEL,” in Appendix I—“PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION,” and in Appendix J—“PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION” and insofar as such statements expressly summarize provisions of the Resolutions and our final opinion concerning certain federal and state tax matters relating to the Series



2025 Subordinate Bonds, are accurate in all material respects for the Preliminary Official Statement as of the date of the Preliminary Official Statement and as of [April 15], 2025, and for the Official Statement as of the date of the Official Statement and as of the date hereof. Except as specifically described in this paragraph, we express no opinion with respect to and have not undertaken to determine independently the accuracy, fairness or completeness of any statements contained or incorporated by reference in the Preliminary Official Statement or the Official Statement.

2. The Contract of Purchase, [Escrow Agreements] and Continuing Disclosure Certificate have been duly authorized, executed and delivered by the City and are the valid, legal and binding agreements of the City, enforceable in accordance with their terms, except that the rights and obligations under the Contract of Purchase, [Escrow Agreements] and Continuing Disclosure Certificate are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases, to limitations on legal remedies against public agencies in the State, and to the application of laws of the State relating to conflicts of interest to which public agencies are subject, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

3. The Series 2025 Subordinate Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate General Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

This opinion is furnished by us as Bond Counsel to the City. No attorney client relationship has existed or exists between our firm and the Underwriters in connection with the Series 2025 Subordinate Bonds or by virtue of this supplemental opinion. This supplemental opinion is furnished to the Underwriters solely for your benefit in your capacity as Underwriters in connection with the original issuance and delivery of the Series 2025 Subordinate Bonds, and may not be provided, quoted or otherwise referred to, or relied upon by you for any other purpose or by any other person. This supplemental opinion is not intended to be relied upon by owners of the Series 2025 Subordinate Bonds or by any other party to whom it is not specifically addressed. We do not undertake to advise you of any subsequent events or developments which might affect the statements contained herein. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this opinion.

Respectfully submitted,

## EXHIBIT B

### FORM OF OPINION OF DISCLOSURE COUNSEL

[Closing Date]

City of Los Angeles  
Office of the City Administrative Officer  
200 North Main Street  
Room 1500, City Hall East  
Los Angeles, California 90012-4137

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Series 2025-A

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Series 2025-B (Federally  
Taxable)

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Refunding Series 2025-C

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Los Angeles (the “City”) in connection with the issuance of the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2025-A Subordinate Bonds”), City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable) in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2025-B Subordinate Bonds”) and City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C in the aggregate principal amount of \$ \_\_\_\_\_ (the “Series 2025-C Subordinate Bonds” and, together with the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, the “Series 2025 Subordinate Bonds”). The Series 2025 Subordinate Bonds are being issued pursuant to the Charter of the City of Los Angeles (the “City Charter”), Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and 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 (as amended, the “Refunding Law”). The Series 2025 Subordinate Bonds are also issued pursuant to the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on March 26, 1991, as amended and supplemented (the “Subordinate General Resolution”), including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “Twenty-Ninth Supplemental Resolution”). As such counsel, we have participated in the preparation of certain documents, including the Preliminary Official Statement, dated [April 15], 2025 with respect to the Series 2025 Subordinate Bonds (the “Preliminary Official Statement”) and the Official Statement, dated [April 24], 2025 with respect to the Series 2025 Subordinate Bonds (the “Official Statement”). This letter is being delivered pursuant to the requirements of the Contract of Purchase, dated [April 24], 2025 (the “Contract of Purchase”), by and between the City and Goldman Sachs & Co., for itself and as representative (the “Representative”) of Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC, Morgan Stanley & Co. LLC, Stifel, Nicolaus & Co., Inc. and TD Securities (USA) LLC, as the underwriters (collectively, the “Underwriters”) relating to the Series 2025 Subordinate

Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Contract of Purchase.

In our capacity as Disclosure Counsel, we have participated with you and other parties in the preparation of the Preliminary Official Statement and the Official Statement. In the course of such participation, we have generally reviewed information furnished to us by, and have participated in conferences and telephone conversations with, representatives of the Underwriters; representatives of Nixon Peabody LLP, as Bond Counsel; representatives of Norton Rose Fulbright US LLP, as Counsel to the Underwriters; and your representatives (including your municipal advisors). We have also reviewed certain documents, certificates and opinions delivered pursuant to the Contract of Purchase, other documents and records relating to the authorization, issuance and delivery of the Series 2025 Subordinate Bonds and the certificates of the officials and representatives of the City and others. In addition, we have relied upon, and assumed the correctness of, the certificates of the officials and representatives of the City and others, and upon certain documents, opinions and letters.

Based solely on the foregoing and our review of various documents, agreements, certificates and opinions referred to above, we advise you that, although we have made no independent investigation or verification of the accuracy, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements contained in the Preliminary Official Statement and the Official Statement, during the course of the activities described in the preceding paragraph, no information came to the attention of attorneys of our firm rendering legal services in connection with the Preliminary Official Statement and the Official Statement which causes us to believe that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date of this letter (except for information therein with respect to The Depository Trust Company or with respect to any financial, numerical or statistical data, or any estimates, assumptions and expressions of opinion, contained in the Preliminary Official Statement and the Official Statement, including any of the appendices thereto, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

This letter is issued to and for the sole benefit of the above addressee and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressee may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent; provided, however, a copy may be included in the transcript of the proceedings for the Series 2025 Subordinate Bonds. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

[Closing Date]

Goldman Sachs & Co., LLC  
Los Angeles, California

Siebert Williams Shank & Co., LLC  
Los Angeles, California

Ramirez & Co., Inc.  
Los Angeles, California

Morgan Stanley & Co., LLC  
San Francisco, California

TD Securities (USA) LLC  
San Francisco, California

Stifel, Nicolaus & Co., Inc.  
Los Angeles, California

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Series 2025-A

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Series 2025-B (Federally  
Taxable)

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Refunding Series 2025-C

Ladies and Gentlemen:

In connection with the delivery of the above referenced bonds (the “Series 2025 Subordinate Bonds”), we have delivered a negative assurance letter dated the date hereof and addressed to the City of Los Angeles concerning certain matters relating to the Preliminary Official Statement, dated [April 15], 2025, with respect to the Series 2025 Subordinate Bonds, and the Official Statement, dated [April 24], 2025, with respect to the Series 2025 Subordinate Bonds.

You may rely on our statements contained in such negative assurance letter as though the same were addressed to you.

Very truly yours,

**EXHIBIT C**  
**FORM OF OPINION OF**  
**THE CITY ATTORNEY OF THE CITY OF LOS ANGELES**

[Closing Date]

City of Los Angeles  
Los Angeles, California

Goldman Sach & Co. LLC,  
as Representative of the Underwriters  
Los Angeles, California

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Series 2025-A

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Series 2025-B (Federally  
Taxable)

\$ \_\_\_\_\_  
CITY OF LOS ANGELES  
Wastewater System  
Subordinate Revenue Bonds,  
Refunding Series 2025-C

Ladies and Gentlemen:

This office has served as counsel to the City of Los Angeles (the “City”) and has participated in the proceedings relating to the issuance of the \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A (the “Series 2025-A Subordinate Bonds”), \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-B (Federally Taxable) (the “Series 2025-B Subordinate Bonds”) and \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (the “Series 2025-C Subordinate Bonds” and, together with the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds, the “Series 2025 Subordinate Bonds”).

The Series 2025 Subordinate Bonds are being issued by the City pursuant to the Charter of the City of Los Angeles (the “Charter”), Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”), the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on March 26, 1991, as amended and supplemented (the “Subordinate General Resolution”), including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “Twenty-Ninth Subordinate Supplemental Resolution”), and 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, as amended. This letter is being delivered pursuant to Section 9(c)(6) of the Contract of Purchase, dated [April 24], 2025 (the “Contract of Purchase”), by and between the City and Goldman Sachs & Co. LLC, as representative of itself and the underwriters named therein (the “Underwriters”). Capitalized terms not otherwise defined herein shall have the respective meanings ascribed thereto in the Subordinate General Resolution or, if not defined in the Subordinate General Resolution, in the Contract of Purchase.

In the course of the proceedings relating to the issuance of the Series 2025 Subordinate Bonds and in connection with the delivery of the opinions stated in this letter, we have examined originals or copies of the following:

- (a) The Charter;
- (b) The Subordinate General Resolution;
- (c) The Twenty-Ninth Subordinate Supplemental Resolution;
- (d) Ordinance No. \_\_\_\_\_, adopted by the City Council on [April 8], 2025 (the “Ordinance”);
- (e) The Contract of Purchase;
- (f) The Continuing Disclosure Certificate, dated April 1, 2025 (the “Continuing Disclosure Certificate”), executed by the City;
- (g) [Escrow Agreement, dated April 1, 2025, by and between the City and U.S. Bank Trust Company, National Association, as Escrow Agent (the “2013 Escrow Agreement”) relating to the Refunded Series 2013-A Senior Bonds, the Refunded Series 2013-B Senior Bonds and the Refunded Series 2013-A Subordinate Bonds;]
- (h) [Escrow Agreement, dated April 1, 2025, by and between the City and the Escrow Agent (the “2017 Escrow Agreement” and, together with the 2013 Escrow Agreement, the “Escrow Agreement”), relating to the Refunded Series 2017-C Subordinate Bonds;]
- (i) The Official Statement dated [April 24], 2025, relating to the Series 2025 Subordinate Bonds (the “Official Statement”)
- (j) Closing Certificate of the City of Los Angeles, dated of even date herewith and executed by the Assistant City Administrative Officer and a Deputy City Clerk; and
- (k) Such other records, documents, agreements, instruments, opinions, certificates and other matters as we deemed relevant, necessary or appropriate to render the opinions set forth below.

As to relevant factual matters, we have relied upon without undertaking to verify independently, among other things, the City’s factual representations contained in the records, documents, agreements, instruments, certificates, including the certified proceedings and certifications of City officials and others furnished to us in connection with the Series 2025 Subordinate Bonds and related matters, and other matters described above. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. The Contract of Purchase, the Continuing Disclosure Certificate, and [the Escrow Agreements] are collectively referred to herein as the “City Documents.”

From such examination, on the basis of our reliance upon the assumptions in this letter and our consideration of those questions of existing law we considered relevant, and subject to the limitations and qualifications in this letter, as of the date hereof, we are of the following opinions:

1. The City is a charter city and municipal corporation of the State of California duly organized and existing under the Constitution of the State of California and the Charter.

2. The Twenty-Ninth Subordinate Supplemental Resolution and the Ordinance were each duly adopted by the City Council at a meeting which was held pursuant to the terms of the Charter and all other applicable law and with all required notice having been given and at which a quorum was present at the time of adoption of such Twenty-Ninth Subordinate Supplemental Resolution and Ordinance. The Twenty-Ninth Subordinate Supplemental Resolution and the Ordinance have not been modified, amended or rescinded and are in full force and effect on and as of the date hereof.

3. The issuance and delivery of the Series 2025 Subordinate Bonds has been duly authorized by the City.

4. The City Documents and the Official Statement have been duly authorized, executed and delivered by the City.

5. To the best of our knowledge, the adoption of the Twenty-Ninth Subordinate Supplemental Resolution and the Ordinance and the execution and delivery of the City Documents and the Official Statement by the City do not, in any material respect (a) violate any State of California constitutional provision, or any applicable judgment, order or regulation applicable to the City or any Charter provision, law or ordinance of the City that we have, in the exercise of customary professional diligence, recognized as applicable to the City and the transactions contemplated by the City Documents, and (b) conflict with or result in a breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which the City is a party or by which it is bound and relating to the System, and with respect to which, where such violation, conflict, breach or default would materially or adversely affect the ability of the City to pay principal and interest on the Series 2025 Subordinate Bonds.

6. To the best of our knowledge, and except as otherwise set forth in the Official Statement, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been given to the City) or threatened against the City wherein an unfavorable decision, ruling or finding would (a) question the creation, organization, existence or powers of the City or the titles of the Authorized City Representatives (as defined in the Twenty-Ninth Subordinate Supplemental Resolution) to their respective offices, (b) seek to restrain or enjoin the issuance or delivery of the Series 2025 Subordinate Bonds, (c) in any way contest the validity of the Series 2025 Subordinate Bonds, the Subordinate General Resolution, the Ordinance or any of the City Documents, (d) contest the power of the City to issue the Series 2025 Subordinate Bonds, or (e) have a material adverse effect on the City's ability to make payment on the Series 2025 Subordinate Bonds from Revenues.

We express no opinion on the enforceability of the Subordinate General Resolution, the Series 2025 Subordinate Bonds or the City Documents against the City.

The law covered by the opinions expressed herein is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction, and we express no opinion as to any Blue Sky laws, federal and state securities laws and tax laws. Furthermore, the imposition of fees and charges by the City relating to the System may be subject to the provisions of Articles XIII C and XIII D of the Constitution of the State of California.

The matters set forth in paragraph 6 are factual confirmations and not legal opinions.

The opinions set forth herein may be affected by actions taken or omitted by the City or other parties, or by events, facts or circumstances occurring after the date hereof. This letter speaks only as of the date hereof and we do not undertake, and expressly disclaim, any obligation to amend or supplement this letter as events, facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect the opinions set forth herein.

The opinions expressed herein are matters of professional judgment and are not a guarantee of result. This opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter is given in an official capacity only and not personally, and no personal liability shall derive therefrom.

This letter is for the sole benefit of the addressees hereof and is not to be used, circulated, quoted or otherwise referred to for any purpose; provided, however, that it may be included in the transcript of record of proceedings relating to the Series 2025 Subordinate Bonds. No other person may rely on this letter without our prior written consent. Other than the City, no attorney-client relationship has existed or exists between our office and the addressees of this letter in connection with the Series 2025 Subordinate Bonds or by virtue of this letter.

Very truly yours,

Hydee Feldstein Soto,  
City Attorney

By: \_\_\_\_\_  
Amy Pham  
Deputy City Attorney



## EXHIBIT D

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds**  
**Series 2025-A**

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Subordinate Revenue Bonds**  
**Refunding Series 2025-C**

### FORM OF ISSUE PRICE CERTIFICATE OF THE REPRESENTATIVE

The undersigned, on behalf of Goldman Sachs & Co. LLC (the “Representative”), on behalf of themselves and Ramirez & Co., Inc., Siebert Williams Shank & Co., LLC, Morgan Stanley & Co. LLC, Stifel, Nicolaus & Co., Inc. and TD Securities (USA) LLC (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A (the “Series 2025-A Subordinate Bonds”) and \$ \_\_\_\_\_ City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C (the “Series 2025-C Subordinate Bonds”) and, together with the Series 2025-A Subordinate Bonds, the “Series 2025 Subordinate Bonds”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Tax Certificate relating to the Series 2025 Subordinate Bonds, to which this certificate is attached.

1. ***Sale of the 10% Maturities.*** As of the date of this certificate, for each Maturity of the Series 2025 Subordinate Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A. All of the maturities are 10% Test Maturities.

2. ***Defined Terms.***

(a) *10% Test Maturities* means those Maturities of the Series 2025 Subordinate Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) *Issuer* means the City of Los Angeles.

(c) *Maturity* means Series 2025 Subordinate Bonds with the same credit and payment terms. Series 2025 Subordinate Bonds with different maturity dates, or Series 2025 Subordinate Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2025 Subordinate Bonds. The Sale Date of the Series 2025 Subordinate Bonds is [April 24], 2025.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Subordinate Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025 Subordinate Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025 Subordinate Bonds to the Public).

3. ***Other Certifications.***

(a) The aggregate of the Initial Offering Prices of the Series 2025 Subordinate Bonds is \$ \_\_\_\_.

(b) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the arbitrage yield with respect to the Series 2025 Subordinate Bonds.

(c) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the weighted average maturity of the Series 2025 Subordinate Bonds. We have performed this calculation using the following formula: we calculated the total number of bond years and divided that number into the total initial offering price of the bonds of the offering. For purposes of calculating the total bond years, we calculated the sum of the products of each respective maturity's initial offering price and the number of years from the dated date to each respective maturity, doing so on a 12-month, 360-day year basis.

We express no view regarding the legal sufficiency of any of the above computations or the correctness of any legal interpretation made by Bond Counsel. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2025 Subordinate Bonds, and by Nixon Peabody LLP in connection with rendering its opinion that the interest on the Series 2025 Subordinate Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2025 Subordinate Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

GOLDMAN SACHS & CO. LLC, on behalf of  
itself and as Representative of the Underwriting  
Group

By: \_\_\_\_\_  
Authorized Representative

Dated: [May 8], 2025

**SCHEDULE A**  
**SALE PRICES OF THE 10% TEST MATURITIES**

\$ \_\_\_\_\_  
**City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A**

<u>Year (June 1)*</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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\* All of the maturities are 10% Test Maturities.

\$ \_\_\_\_\_  
**City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2025-C**

<u>Year (June 1)*</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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\* All of the maturities are 10% Test Maturities.

SCHEDULE B TO ISSUE PRICE CERTIFICATE

[ATTACH PRICING WIRE OR EQUIVALENT COMMUNICATION]

## **EXHIBIT E**

### **Standard Provisions for City Contracts**

Each Underwriter, on its own behalf and not on behalf of any other Underwriter, agrees to comply with the following requirements of the City of Los Angeles (the “City”) in connection with the Contract of Purchase, dated as of [April 24], 2025 (the “Contract of Purchase”), by and between the City and Goldman Sachs & Co. LLC, as the Representative [(capitalized undefined terms used herein have the meanings ascribed thereto in the Contract of Purchase)]:

Section 1. Independent Contractor. Each Underwriter is an independent contractor and not an agent or employee of the City. Each Underwriter shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees or agents to be an agent or employee of the City.

Section 2. Retention of Records, Audits and Reports. The Underwriters shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract of Purchase, in their original form or as otherwise approved by the City. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by the City or (2) the expiration or termination of this Contract of Purchase. The records will be subject to examination and audit by authorized City personnel or the City’s representatives at any time. The Underwriters shall provide any reports requested by the City regarding performance of this Contract of Purchase. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, the Underwriters may, upon the City’s written approval, submit the required information to the City in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract of Purchase.

Section 3. Taxpayer Identification Number (“TIN”) and Withholding Taxes. The Representative declares that it has an authorized TIN which will be provided to the City on Form W-9 or such equivalent form prior to payment under the Contract of Purchase. Payments made under the Contract of Purchase shall be subject to any federal or state taxes as may be required to be withheld pursuant to any applicable law or regulation, unless otherwise exempted by such applicable law, regulations, or other evidence of exemption.

Section 4. Indemnification. The Underwriters shall defend, indemnify and hold harmless the City and the City’s boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to attorneys’ fees and costs of litigation, to the extent such suits and causes of action, claims, losses, demands and expenses arise out of or are based upon information provided by the Underwriters to the City for use in the Official Statement under the heading “UNDERWRITING.”

Section 5. Insurance. During the term of this Contract of Purchase, each Underwriter shall provide and maintain at its own expense professional liability insurance in the amount of One Million Dollars (\$1,000,000) which covers the services performed pursuant to this Contract of

Purchase, and that it will expend every reasonable effort to keep such insurance or its equivalent in effect at all times during performance of the Contract of Purchase and for one (1) year after the termination of the Contract of Purchase. The insurance must: (1) conform to the City's requirements; (2) comply with the Insurance Contractual Requirements attached to the Request for Qualifications, and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management.

Section 6. Warranty and Responsibility of the Underwriters. The Underwriters warrant that the work performed under this Contract of Purchase shall be completed in a manner consistent with professional standards practiced among those firms within the Underwriters' profession, doing the same or similar work under the same or similar circumstances.

Section 7. Mandatory Provisions Pertaining to Non-Discrimination in Employment.

Unless otherwise exempt, this Contract of Purchase is subject to the applicable non-discrimination, equal employment practices, and affirmative action program provisions in the Los Angeles Administrative Code ("LACC") Section 10.8 et seq., as amended from time to time.

- A. Each Underwriter shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Contract of Purchase, each Underwriter shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract of Purchase by reference and will be known as the "Equal Employment Practices" provisions of this Contract of Purchase.
- C. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract of Purchase by reference and will be known as the "Affirmative Action Program" provisions of this Contract of Purchase.

Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 8. Child Support Assignment Orders. Each Underwriter shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, each Underwriter (and any subcontractor providing services to the City under this Contract of Purchase) shall (1) fully comply with all State and Federal employment reporting requirements for each Underwriter's or the subcontractor's employees; (2) certify that the principal owner(s) of each Underwriter and applicable subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family

Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Contract of Purchase.

Failure of any Underwriter or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of any Underwriter or applicable subcontractor to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by such Underwriter under this Contract of Purchase. Failure of any Underwriter or applicable subcontractor or principal owner to cure the default within 90 days of the notice of default will subject this Contract of Purchase to termination for breach. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 9. Access and Accommodations.

Each Underwriter represents and certifies that:

- A. Each Underwriter shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;
- B. Each Underwriter shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;
- C. Each Underwriter shall provide reasonable accommodation upon request to ensure equal access to City-funded programs, services and activities;
- D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and
- E. The buildings and facilities used to provide services under this Contract of Purchase are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

Each Underwriter understands that the City is relying upon these certifications and representations as a condition to funding this Contract of Purchase. Any subcontract entered into by each Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 10. Contractor Responsibility Ordinance. Each Underwriter shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

Section 11. Restrictions on Campaign Contributions and Fundraising in City Elections. Unless otherwise exempt, if this Contract of Purchase is valued at \$100,000 or more and requires



approval by an elected City office, each Underwriter, their principals, and any subcontractors expected to receive at least \$100,000 for performance under this Contract of Purchase, and the principals of those subcontractors (the “Restricted Persons”) shall comply with Charter Section 470(c)(12) and Los Angeles Municipal Code (“LAMC”) Section 49.7.35. Failure to comply entitles the City to terminate this Contract of Purchase and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected City officials or candidates for elected City office for twelve months after this Contract of Purchase is signed. Additionally, any Underwriter subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any Underwriter subject to Charter Section 470(c)(12) shall include the following notice in any contract with any subcontractor to receive at least \$100,000 for performance under this Contract of Purchase:

“Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections.

You are a subcontractor in connection with the Contract of Purchase. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles officials and candidates for elected City office for twelve months after the Contract of Purchase is signed. You are required to provide the names and contact information of your principals to the underwriting firm and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of the Contract of Purchase and any other available legal remedies. Information about the restrictions may be found online at [ethics.lacity.org](http://ethics.lacity.org) or by calling the Los Angeles City Ethics Commission at (213) 978-1960.”

Section 12. Contractor’s Use of Criminal History for Consideration of Employment Applications. Each Underwriter shall comply with the City’s “Contractor Use of Criminal History for Consideration of Employment Applications” Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 13. [Confidentiality]. All documents, information, City Data (referred to herein to mean City-provided data or consumer-provided data, acquired in the course and scope of this Contract of Purchase, including but not limited to customer lists and customer credit card and consumer data), and materials provided to any Underwriter by the City or developed by any Underwriter pursuant to this Contract of Purchase (collectively, “Confidential Information”) are confidential. Each Underwriter shall not provide, and shall prohibit its employees and subcontractors from providing or disclosing any Confidential Information or their contents or any information therein either orally or in writing, to any person or entity, except as authorized by the City or as required by law. Each Underwriter shall immediately notify the City of any attempt by a third party to obtain access to any Confidential Information. This provision will survive the expiration or termination of this Contract of Purchase. ]

As to Exhibit E of this Contract of Purchase:

[UNDERWRITER]

By:\_\_\_\_\_

Title:\_\_\_\_\_

## **Attachment D – Thirty-First Supplemental General Resolution**

THE COUNCIL OF THE CITY OF LOS ANGELES

THIRTY-FIRST SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City on  
April \_\_, 2025

SUPPLEMENTING THE  
WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION

Which Was  
Adopted by the Council of the City on  
November 10, 1987

AND AUTHORIZING AND APPROVING THE ISSUANCE OF  
WASTEWATER SYSTEM REVENUE BONDS, SERIES 2025, INCLUDING REFUNDING  
BONDS, IN ONE OR MORE SERIES, ON A TAX-EXEMPT AND TAXABLE BASIS, THE  
NEGOTIATED SALES OF SUCH BONDS, THE EXECUTION AND DELIVERY OF  
DOCUMENTS RELATED THERETO AND RELATED ACTIONS, AND PROPOSING  
AMENDMENTS AND SUPPLEMENTS TO THE GENERAL RESOLUTION

## THIRTY-FIRST SUPPLEMENTAL RESOLUTION

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(This table of contents is not part of the Thirty-First 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 Thirty-First Supplemental Resolution.)

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## THIRTY-FIRST SUPPLEMENTAL RESOLUTION

Providing for

### City of Los Angeles Wastewater System Revenue Bonds Series 2025

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 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 the Procedural Ordinance and as used for purposes of this recital, “Bonds”) be issued as provided in the Procedural Ordinance 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 the Procedural Ordinance 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” \$869,190,000 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 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, to finance the construction and improvement of the wastewater collection and treatment system of the City, the City previously issued its Wastewater System Revenue Bonds Series 2010-A (Taxable Build America Bonds) (the “Series 2010A Senior Bonds”) and Series 2010-B (Taxable Recovery Zone Economic Development Bonds) (the “Series 2010B Senior Bonds”) on October 21, 2010, pursuant to the General Resolution and the Twenty-Fifth Supplemental Resolution, adopted by the City Council on October 1, 2010, amending and supplementing the General Resolution (the “Twenty-Fifth Supplemental Resolution”); and

WHEREAS, the Series 2010A Bonds were issued as “Build America Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009, and the City elected to receive subsidy payments from the United States Treasury in an amount equal to 35% of the interest due on the Series 2010A Bonds (the “2010A Subsidy Payments”); and

WHEREAS, the Series 2010B Bonds were issued as “Recovery Zone Economic Development Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009, and the City elected to receive subsidy payments from the United States Treasury in an amount equal to 45% of the interest due on the Series 2010B Bonds (the “2010B Subsidy Payments,” and together with the 2010A Subsidy Payments, the “Subsidy Payments”); and

WHEREAS, the City has determined that an Extraordinary Event has occurred under, and as defined in, the Twenty-Fifth Supplemental Resolution, reducing such Subsidy Payments; and

WHEREAS, the City has, under the Subordinate General Resolution and individual supplemental resolutions thereto, authorized the issuance of up to a maximum amount of \$400,000,000 of Wastewater System Commercial Paper Revenue Notes (the “Commercial Paper Notes”) and wastewater system subordinate revenue bonds, \$1,680,651,010 (which includes \$223,921,010 of authorized amounts under the City’s WIFIA loan) 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 General Resolution provides that additional Bonds may be issued in one or more Series, and the City has determined that it is now appropriate to authorize the issuance of one or more Series of Bonds designated as Wastewater System Revenue Bonds, Series 2025, with such additional Series and subseries designations, including “Refunding Bonds,” “Taxable” and “Green Bonds,” as shall be deemed necessary or appropriate as provided herein (the “Series 2025 Bonds”), through the adoption of this Thirty-First Supplemental Resolution (the “Thirty-First Supplemental Resolution”) for the purpose of (i) refunding all or a portion of the outstanding Prior Senior Bonds (the “Refunded Senior Bonds”), (ii) refunding all or a portion of the outstanding Prior Subordinate Bonds (the “Refunded Subordinate Bonds,” and, together with the Refunded



Senior Bonds, the “Refunded Bonds”), (iii) funding any required deposit into the Reserve Fund in connection with the issuance of any Series of Series 2025 Bonds, and (iv) paying the costs of issuance in connection with the issuance of any Series of the Series 2025 Bonds; and

WHEREAS, the Series 2025 Bonds shall be issued pursuant to and in accordance with the procedures set forth in the Procedural Ordinance, and, with respect to any Series 2025 Bonds designated as Refunding Bonds (the “Refunding Bonds”), 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 General Resolution, including this Thirty-First Supplemental Resolution; and

WHEREAS, the Series 2025 Bonds may be issued in one or more Series, on a tax-exempt and/or taxable basis, in such amounts 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 General Resolution and this Thirty-First Supplemental Resolution; and

WHEREAS, any refunding of Prior Senior Bonds or Prior Subordinate Bonds to be accomplished with the proceeds from the sale of any Series of the Series 2025 Bonds issued pursuant to this Thirty-First Supplemental Resolution will result in either (A) a minimum present value savings of 3.00% of the refunded par amount for any one refunding transaction, 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 Series 2025 Bonds issued pursuant to this Thirty-First Supplemental Resolution for the purpose of refunding Refunded Bonds 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 General Resolution and this Thirty-First Supplemental Resolution, the Owners of the Series 2025 Bonds will have a first priority perfected security interest in Revenues that will serve as the collateral for the Series 2025 Bonds pursuant to the Government Code; and

WHEREAS, the City Administrative Officer finds and recommends that, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, due to the complex legal structure and credit story of the wastewater revenue bonds and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Series 2025 Bonds in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the Charter to sell the Series 2025 Bonds would be undesirable and impractical and that it is in the

best financial interest of the City to propose to sell the Series 2025 Bonds through negotiated underwriting processes, provided that, if circumstances should change, nothing herein shall preclude the City from selling the Series 2025 Bonds on a competitive basis; and

WHEREAS, the City Administrative Officer finds and recommends that, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, due to the technical nature of the services required for the sale and issuance of the Series 2025 Bonds, which services are of a temporary and occasional character, and upon advice from the City Attorney with respect to legal professionals, the use of competitive bidding required under Section 371 of the Charter to select legal and other professionals necessary for the sale and issuance of the Series 2025 Bonds would not be practicable, advantageous, or compatible with the City's best interest; and

WHEREAS, it is desirable and necessary that the Council provide for the issuance, securing and sale of the Series 2025 Bonds; and

WHEREAS, Section 11.02(a) of the General Resolution permits the City by supplemental resolution to supplement and/or amend the General Resolution to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 3.09 of the General Resolution and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds; and

WHEREAS, the City has received an Opinion of Bond Counsel in accordance with Section 11.02 of the General Resolution; and

WHEREAS, Section 11.03 of the General Resolution permits the City by supplemental resolution to amend and supplement the General Resolution and any Supplemental Resolution thereto and Section 11.03 of the General Resolution authorizes the City to distribute, and the City will distribute, notice to all Bondholders and Insurers, if any, of the Outstanding Bonds of its intention to amend and restate the General Resolution in the form attached hereto as Exhibit B (the "Amended and Restated General Resolution"); and

WHEREAS, the City proposes to circulate for approval of Bondholders and Insurers, if any, a form of the Amended and Restated General Resolution attached hereto as Exhibit B, which this Council intends to adopt in substantially such form when all required consents have been obtained; and

WHEREAS, any purchasers of the Series 2025 Bonds shall be deemed to have granted their consent to the Amended and Restated General Resolution by their purchase of the Series 2025 Bonds; and

WHEREAS, the Thirty-First Supplemental Resolution is adopted in accordance with the provisions of the 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 Thirty-First Supplemental Resolution shall have the meanings ascribed to them in the General Resolution. The following definitions shall apply to terms used in this Thirty-First Supplemental Resolution unless the context clearly requires otherwise:

“Authorized City Representative” means the Mayor, the City Clerk (including any interim 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 General Resolution only, the Treasurer, any Assistant Treasurer, the Chief Investment Officer or a duly authorized designee of any of the foregoing.

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

“Beneficial Owner” means, whenever used with respect to a Series 2025 Bond, the person in whose name such Bond is recorded as the beneficial owner by a Participant on the records of such Participant or such person’s subrogee.

“Bond Purchase Agreement” means each agreement between the City and the respective Underwriters identified therein providing for the purchase by such Underwriters for reoffering of one or more Series of the Series 2025 Bonds.

“Book-Entry Bonds” means the Series 2025 Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 3.05 hereof

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2025 Bonds.

“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 Subordinate Bonds, as authorized as of the date hereof under the Subordinate General Resolution, as amended and supplemented.

“Continuing Disclosure Certificate” means each Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of any Series of the Series 2025 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of any Series of the Series 2025 Bonds and the refunding of any Refunded Bonds pursuant to this Thirty-First Supplemental Resolution, including, but not limited to, costs and

expenses of printing and copying documents and the Series 2025 Bonds, any fees incurred in connection with agreements described in Section 8.04 hereof, and the fees, costs and expenses of rating agencies, legal counsels, accountants, verification specialists, underwriters, municipal advisors, escrow agents, if any, insurance consultants and other consultants and agents.

“Costs of Issuance Fund” means the fund by such name created pursuant to Section 6.03 hereof.

“Costs of Issuance Agreement” means each agreement between the City and the respective Custodian identified therein, and related to the deposit and use of a portion of the proceeds of any one or more Series of the Series 2025 Bonds to pay the Costs of Issuance of such Series of the Series 2025 Bonds.

“Custodian” means the custodian appointed pursuant to Section 8.04 hereof.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Escrow Agent” means a financial institution appointed pursuant to Section 8.01 hereof to serve as escrow agent under an Escrow Agreement.

“Escrow Agreement” means each agreement between the City and the respective Escrow Agent identified therein, and related to the deposit, investment and use of a portion of the proceeds of any one or more Series of the Series 2025 Bonds and the earnings thereon to pay principal of, and premium and interest on any Refunded Bonds.

“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 of the City may be issued and secured, as amended and supplemented from time to time in accordance with the terms thereof.

“Interest Payment Date,” for any Series of the Series 2025 Bonds, means each June 1 and December 1, commencing on December 1, 2025, or such other interest payment dates as may be designated in the Bond Purchase Agreement with respect to such Series.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

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

“Prior Subordinate Bonds” means, collectively, all Outstanding Subordinate Bonds issued by the City pursuant to the Subordinate General Resolution prior to this Supplemental Resolution; provided, that, as used in this Supplemental Resolution, the term “Prior Subordinate Bonds” does not include the Commercial Paper Notes.

“Record Date” means, for a June 1 Interest Payment Date, the close of business on the preceding May 15 and, for a December 1 Interest Payment Date, the close of business on the preceding November 15, whether or not such day is a Business Day, or such other record dates designated in the Bond Purchase Agreement with respect to such Series.

“Refunded Bonds” means all or any of the Refunded Senior Bonds and the Refunded Subordinate Bonds to be refunded by the Series 2025 Bonds, as the context may require.

“Refunded Senior Bonds” means all or any of the Prior Senior Bonds which are to be refunded by the Series 2025 Bonds, which may include the Series 2010A Senior Bonds, Series 2010B Senior Bonds, Series 2015A Senior Bonds, Series 2015B Senior Bonds, Series 2015C Senior Bonds and the Series 2015D Senior Bonds, with the final determination to be based on market conditions or as otherwise in accordance with the Debt Management Policy, as determined by the City Administrative Officer, upon the advice of the City’s municipal advisors.

“Refunded Subordinate Bonds” means all or any of the Prior Subordinate Bonds which are to be refunded by the Series 2025 Bonds, which may include the Series 2017C Subordinate Bonds, with the final determination to be based on market conditions or as otherwise in accordance with the Debt Management Policy, as determined by the City Administrative Officer, upon the advice of the City’s municipal advisors.

“Representation Letter” means the Blanket Letter of Representations from the City to DTC which Representation Letter applies to the Series 2025 Bonds.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

“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.

“Senior Lien Bonds” means any bonds, notes or other indebtedness, obligations or securities of any kind or class issued or incurred under and secured by the General Resolution (and as further defined therein).

“Series” means any Series of the Series 2025 Bonds.

“Series 2010A Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Series 2010-A (Taxable Build America Bonds) issued pursuant to the General Resolution and the Twenty-Fifth Supplemental Resolution.

“Series 2010B Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Series 2010-B (Taxable Recovery Zone Economic Development Bonds) issued pursuant to the General Resolution and the Twenty-Fifth Supplemental Resolution.

“Series 2015A Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Series 2015-A (Green Bonds) issued pursuant to the General Resolution and the Twenty-Eighth Supplemental Resolution.

“Series 2015B Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2015-B issued pursuant to the General Resolution and the Twenty-Eighth Supplemental Resolution.

“Series 2015C Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Series 2015-C (Green Bonds) issued pursuant to the General Resolution and the Twenty-Eighth Supplemental Resolution.

“Series 2015D Senior Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2015-D issued pursuant to the General Resolution and the Twenty-Eighth Supplemental Resolution.

“Series 2017C Subordinate Bonds” means the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) issued pursuant to the Subordinate General Resolution and the Twenty-First Subordinate Supplemental Resolution.

“Series 2025 Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, of each Series issued pursuant to the General Resolution and this Thirty-First 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 Bonds” means any bonds, notes or other indebtedness, obligations or securities of any kind or class issued or incurred under and secured by the Subordinate General Resolution (and as further defined therein).

“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.

“Subsidy Payments” has the meaning as set forth in the recitals to this Thirty-First Supplemental Resolution.

“Tax Certificate” means the Tax Certificate relating to federal tax matters to be executed on behalf of the City at the time of issuance of any one or more Series of Tax-Exempt Series 2025 Bonds, as amended from time to time.

“Tax-Exempt Series 2025 Bonds” means the Series 2025 Bonds issued as bonds the interest on which is exempt from federal income taxation.

“Taxable Series 2025 Bonds” means the Series 2025 Bonds issued as bonds the interest on which is not exempt from federal income taxation.

“Twenty-Fifth Supplemental Resolution” means the Twenty-Fifth Supplemental Resolution, adopted by the City Council on October 1, 2010, amending and supplementing the General Resolution.

“Twenty-Eighth Supplemental Resolution” means the Twenty-Eighth Supplemental Resolution, adopted by the City Council on May 12, 2015, amending and supplementing the General Resolution.

“Twenty-First Subordinate Supplemental Resolution” means the Twenty-First Supplemental Resolution, adopted by the City Council on April 7, 2017, amending and supplementing the Subordinate General Resolution.

“Underwriters” means, the respective underwriters identified in a Bond Purchase Agreement with the City with respect to any one or more Series of the Series 2025 Bonds.

“2010A Subsidy Payments” has the meaning as set forth in the recitals to this Thirty-First Supplemental Resolution.

“2010B Subsidy Payments” has the meaning as set forth in the recitals to this Thirty-First Supplemental Resolution.

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

## ARTICLE II SECURITY AND AUTHORIZATION

Section 2.01 General Resolution; Special Obligations. The Series 2025 Bonds authorized by this Thirty-First Supplemental Resolution are Bonds issued under the terms of the General Resolution and secured by and entitled to the security and the rights granted by the General Resolution. The Series 2025 Bonds shall be issued on a parity with the Prior Senior Bonds and any other Senior Lien Bonds issued hereafter and shall be senior to the Commercial Paper Notes, all Prior Subordinate Bonds and any other Subordinate Bonds issued hereafter.

The Series 2025 Bonds shall be and are special, limited obligations of the City, and the City shall be obligated to pay the principal of, premium, if any, and interest on the Series 2025 Bonds solely from the Revenues and from amounts in the SCM Fund, the Debt Service Fund and the Reserve 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 2025 Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to pay the Series 2025 Bonds. The principal of and interest on

the Series 2025 Bonds 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 Debt Service Fund and the Reserve Fund.

Section 2.02 Authorization. The Series 2025 Bonds are hereby declared to be issued under the terms of the Charter, the Procedural Ordinance and, with respect to the Refunding Bonds, the Refunding Law, as applicable, and secured as provided in the Charter, the Procedural Ordinance and the General Resolution; and provided, that the security provided for the Series 2025 Bonds is also granted to secure other Senior Lien Bonds issued under the General Resolution and provided that subordinated liens on the Revenues may be granted. The Series 2025 Bonds may recite that they are issued pursuant to the Charter, the Procedural Ordinance and/or the Refunding Law, as applicable. It is hereby declared that a portion of the proceeds of the Series 2025 Bonds 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 Bonds.

### ARTICLE III DESCRIPTION OF THE SERIES 2025 BONDS

Section 3.01 Designation of the Series 2025 Bonds; Principal Amounts. The Series 2025 Bonds are hereby authorized to be issued in one or more Series (and any subseries thereof) under the General Resolution and this Thirty-First Supplemental Resolution. The aggregate principal amount of Series 2025 Bonds issued pursuant to this Thirty-First Supplemental Resolution, shall not exceed \$800,000,000. The Series 2025 Bonds shall be issued in such principal amounts and shall be designated as the “City of Los Angeles Wastewater System Revenue Bonds, Series 2025” with such additional Series and subseries designations (if any), including “Refunding Bonds,” “Taxable Bonds” and/or “Green Bonds,” as determined by the City. References herein to a Series of the Series 2025 Bonds shall be equally applicable to a subseries thereof.

Section 3.02 Series 2025 Bonds Under the General Resolution; Security. The Series 2025 Bonds are issued under, secured by and subject to the terms of the General Resolution and are secured by the Revenues in accordance with the terms of the General Resolution. The Series 2025 Bonds are special obligations of the City payable only from the Revenues, the SCM Fund, the Debt Service Fund, and the Reserve Fund and not from the general fund of the City, and the City is not obligated to pay the Series 2025 Bonds from any other source.

Section 3.03 Terms of the Series 2025 Bonds; Signature. The Series 2025 Bonds shall be issued in Authorized Denominations and shall be issuable only as fully registered bonds. The Series 2025 Bonds 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, except that on one of each Series 2025 Bond there shall be at least one manual signature. The Series 2025 Bonds shall be numbered as any Authorized City Representative shall determine.

The Series 2025 Bonds of each Series, upon initial issuance, shall be dated the date of delivery (or have such other dated date as set forth in the Bond Purchase Agreement related to such Series). Each Series 2025 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is after a Record Date and on



or prior to the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such next succeeding Interest Payment Date or unless such date of authentication is on or before the first Interest Payment Date, in which event such Bond shall bear interest from its dated date. If interest on the Series 2025 Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2025 Bonds surrendered.

Interest on the Series 2025 Bonds shall be paid on each June 1 and December 1, commencing on December 1, 2025 (or such other interest payment dates as set forth in the Bond Purchase Agreement related to such Series). Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2025 Bonds shall mature on June 1 (or on such other date as set forth in the Bond Purchase Agreement related to such Series) in the years and in the amounts, subject to prior redemption (if applicable), and bear interest at the annual rates set forth in the Bond Purchase Agreement related to such Series, provided, however, that the final maturity of the Series 2025 Bonds will not be later than 40 years from the date of issuance of such Series and the true interest cost on the Series 2025 Bonds of any Series will not exceed 7.00%.

Payment of principal of the Series 2025 Bonds shall be made upon surrender of such Series 2025 Bonds to the Treasurer, provided that, with respect to the Series 2025 Bonds which are Book-Entry Bonds, the Treasurer may make other arrangements for the payment of principal as provided in the Representation Letter. Payment of interest on Series 2025 Bonds which are not Book-Entry Bonds shall be paid by check of the City or a Paying Agent, if a Paying Agent has been appointed, mailed by first-class mail, postage prepaid, to the registered owners at their addresses as they appear on the registration books maintained for the Series 2025 Bonds. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.05 hereof. With respect to all Series 2025 Bonds, interest shall be paid to the person who was, on the Record Date, the registered owner thereof. The Series 2025 Bonds 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 a Series 2025 Bond and, to the extent lawful, on overdue interest on a Series 2025 Bond will be payable at the stated interest rate on such Series 2025 Bond on the day before the default occurred.

Any refunding to be accomplished with the proceeds from the sale of any Series of Series 2025 Bonds issued pursuant to this Thirty-First Supplemental Resolution shall comply with the Debt Management Policy.

Section 3.04 Exchange and Transfer of Series 2025 Bonds. Series 2025 Bonds which are delivered to the Treasurer for exchange may be exchanged for an equal total unpaid principal amount of Series 2025 Bonds of the same Series and maturity but of different Authorized Denominations. Series 2025 Bonds 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 General Resolution.

The Treasurer will not, however, be required to transfer or exchange any such Series 2025 Bond during the period beginning 15 days before the mailing of notice calling any such Series 2025 Bond for redemption and ending on the date notice of redemption is mailed nor to transfer or exchange any Series 2025 Bond which has been selected for redemption.

Section 3.05 Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 3.05, the registered owner of all of the Series 2025 Bonds shall be DTC and the Series 2025 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal or interest for any Series 2025 Bond registered in the name of Cede & Co. shall be made on the payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. Such payments shall be made to Cede & Co. at the address which is, on the regular Record Date or special record date, as the case may be, shown for Cede & Co. in the registration books of the City.

(b) The Series 2025 Bonds shall be initially issued in the form of a separate single authenticated fully registered Series 2025 Bond for each separate stated maturity of the Series 2025 Bonds. Upon initial issuance, the ownership of all Series 2025 Bonds shall be registered on the registration books of the City in the name of Cede & Co., as nominee of DTC. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2025 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 2025 Bonds, respectively, selecting the Series 2025 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the General Resolution or this Thirty-First Supplemental Resolution, registering the transfer of Series 2025 Bonds, as the case may be, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2025 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment to DTC or any Participant of any amount in respect of the principal of, redemption price of or interest on the Series 2025 Bonds; any notice which is permitted or required to be given to Bondholders under the General Resolution or this Thirty-First Supplemental Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2025 Bonds; or any consent given or other action taken by DTC as Bondholder. The City shall pay all principal of and premium, if any, and interest on the Series 2025 Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations, with respect to the principal of and premium, if any, and interest on the Series 2025 Bonds, respectively, to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2025 Bond evidencing the obligation of the City to make payments of principal of and premium, if any, and interest pursuant to the General Resolution or this Thirty-First Supplemental Resolution. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Thirty-First Supplemental Resolution shall refer to such new nominee of DTC.

(c) If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and that such certificates should, therefore, be made available, and notifies DTC of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event the Treasurer shall authenticate and shall transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2025 Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Bond certificates as described in this Thirty-First Supplemental Resolution. If Bond certificates are issued, the provisions of the General Resolution and this Thirty-First Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 2025 Bonds to any DTC Participant having Series 2025 Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2025 Bonds.

(d) Notwithstanding any other provision of the General Resolution or this Thirty-First Supplemental Resolution to the contrary, so long as any Series 2025 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2025 Bond and all notices with respect to such Series 2025 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the General Resolution and this Thirty-First Supplemental Resolution by the City with respect to any consent or other action to be taken by Bondholders, the City shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

Section 3.06 Form of Series 2025 Bonds. The Series 2025 Bonds of each Series (and any subseries thereof) 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 any Series 2025 Bonds, the City shall give notice to the registered owners of the Series 2025 Bonds to be redeemed as provided in Section 4.03 of the General Resolution. Such notice shall be given by Mail or other electronic means of communication, at least 20 days and not more than 60 days before the redemption date, and shall be given to each registered owner of a Series 2025 Bond to be redeemed.

In addition to the notice required by Section 4.03 of the General Resolution, upon any redemption, further notice shall be given by the City as set out below, but no defect in any such

further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given hereunder shall contain the information required by Section 4.03 of the General Resolution plus (i) the CUSIP numbers of all Series 2025 Bonds, or portions thereof being redeemed; (ii) the date of original issuance of the Series 2025 Bonds; (iii) the rate of interest borne by the Series 2025 Bonds being redeemed; (iv) the maturity date of the Series 2025 Bonds 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 2025 Bonds or portions thereof being redeemed.

Each further notice of redemption shall be sent at least 20 days before the redemption date by registered or certified mail or overnight delivery service to:

The Depository Trust Company  
140 58<sup>th</sup> Street  
Brooklyn, NY 11220

and 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, other than notice of redemption from mandatory sinking fund payments pursuant to Section 4.03, 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 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 2025 Bonds 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 2025 Bonds called for redemption.

Section 4.02 Optional Redemption of the Series 2025 Bonds. The Series 2025 Bonds of any Series may be subject to optional redemption as set forth in the Bond Purchase Agreement related to such Series. The Series 2025 Bonds of any Series which are subject to optional redemption at par shall be subject to optional redemption not later than the tenth calendar year following the date of issuance of such Series 2025 Bonds or as otherwise set forth in the Bond Purchase Agreement related to such Series. Additionally, any Taxable Series 2025 Bond may be subject to make-whole optional redemption as set forth in the Bond Purchase Agreement related to such Series.

Section 4.03 Mandatory Sinking Fund Redemption of the Series 2025 Bonds. The Series 2025 Bonds of any Series shall be subject to mandatory sinking fund redemption as set forth in the Bond Purchase Agreement related to such Series.

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the City shall proceed to select for redemption (by lot or pro rata in such manner as the City may determine and consistent with Section 4.05 herein), from all Series 2025 Bonds subject to such redemption, an aggregate principal amount of such Bonds equal to the amount for such year as set

forth in the table in the Bond Purchase Agreement hereto related to such Series and shall call such Bonds or portions thereof in Authorized Denominations for redemption and shall give notice of such call. At the option of the City, the City may credit against any mandatory sinking fund redemption requirement, the Series 2025 Bonds, or portions thereof in Authorized Denominations of the stated maturity subject to such redemption which, prior to said date, have been purchased by the City or redeemed (otherwise than under the provisions of this Section 4.03) and canceled and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2025 Bond or portion thereof so purchased or previously redeemed shall be credited by the City at one hundred percent (100%) of the principal amount thereof against the obligation of the City on such mandatory sinking fund redemption date.

Section 4.04 Payment of Series 2025 Bonds Called for Redemption. Upon surrender to the Treasurer, Series 2025 Bonds called for redemption shall be paid at the redemption price, including accrued and unpaid interest, if any, to the redemption date, provided that, with respect to Book-Entry Bonds, the City may make other arrangements for payment as provided in the Representation Letter.

Section 4.05 Selection of Series 2025 Bonds for Redemption; Series 2025 Bonds Redeemed in Part. The Series 2025 Bonds which are subject to optional redemption will be selected among such maturities as the City may designate, or, absent such designation, pro rata among maturities or as set forth in the Bond Purchase Agreement related to such Series. The Series 2025 Bonds may be redeemed by lot or pro rata within any one maturity, in a manner the City shall deem appropriate.

Upon surrender of a Series 2025 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 2025 Bond of the same Series and maturity equal in principal amount to the unredeemed portion of the Series 2025 Bond surrendered.

## ARTICLE V APPLICATION OF PROCEEDS

Section 5.01 Application of Proceeds. The proceeds of the sale of any Series of the Series 2025 Bonds (and any subseries thereof) received by the City shall be applied by the City for the following purposes and in such amounts and in such manner as directed by the City in connection with such Series:

(i) the amount needed to pay Costs of Issuance associated with the issuance of such Series of the Series 2025 Bonds shall be transferred to the respective Custodian for the Costs of Issuance Fund to be disbursed to pay the Costs of Issuance, pursuant to the applicable Costs of Issuance Agreement;

(ii) the amount needed to defease or refund the Refunded Senior Bonds shall be transferred to the Escrow Agent, if any, or paying agent, as applicable, for the Refunded Senior Bonds and used to pay the Refunded Senior Bonds or as otherwise directed by the City;

(iii) the amount needed to defease or refund the Refunded Subordinate Bonds shall be transferred to the Escrow Agent, if any, or paying agent, as applicable, for the Refunded

Subordinate Bonds and used to pay the Refunded Subordinate Bonds or as otherwise directed by the City;

(iv) the amount needed to cause the Reserve Fund to be funded at the Reserve Fund Requirement as a result of the issuance of such Series of Series 2025 Bonds shall be deposited in the Reserve Fund; and

Notwithstanding the foregoing provisions of this Article V, the amount to be transferred to the respective Escrow Agent, if any, or paying agent, as applicable, for the Refunded Bonds may be paid directly by the Underwriters to such Escrow Agent, if any, or paying agent, as applicable, and, in such event, shall be deemed to have been received by the City and transferred to such Escrow Agent, if any, or paying agent, as applicable.

If, upon the issuance of the Series 2025 Bonds of any Series, amounts held in the Reserve Fund shall exceed the Reserve Fund Requirement, or amounts held in any other fund or account related to any Refunded Bonds are no longer needed for payment of such Refunded Bonds, any or all of such excess shall be transferred for application for the purpose of refunding the Refunded Bonds or for such other purpose consistent with the Tax Certificate, as directed by the City in connection with such Series.

## ARTICLE VI FUNDS

### Section 6.01 Reserved.

Section 6.02 Debt Service Fund. The City will, by ordinance, create one or more separate funds for the Series 2025 Bonds, with such further designations identifying the Series (which may be one or more Series of the Series 2025 Bonds) to which such fund shall relate, or as otherwise designated by the City, all as the City deems appropriate, within the City Treasury for each Series of the Series 2025 Bonds, designated as the “Wastewater System Revenue Bonds Debt Service Fund, [Refunding] Series 2025-[insert Series/subseries designation]” (collectively, the “2025 Debt Service Funds”), which shall each be a Debt Service Fund as provided in the General Resolution for the respective Series of the Series 2025 Bonds. Amounts in the 2025 Debt Service Funds shall be used to pay principal of, and interest and any premium on, the Series 2025 Bonds as the same become due and payable.

Section 6.03 Costs of Issuance Fund. There is hereby authorized to be created under any one or more Costs of Issuance Agreements, one or more Costs of Issuance Funds for the Series 2025 Bonds (collectively, the “Series 2025 Costs of Issuance Fund”). Amounts in the Series 2025 Costs of Issuance Fund shall be used to pay Costs of Issuance of the related Series of Series 2025 Bonds. Any moneys remaining in the Costs of Issuance Fund after payment of all related Costs of Issuance shall be transferred to the 2025 Debt Service Fund, as applicable.

## ARTICLE VII TAX COVENANTS

Section 7.01 Reserved.

Section 7.02 Tax Compliance.

(a) With respect to the Tax-Exempt Series 2025 Bonds, the City hereby agrees that it will deliver and comply with the covenants and agreements set forth in the Tax Certificate for the Tax-Exempt Series 2025 Bonds, including creating funds by ordinance which will be held by the City if so required under the Tax Certificate for the Tax-Exempt Series 2025 Bonds.

(b) The City shall not use or permit the use of any proceeds of Tax-Exempt Series 2025 Bonds or any other funds of the City held under this Thirty-First Supplemental Resolution or the General Resolution, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City, and shall not take or permit to be taken any other action or actions, which would cause any Tax-Exempt Series 2025 Bond to be “federally guaranteed” within the meaning of Section 149(b) of the Code or an “arbitrage bond” within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder.

Section 7.03 Additional Actions. The City shall at all times do and perform all acts and things permitted by law, the General Resolution and this Thirty-First Supplemental Resolution which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Series 2025 Bonds (or any of them) will be excluded from gross income of the recipient thereof for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

## ARTICLE VIII AGENTS

Section 8.01 Appointment of Agents. The City Administrative Officer is authorized to appoint one or more banks, trust companies or financial institutions as Escrow Agents for the purpose of accepting, holding, investing and applying funds to be used to refund the Refunded Bonds. 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 any Series of the Series 2025 Bonds. The City hereby appoints the City Clerk as Authenticating Agent for the Series 2025 Bonds.

Section 8.02 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. An Escrow Agent, if any may resign or be removed as provided in the applicable Escrow Agreement.

Section 8.03 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. A successor Escrow Agent, if any, can be appointed by the City only as provided in the respective Escrow Agreement.

Section 8.04 Appointment of Costs of Issuance Fund Custodian. The City hereby appoints U.S. Bank Trust Company, National Association as custodian (the “Custodian”) of the proceeds to be deposited in the respective Series 2025 Costs of Issuance Fund and hereby directs the Custodian to establish such funds and accounts in the name of the City for such purpose and to deposit and disburse amounts from such accounts pursuant to the agreement entered into with the Custodian or otherwise at the written direction of the City Administrative Officer.

## ARTICLE IX APPROVALS AND AUTHORIZATIONS

Section 9.01 Findings Related to Negotiated Sale of the Series 2025 Bonds and Selection of Professionals. Pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, the Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to the complex legal structure and credit story of the wastewater revenue bonds and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Series 2025 Bonds in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the Charter to sell the Series 2025 Bonds would be undesirable and impractical and that it is in the best financial interest of the City to propose to sell the Series 2025 Bonds through negotiated underwriting processes with the Underwriters. The Council hereby approves the City Administrative Officer’s recommendation of the Underwriters. The City Administrative Officer may approve additional underwriters to participate in the underwriting syndicate as the City Administrative Officer shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the City Administrative Officer’s execution and delivery of the applicable Bond Purchase Agreement. In addition, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, the Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to the technical nature of the services required for the sale and issuance of the Series 2025 Bonds, which services are of a temporary and occasional character, and upon advice from the City Attorney with respect to legal professionals, the use of competitive bidding required under Section 371 of the Charter to select legal and other professionals necessary for the sale and issuance of the Series 2025 Bonds would not be practicable, advantageous, or compatible with the City’s best interest.

Section 9.02 Approval of Bond Purchase Agreement. Each Bond Purchase Agreement in substantially the form before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into each Bond Purchase Agreement with one or more of the Underwriters with respect to any one or more Series of the Series 2025 Bonds, in substantially the form presented to this Council, with such changes as such 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 Bond Purchase Agreement to be a valid and binding obligation of the City. The Underwriters’ discount under the respective Bond Purchase Agreement shall not exceed 0.5% of the aggregate principal amount of the Series 2025 Bonds purchased thereunder.

Section 9.03 Reserved.



Section 9.04 Official Statement. The form of the preliminary official statement relating to the Series 2025 Bonds (the “Preliminary Official Statement”) submitted to this Council with such changes therein, and in any supplement thereto, if applicable, as may be approved by the City Administrative Officer is hereby approved for use in connection with the public offering of the Series 2025 Bonds. Upon approval of such additions and changes, whether material or otherwise, by the City Administrative Officer, the Preliminary Official Statement, and any supplement thereto, if applicable, shall be deemed final as of their respective dates, as evidenced by a certificate of the City to such effect, except for the omission of certain information as provided in and pursuant to Rule 15c2-12. The City Administrative Officer, for and on behalf of the City, is hereby authorized to execute a final official statement for one or more Series of the Series 2025 Bonds (the “Official Statement”), with such additions and changes therein, and in any supplement thereto, if applicable, whether material or otherwise, as he or she may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The distribution by the Underwriters of the Preliminary Official Statement and the Official Statement, and any supplement thereto, if applicable, in connection with the public offering of each Series of the Series 2025 Bonds is hereby approved.

Section 9.05 Continuing Disclosure. The Continuing Disclosure Certificate, in substantially the form attached to the Preliminary Official Statement as Appendix H and is before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into one or more Continuing Disclosure Certificates with respect to any one or more Series of the Series 2025 Bonds in substantially the form presented to this Council, with such changes as such City Administrative Officer, upon the advice of the City Attorney, deems necessary and appropriate. The signature of the City Administrative Officer shall be sufficient to bind the City and cause the Continuing Disclosure Certificate(s) to be a valid and binding obligation of the City.

Section 9.06 Execution of Documents; Additional Actions and Ratification. The City Administrative Officer is hereby authorized to purchase or subscribe from time to time for the government obligations or other securities to be deposited in escrow in connection with the refundings contemplated by this Thirty-First Supplemental Resolution, to authorize any Escrow Agent to so subscribe, to enter into cash flow agreements, debt service agreements, forward supply contracts and other similar contractual obligations necessary or appropriate to effectuate the transactions contemplated by this Thirty-First Supplemental Resolution, 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), to execute such certificates (including the Tax Certificate), agreements, forms and other closing documents, including those relating to the tax-exempt status of the Tax-Exempt Series 2025 Bonds and those relating to the securities depository, and such other instruments or documents as are necessary or appropriate to consummate the transactions contemplated by this Thirty-First Supplemental Resolution. The City Administrative Officer and the officers and employees of the City are, and each of them is, hereby authorized and directed, for and in the name of and on behalf of the City to do any and all things and to execute and deliver any and all certificates, agreements (including the Tax Certificate), forms, extensions and other documents which they or any of them deem necessary or advisable in order to consummate the transactions= contemplated by this Thirty-First Supplemental Resolution and otherwise to carry out, give effect to and comply with the terms and intent hereof. All actions

heretofore taken by an officer, employees, agents or directors of the City and the review and execution of any documents, certificates and other instruments by any officer, employees, agents or directors of the City, regarding the matters set forth herein are hereby ratified, confirmed, adopted, authorized and approved. In connection with the defeasance of any Prior Senior Bonds or Prior Subordinate Bonds, the City Administrative Officer is authorized and directed to execute and deliver one or more Escrow Agreements to effectuate such defeasance, on such terms and conditions determined by the City Administrative Officer and with one or more Escrow Agents selected by the City Administrative Officer. 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. All of the agreements contemplated by this Thirty-First Supplemental Resolution may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement.

Section 9.07 Extraordinary Event with Respect to the Series 2010A Senior Bonds and Series 2010B Senior Bonds. Pursuant to the Twenty-Fifth Supplemental Resolution, the Series 2010A Senior Bonds and the Series 2010B Senior Bonds are subject to extraordinary optional redemption prior to their maturity at the option of the City, as a whole or in part, on any date prior to their maturity, upon the occurrence of an “Extraordinary Event.” The term “Extraordinary Event” means a determination by the City that a material adverse change has occurred to Sections 54AA or 6431 of the Code or the publication of any procedures, rules or guidance by the Internal Revenue Service or the Treasury Department with respect to such Sections or any other determination by the Internal Revenue Service or the Treasury Department, which determination is not the result of any act or omission by the City to satisfy the requirements for the City to qualify to receive a direct cash subsidy payment from the Treasury Department equal to 35% of the interest payable by the City on the Series 2010A Senior Bonds and 45% of the interest payable by the City on the Series 2010B Senior Bonds as of each Interest Payment Date (as defined in the Twenty-Fifth Supplemental Resolution), pursuant to which such direct cash subsidy payment is reduced, deferred or eliminated. The Council hereby authorizes the City Administrative Officer to make any determination or take any other action necessary to establish the existence of an Extraordinary Event.

## ARTICLE X MISCELLANEOUS

Section 10.01 Owners of Series 2025 Bonds Deemed to Consent to the Amended and Restated General Resolution. All Owners and Beneficial Owners of the Series 2025 Bonds, by virtue of their purchase and acceptance of the Series 2025 Bonds, shall be deemed to have consented to the provisions of the proposed form of the Amended and Restated General Resolution attached hereto as Exhibit B.

### Section 10.02 Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Thirty-

First Supplemental Resolution or the Series 2025 Bonds shall be in writing except as expressly provided otherwise in this Thirty-First Supplemental Resolution or the Series 2025 Bonds.

(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 General Resolution.

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

(d) If any of S&P and/or Fitch shall have provided a credit rating for any of the Series 2025 Bonds at the request of the City, the City shall give written notice to each of S&P and/or Fitch then providing a credit rating on any of the Series 2025 Bonds if at any time (i) payment of principal and interest on the Series 2025 Bonds 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 Thirty-First 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 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; or to such other address as S&P or Fitch, respectively, shall supply to the City.

Section 10.03 Limitation of Rights. Nothing expressed or implied in this Thirty-First Supplemental Resolution or the Series 2025 Bonds shall give any person other than the City and the Bondholders any right, remedy or claim under or with respect to this Thirty-First Supplemental Resolution.

Section 10.04 Supplemental Resolution a Contract. This Thirty-First Supplemental Resolution (excluding Article X hereof), together with the General Resolution, is adopted by the City for the benefit of the Bondholders and together they constitute a contract with the Bondholders.

Section 10.05 Severability. If any provision of this Thirty-First Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this Thirty-First Supplemental Resolution.

Section 10.06 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 10.07 Governing Law. This Thirty-First Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 10.08 Captions. The captions in this Thirty-First Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Thirty-First Supplemental Resolution.

Section 10.09 Effective Date. This Thirty-First Supplemental Resolution shall take effect from and upon its adoption.

Approved as to Form

HYDEE FELDSTEIN SOTO, City Attorney

By:  \_\_\_\_\_

Deputy City Attorney

**EXHIBIT A**

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
CITY OF LOS ANGELES  
WASTEWATER SYSTEM REVENUE BOND,  
[REFUNDING] SERIES 2025-[Add Series/Subseries Designation]

No. \_\_\_\_\_ \$ \_\_\_\_\_

Interest	Maturity Date	Dated Date	CUSIP No.
_____ %	_____	_____	_____

THIS 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 HEREIN. THE CITY IS NOT OBLIGATED TO MAKE PAYMENT HEREON FROM ANY OTHER SOURCE. THIS BOND IS NOT PAYABLE FROM THE GENERAL FUND OF THE CITY AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF ANY AMOUNTS DUE ON THIS BOND.

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Los Angeles (the “City”), a municipal corporation and a political subdivision of the State of California, organized and operating under the terms of the Charter of the City of Los Angeles (the “Charter”) and the Constitution of the State of California, promises to pay, from the sources described in this Bond and not from any other sources, to the Registered Owner set forth above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, and to pay interest as provided in this Bond.

This Bond is authorized, issued and secured under the terms of that Wastewater System Revenue Bonds General Resolution adopted by the Council of the City on November 10, 1987, as heretofore amended and supplemented (the “General Resolution”), including by the terms of that Thirty-First Supplemental Resolution Supplementing the Wastewater System Revenue Bonds General Resolution, adopted by the Council on April \_\_, 2025 (as hereinafter defined, the “Thirty-First Supplemental Resolution”). This Bond is issued pursuant to the authority of the Charter, Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City, [and 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 Government Code of the State of California].

All bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred pursuant to the terms of the General Resolution are referred to as “Bonds” and are all

equally and ratably secured by and payable from the Revenues and those funds described in the General Resolution.

Additional Bonds may be issued from time to time under the terms of the General Resolution, and all such additional Bonds will be equally and ratably secured with this Bond and the Prior Senior Bonds in accordance with the General Resolution by the Revenues and those funds described in the General Resolution and will be payable from the same source as this Bond and the Prior Senior Bonds. The General Resolution provides that operation and maintenance expenses of the System are to be paid from the Revenues in the SCM Fund as such expenses become due in the ordinary course of business.

The City's obligation to make payment of the principal of, interest on and premium, if any, on the Bonds is only to the extent of the Revenues and amounts in the SCM Fund, the Debt Service Fund, and the Reserve Fund (defined in the General Resolution), and the City has no obligation to make payments from any other sources. The general fund of the City is not liable for the payment of this Bond or the premium, if any, or interest thereon, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of this Bond or the premium, if any, of the interest thereon.

The security for the Bonds, the events that constitute Events of Default thereunder and the remedies therefor are set forth in the General Resolution and the Thirty-First Supplemental Resolution, and Holders of this Bond are referred to the General Resolution and the Thirty-First Supplemental Resolution for description of those terms.

This Bond shall bear interest until its Maturity Date or earlier redemption (if applicable) at the rate shown on the face of this Bond. Interest on overdue principal and, to the extent lawful, all overdue interest will be payable at the stated interest rate on this Bond on the day before the default occurred. Interest on this Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months. Interest will be due and payable on this Bond on each June 1 and December 1, commencing on December 1, 2025 until maturity or earlier redemption and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a June 1 payment is the close of business on the preceding May 15, and the Record Date for a December 1 payment is the close of business on the preceding November 15, whether or not such day is a Business Day.

This Bond is subject to redemption prior to its maturity date as provided in the Thirty-First Supplemental Resolution. When notice of redemption is given, the Bonds called for redemption become due and payable on the redemption date at the applicable redemption price; in such case, when funds are held in trust for payment of the redemption price and such amounts are sufficient to pay the redemption price, interest on the Bonds to be redeemed will cease to accrue from and after the redemption date.

Holders must surrender Bonds to the Treasurer of the City to collect principal except that with respect to Bonds which are Book-Entry Bonds (as defined in the Thirty-First Supplemental Resolution), the Treasurer may make other arrangements for payment of principal. Interest will be paid to each party who is, as of the Record Date, the registered owner of Bonds. If this Bond is not a Book-Entry Bond, as defined in the Thirty-First Supplemental Resolution, interest hereon will

be paid by check mailed to the Holder's registered address, and, if this Bond is a Book-Entry Bond, interest will be paid as provided in Section 3.05 of the Thirty-First Supplemental Resolution. 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. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no additional interest will accrue as a result.

These Bonds are available in denominations of \$5,000 and integral multiples of \$5,000. A Bondholder may transfer or exchange Bonds in accordance with the General Resolution and the Thirty-First Supplemental Resolution. The City may require a Bondholder, among other things, to furnish appropriate endorsements and transfer documents and to pay any required taxes and fees associated therewith. The City need not transfer or exchange any of these Bonds for the period beginning 15 days before mailing a notice of redemption of such Bonds and ending on the date the notice of redemption is mailed nor transfer or exchange any of these Bonds which has been selected for redemption.

The registered owner of this Bond shall be treated as the owner of it for all purposes.

If the City at any time irrevocably sets aside money or Government Obligations as described in the General Resolution sufficient, together with the earnings thereon, to pay at redemption or maturity, the principal of, premium, if any, and interest on the outstanding Bonds, and if the City also pays all other sums then payable by the City under the General Resolution, the General Resolution will be discharged. After discharge, Bondholders must look only to the money and securities set aside for payment. If the City at any time irrevocably sets aside money or Government Obligations as described in the General Resolution sufficient to pay at redemption or maturity principal of, premium, if any, and interest on all or any portion of these outstanding Bonds, such Bonds, with respect to which the money or securities were set aside, shall no longer be deemed to be outstanding and shall no longer be secured by the General Resolution except to the extent of the moneys and securities set aside therefor.

The General Resolution, the Thirty-First Supplemental Resolution and these Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the General Resolution. Any consent given by the owner of this Bond to any such action shall be irrevocable and shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

By purchase of this Bond, the owner hereby consents to the provisions of the proposed form of the Amended and Restated General Resolution attached to the Thirty-First Supplemental Resolution as Exhibit B.

The General Resolution provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Principal of this Bond may be declared to be due and payable immediately on the terms set forth in the General Resolution. Any such acceleration may be waived as provided in the General Resolution. Bondholders may not enforce the General Resolution or the Bonds except as provided in the General Resolution, and, if credit enhancement has been provided for all or a portion of the Bonds issued under the General

Resolution, the provider or providers of such credit enhancement may be able to direct the exercise of remedies.

This Bond shall not be valid until the City Clerk, as Authenticating Agent, signs the certificate of authentication on the last page of this 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 Bonds referred to in the General Resolution and Thirty-First Supplemental Resolution referred to herein.

CITY OF LOS ANGELES

By: \_\_\_\_\_  
[Mayor or 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 Bond and all rights hereunder, and hereby irrevocably constitutes and appoints

---

Agent to transfer this Bond on the books of the City, 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 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.

EXHIBIT B

FORM OF THE AMENDED AND RESTATED GENERAL RESOLUTION

THE CITY COUNCIL OF THE CITY OF LOS ANGELES

AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION

Adopted by  
the City Council

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(This table of contents is not part of the General 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 the General Resolution.)

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**THE CITY COUNCIL OF THE CITY OF LOS ANGELES  
AMENDED AND RESTATED  
WASTEWATER SYSTEM REVENUE BONDS  
GENERAL RESOLUTION**

WHEREAS, the City of Los Angeles (the “City”) is a municipal corporation and a political subdivision of the State of California (the “State”) and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of the Charter of the City of Los Angeles as from time to time amended (the “Charter”) and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates the System (as defined herein); and

WHEREAS, it is necessary from time to time to provide financing for the acquisition, construction, improvement and extension of the System and for other needs related to the System; and

WHEREAS, the City Council on November 10, 1987, adopted its Wastewater System Revenue Bonds General Resolution (as amended, modified and supplemented to date, the “Original General Resolution”) to provide for the issuance of bonds, and the incurrence of other indebtedness and obligations secured by and payable from the revenues of the System; and

WHEREAS, the City Council desires to amend and restate the Original General Resolution; and

WHEREAS, the conditions precedent set forth in the Original General Resolution to the effectiveness of the amendments and restatement contained herein have been satisfied;

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

**ARTICLE I**

**DEFINITIONS; INTERPRETATION**

Section 1.01 Definitions. The terms defined in this Article I shall, for all purposes of this General Resolution and all Supplemental Resolutions into which such definitions may be incorporated, have the meanings specified unless the context clearly requires otherwise;

“Accrued Interest” shall mean, for any calendar month, the amount of interest which has accrued or will accrue on a Series of Outstanding Bonds during that month less (i) any interest which accrues during such period, but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose and (ii) interest which has accrued but is not due and payable within the 12-month period immediately following such accrual; for purposes of this definition interest which has accrued but is not due and payable within the 12-month period immediately following such accrual shall be included as Accrued Interest in 12

equal consecutive monthly installments commencing in the twelfth month preceding the payment date; with respect to the calculation of the amount to be deposited into the Debt Service Fund for any given month for any Series of Bonds the interest rate on which will or may fluctuate from the date of calculation to the end of such calendar month, interest after the calculation date, for purposes of calculating Accrued Interest for such month, will be assumed to accrue at a rate equal to 110% of the rate of interest on such Bonds on the date of calculation; for purposes of determining any Deficiency or Excess, interest accruing on fluctuating rate Bonds for any prior month shall be calculated at the actual rate or rates for such month.

“Accrued Principal” shall mean, for any calendar month, the amount of principal which has “accrued” or will “accrue” on a Series of Outstanding Bonds during that month less any principal which accrues during such period but is to be paid from moneys or Permitted Investments or the earnings thereon, which moneys or Permitted Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose; for purposes of this definition, it shall be assumed that principal accrues in 12 equal monthly installments commencing in the twelfth month preceding the date on which payment is due, except that (i) with respect to principal on a Series of Bonds which is payable more frequently than annually, principal shall accrue in equal monthly installments from one payment date to the next and (ii) if the first principal payment date on a Series of Bonds is less than 12 months after the issuance of such Series, principal due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date and (iii) with respect to Balloon Indebtedness and commercial paper which is intended at the time of issuance to be paid with the proceeds of a corresponding issue of commercial paper, the entire principal amount shall be deemed to accrue in the month in which such Balloon Indebtedness or commercial paper is due and payable and not in monthly installments prior to such date. In all events, principal shall be determined to accrue in amounts sufficient to assure that the full amount due on any principal payment date and to be paid from the Debt Service Fund will be on deposit in the Debt Service Fund on the payment date. For purposes of determining “Accrued Principal,” a payment to be made on the basis of an accreted value shall be deemed a principal payment. If Bonds have been declared to be due and payable as provided in Section 9.02, then in each calendar month, the entire unpaid principal of all Bonds which have been accelerated under Section 9.02 shall be deemed to have accrued in that calendar month.

“Aggregate Accrued Interest” shall mean, for any calendar month, the sum of the Accrued Interest for that month for all Series of Outstanding Bonds.

“Aggregate Accrued Principal” shall mean, for any calendar month, the sum of the Accrued Principal for that month for all Series of Outstanding Bonds.

“Annual Debt Service” shall mean, with respect to any Bonds and for any Fiscal Year, the aggregate amount of Debt Service on such Bonds becoming due and payable during such Fiscal Year (or assumed to be due and payable under the definition of “Debt Service”).

“Authenticating Agent” shall mean a person or entity, other than the Treasurer, which person or entity is authorized to authenticate Bonds of any Series in place of or in addition to the Treasurer.



“Authorized City Representative” shall mean the Mayor, the City Administrative Officer, or the Treasurer of the City, or such other officer or employee of the City or other person who has been designated as such representative by resolution of the Council.

“Average Annual Debt Service” shall mean as of any date of calculation, the quotient obtained by dividing (1) the sum of the Annual Debt Service on all Bonds for all Fiscal Years during the period commencing with the Fiscal Year in which such calculation is made and terminating in the last Fiscal Year in which any Debt Service on any Bonds is due, by (2) the number of such Fiscal Years.

“Authorized Denomination” shall mean, with respect to any Series of Bonds, any denomination authorized by the Supplemental Resolution under which Bonds of such Series are issued.

“Bond” or “Bonds” shall mean bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred as provided in Article III of this General Resolution and secured by this General Resolution and by the pledge of the Revenues granted hereby. The term “Bonds” includes, but is not limited to, obligations in the form of bonds, notes, bond anticipation notes, commercial paper and certificates of participation. “Bond” or “Bonds” shall not include any subordinated obligations incurred by the City as permitted by Section 6.06.

“Bond Counsel” shall mean a firm of attorneys which is nationally recognized as experts in the area of municipal finance.

“Bondholder,” “Holder,” “Owner” or “Registered Owner” shall mean at any given time the person in whose name a Bond or Bonds of any Series are at such time registered on the books maintained by the City or its Registrar.

“Build America Bonds” shall mean any bonds or other obligations issued as Build America Bonds under Section 54AA of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Business Day” shall mean (i) with respect to the Series 2025 Bonds and any Series of Bonds issued after the Series 2025 Bonds, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close, and (ii) with respect to Bonds of any Series issued before the date of issuance of the Series 2025 Bonds, any day on which banks located in New York, New York and in Los Angeles, California are open; provided that, with respect to both (i) and (ii) above, such term may have a different meaning for any specified Series of Bonds if so provided by Supplemental Resolution.

“Capitalized Interest” shall mean the amount of interest, if any, on a Series of Bonds which is paid from proceeds of the Bonds.

“Charter” shall mean the Charter of the City of Los Angeles as from time to time amended under which the City is organized and operates.

“City” shall mean the City of Los Angeles, California.

“City Administrative Officer” shall mean the City Administrative Officer of the City or any Assistant City Administrative Officer.

“City Attorney” shall mean the Office of the City Attorney of the City including the City Attorney, any Assistant City Attorney and any Deputy City Attorney or any other legal counsel designated by the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Construction Fund” shall mean any of the Construction Funds created as described in Section 5.06 hereof.

“Consultant” shall mean the consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm retained by the City to perform acts and carry out the duties provided for such Consultant in this General Resolution.

“Council” shall mean the City Council of the City of Los Angeles.

“Debt Service” shall mean, as of any date of determination and with respect to any Fiscal Year, the sum of (1) the interest scheduled to be due on any Bonds during such Fiscal Year, (2) the principal or scheduled mandatory redemption payments required to be paid with respect to such Bonds during such Fiscal Year, and (3) any other regularly scheduled payments of Bonds during such Fiscal Year to the extent not included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of such Bonds shall cease to be Outstanding during such Fiscal Year except by reason of the application of such scheduled payments; provided, however, that for purposes of such calculation:

(i) if any of the Outstanding Series of Bonds constitutes Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness, then, for purposes of determining Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender; the interest rate used for such computation shall be the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield as of the date of calculation for United States Treasury bonds maturing at least 25 years after the date of such calculation, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender, such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case, the interest becoming due prior to such first tender date shall be determined as provided in (iv) below;

(ii) if any of the Outstanding Series of Bonds constitutes Variable Rate Indebtedness or if Bonds proposed to be issued would constitute Variable Rate Indebtedness (except to the extent subsection (i) relating to Tender Indebtedness), then, such Series of Bonds shall be assumed to bear interest at the rate quoted in The Bond Buyer Revenue Bond Index for the last week of the month preceding the date of calculation of Debt Service, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the then Outstanding Bonds for which the interest rate is to be assumed or having an equivalent maturity as the additional Bonds proposed to be issued, or if there are no such Treasury bonds having equivalent maturities, 100% of the lowest prevailing prime rate or any of the five largest commercial banks in the United states ranked by assets;

(iii) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys or Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Debt Service; and

(iv) for the purpose of calculating Debt Service, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Notwithstanding any other subsection of this definition of Debt Service, no amounts payable (including any settlement amounts or termination payments) under any interest rate swap agreement constituting a Bond shall be included in the calculation of Debt Service. Except as otherwise provided in this definition of Debt Service, to the extent that any calculation under this definition requires an index, interest rate or other amount to make such calculation, and such index, interest rate or other amount is not published, is not available or is not capable of being included in such calculation, then the City shall use such other index, interest rate, or other amount in its reasonable discretion in order to complete such calculation and that calculation shall be binding on City, the Owners of all Bonds, the Paying Agent and all other affected parties, absent manifest error.

“Debt Service Fund” shall mean the Debt Service Fund described in Sections 5.02 and 5.04.

“Deficiency” shall mean, at any time, the amount by which the sum of the Aggregate Accrued Interest and the Aggregate Accrued Principal for all prior calendar months with respect to unpaid interest and principal on all Outstanding Bonds exceeds the amount on deposit in the Debt Service Fund. For purposes of determining whether any Deficiency exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously

become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bond shall be disregarded.

“Direct Subsidy Bonds” shall mean Build America Bonds and Recovery Zone Economic Development Bonds.

“Electronic Means” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“Event of Default” shall mean any occurrence or event specified in Section 9.01 hereof.

“Excess” shall mean, at any time, the amount by which the amount on deposit in the Debt Service Fund exceeds the sum of the Aggregate Accrued Interest and Aggregate Accrued Principal for all prior months with respect to unpaid interest and principal on all Outstanding Bonds. For purposes of determining whether any Excess exists in the Debt Service Fund, amounts therein which have been segregated to pay Bonds which have previously become due and payable but have not been presented for payment and amounts therein which have been segregated to pay the redemption price of any Bonds shall be disregarded.

“Expenses” shall mean the total operating expenses of the System as determined in accordance with generally accepted accounting principles except, to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Bonds and amortization of financing expenses.

“Fiscal Year” shall mean the period of time beginning on July 1 of any given year and ending on June 30 of the immediately subsequent year, or such other annual period as the City designates as its fiscal year.

“Fitch” shall mean Fitch Ratings Inc., its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“General Resolution” shall mean this “Amended and Restated Wastewater System Revenue Bonds General Resolution” adopted by the Council on \_\_\_\_\_, as amended from time to time.

“Government Obligations” shall mean (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and (ii) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (i).

“Insurer” shall mean any municipal bond insurance company, bank or other financial institution or organization providing credit enhancement for any one or more Series of Bonds or a portion of a Series of Bonds whether such credit enhancement is in the form of an insurance policy, surety bond, letter of credit, line of credit, revolving credit agreement or other form of financial guaranty or commitment instrument.

“Mail” shall mean either by first-class United States mail, postage prepaid or Electronic Means.

“Moody’s” shall mean Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the City.

“Municipal Code” shall mean the Municipal Code of the City of Los Angeles.

“Net Revenues” shall mean, for any given period, the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Outstanding” or “Bonds Outstanding” or “Outstanding Bonds” when used with respect to Bonds, shall mean all Bonds which have been authenticated and delivered under this Resolution, except:

(a) Bonds cancelled or purchased by the City for cancellation or delivered to or acquired by the City for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Bonds or portions of Bonds which have been paid or are deemed to be paid in accordance with Article VIII;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 3.05;

(d) Bonds or portions of Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the City or an agent of the City separate and apart for such purpose;

(e) Bonds which, under the terms of the Supplemental Resolution pursuant to which they were issued, are deemed to be no longer Outstanding; and

(f) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under this General Resolution, Bonds held by or for the account of City, unless such Bonds are pledged to secure a debt to an unrelated party, in which case such Bonds shall, for purposes of consents and other Bondholder action, be deemed to be Outstanding and owned by the party to which such Bonds are pledged.

“Paying Agent” or “Paying Agents” shall mean the City Treasurer or any other bank, trust company or other financial institution appointed by the City.

“Permitted Investments” shall mean (i) Government Obligations, (ii) obligations of any state or territory of the United States or any agency or political subdivision thereof rated by S&P,

if the Series of Bonds which such Permitted Investments secure is then rated by S&P, and by Moody's, if such Series is then rated by Moody's, at least as high as such Series of Bonds, (iii) obligations of any state or territory of the United States or any agency or political subdivision thereof for the payment of the principal or redemption price of and interest on which there shall have been deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (iv) time certificates of deposit issued by a state or nationally chartered bank or trust company or a state or federal savings and loan association, provided that such certificates of deposit shall be (1) continuously and fully insured by the Federal Deposit Insurance Corporation or (2) continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificate of deposit, (v) bankers' acceptances which are issued by a bank or trust company rated "A" or higher by Moody's and S&P; provided that such bankers' acceptances may not exceed 270 days' maturity, (vi) repurchase agreements with any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by Government Obligations, provided that the underlying securities are required by the repurchase agreement to be held by any such bank, trust company or primary dealer having a combined capital and surplus of at least \$100,000,000 and being independent of the issuer of such repurchase agreement, and provided that the securities are continuously maintained at a market value of not less than the amount so invested, (vii) commercial paper of "prime" quality of the highest or of the highest letter and numerical rating as provided by Moody's and S&P, (viii) investment agreements with (1) any bank or trust company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York, having a combined capital and surplus of at least \$100,000,000, or (2) any corporation that is organized and operating within the United States and that has total assets in excess of \$500,000,000 and that has an "A" or higher rating for its debt, other than commercial paper, as provided by Moody's and S&P, provided that such investment agreements shall be continuously and fully secured by Government Obligations, which securities shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount so invested, (ix) government money market portfolios or money market funds restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, which portfolios, unless held by the Treasurer for five business days or less, shall have a rating in the highest two categories provided by Moody's and S&P, (x) any investment permitted by the investment policy of the City, and (xi) with respect to funds held in funds and accounts required under the terms of a specific Supplemental Resolution or securing specific Bonds or Bonds of a Series, such other securities or investment vehicles as are specified as Permitted Investments under the terms of the Supplemental Resolution creating such funds and accounts or setting forth the terms of such Series.

"Procedural Ordinance" shall mean Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City.

"Project" shall mean any purpose for which a Series of Bonds is issued or authorized under the terms of this General Resolution.

"Project Costs" shall mean, with respect to the System, all or any part of the cost of construction, acquisition, alteration, reconstruction, remodeling, maintaining and operating,

including, without limiting the generality of the foregoing, all labor, materials, machinery, equipment, lands, structures, real and personal property, rights, rights of way, water rights, air rights, franchises, easements and interests acquired or used by the City in connection with the work undertaken; the cost of any demolitions, removals or relocations necessary in connection therewith; financing charges, insurance expenses, Capitalized Interest, if any, reserves for debt service and reserves for capital and current expenses; the cost of architectural, engineering, financial and legal services, plans, specifications, appraisals, surveys, inspections, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicality of such undertaking; organizational, professional, administrative, operating and other expenses incurred prior to the commencement of and during such work; costs of the City properly allocated to a Project and with respect to costs of employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable cost of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; costs of equipment, supplies and training of operating personnel and other expense of completing such work and placing the same in operation; working capital, and such other expenses as may be necessary or incidental to a Project, the financing thereof, including, but not limited to, costs and expenses of consultants and advisors including insurance consultants, accountants, engineers and attorneys, printing costs, rating agency fees and expenses, insurance costs and related election expenses and expenses necessary or incidental to placing a Project in operation and all other costs, expenses and charges related directly or indirectly to the System for which the City is otherwise permitted to incur an obligation, including the financing of working capital, whether or not the Project then under consideration involves the acquisition or construction of physical properties.

“Rebate Fund” shall mean any fund created by the City in connection with the issuance of the Bonds or any Series of Bonds for the purpose of complying with the Code and providing for the collection, holding and payment of amounts to the United States of America.

“Recovery Zone Economic Development Bonds” shall mean any bonds or other obligations issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, or under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program that provides comparable security for the Owners thereof.

“Refundable Credits” shall mean (a) with respect to a Series of Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U02 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

“Registrar” shall mean, with respect to the Bonds of any Series, the bank, trust company or other entity, if any, designated to perform the function of Registrar under this General Resolution or any Supplemental Resolution instead of or in addition to the City Treasurer’s office.

“Reserve Fund” shall mean any Debt Service Reserve Fund created for a Series of Bonds as described in Section 5.05 hereof.

“Revenue Bond Law” shall mean the Revenue Bond Law of 1941, §§54300 et seq. of the California Government Code.

“Revenues” shall mean all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund and the Debt Service Fund; provided, however, that Revenues shall not include:

- (1) any amount received from the levy or collection of taxes;
- (2) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (3) grants received from the United States of America, from the State of California or other political bodies;
- (4) earnings on the Construction Funds and on any Reserve Fund;
- (5) the proceeds of borrowings; and
- (6) proceeds of insurance.

“SCM Fund” shall mean, collectively, the City’s Sewer Construction and Maintenance Fund, Sewer Operation and Maintenance Fund, and Sewer Capital Fund established under the terms of the City’s Municipal Code as special funds in the City Treasury into which the Revenues are to be deposited and such term also includes any other fund or series of funds into which Revenues are deposited.

“Series” when used with respect to Bonds, shall mean Bonds issued at the same time or sharing some other common term or characteristic and designated as a separate Series.

“Series 2025 Bonds” shall mean the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025 [of each Series issued on \_\_\_\_\_, 2025].



“S&P” shall mean Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

“State” shall mean the State of California.

“Subordinate Bonds” shall mean bonds and other obligations issued pursuant to the Subordinate Resolution.

“Subordinate Resolution” shall mean the Amended and Restated Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on \_\_\_\_\_, as amended from time to time.

“Supplemental Resolution” shall mean any supplemental resolution adopted by the Council providing for the issuance of a Series or multiple Series of Bonds, amending and/or supplementing this General Resolution or amending and/or supplementing another Supplemental Resolution.

“System” shall mean the City’s entire wastewater collection, transportation, drainage, treatment and disposal system, including all sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities or undertakings of the City relating to the collection, transportation, treatment and disposal of sewage, wastewater, industrial wastewater and infiltration/inflows incidental thereto, including those facilities in existence at the time of adoption of this General Resolution and any and all subsequent additions, extensions, improvements, acquisitions and replacements thereto and all facilities and undertakings relating to or useful in connection with the construction, improvement, replacement, expansion, extension, operation and maintenance of the System. The term System more specifically includes, but is not limited to, sewage and wastewater treatment and disposal plants, sewage pumping plants, water reclamation plants, sewer maintenance yards-and headquarters, intercepting and collecting sewers, outfall sewers, trunk, connecting, relief and other sewer mains and additions to, alterations of and reconstruction of, any of them and the lands, rights of way, pipe, conduits, equipment, machinery, apparatus, and property necessary therefor.

“Tender Indebtedness” shall mean any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the City, a Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

“Treasurer” shall mean the Treasurer of the City or any deputy treasurer.

“Variable Rate Indebtedness” shall mean any portion of indebtedness the interest rate on which is subject to fluctuation or subsequent adjustment.

Section 1.02 Cross References. Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Resolution.

Section 1.03 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

Section 1.04 Accounting Terms. Terms used in this General Resolution in an accounting context and not otherwise defined shall have the meaning ascribed to them by generally accepted accounting principles.

Section 1.05 Interpretation of "Principal Amount" Under this General Resolution. Whenever in the General Resolution it is provided that any actions be taken or determinations made on the basis of the principal amount of Bonds Outstanding or the principal amount of Bonds affected by an action, including the calculation of the principal amount of Bonds for purposes of declaring principal of Bonds due and payable pursuant to Article IX, the calculation of the principal amount of any Bonds that accrete interest shall be determined pursuant to the terms of Supplemental Resolutions.

## ARTICLE II

### PLEDGE TO SECURE BONDS; SOURCE OF PAYMENT

Section 2.01 Pledge of Revenues and Funds. To secure the payment of all Bonds issued pursuant to the terms of this General Resolution, the City hereby pledges to the Owners of the Bonds, and places a first lien upon and assigns to the Owners (1) the Revenues as defined in this General Resolution, including any additional sources of Revenues pledged by Supplemental Resolutions, (2) the Revenues held in the SCM Fund including the earnings on such Revenues and (3) all moneys and securities held in the Debt Service Fund (except as hereinafter described). This pledge of and lien upon the Revenues shall be for the equal and proportionate benefit and security of all Bonds issued under the terms of this General Resolution, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Bond over any other Bonds. Amounts in the Debt Service Fund which have been segregated for the payment of Bonds which have become due and payable or which have been called for redemption but not presented for payment shall be held in trust solely as security for such specific Series of Bonds and be used to pay only such Series of Bonds and shall not be pledged as security for or be available to pay any other Bonds. The pledge and lien hereby granted shall remain effective for so long as any Bonds are Outstanding hereunder. Amounts in any Reserve Fund established for any Series of Bonds shall, by the terms of the Supplemental Resolution setting forth the terms of such Series, be pledged to secure the Bonds of such Series in accordance with the terms of such Supplemental Resolution.

Section 2.02 [Reserved.]

Section 2.03 No Prior or Parity Pledge. The City hereby represents and warrants that it has not pledged the Revenues, the SCM Fund or the Debt Service Fund nor created any lien

thereon with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution. The City covenants that, until all the Bonds issued under the provisions of this General Resolution and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge of Revenues, the SCM Fund or the Debt Service Fund or create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures the Bonds issued pursuant to this General Resolution. The City may, as provided in Section 6.06, create or permit to be created a charge or lien on the Revenues ranking junior and subordinate to the charge and lien which secures the Bonds issued pursuant to this General Resolution, including, without limitation, the Subordinate Resolution.

Section 2.04 Special Obligations. The Bonds shall be and are special, limited obligations of the City and the City is obligated to pay the principal of, premium, if any, and interest on the Bonds solely from the Revenues and from amounts in the SCM Fund and the Debt Service Fund and, with respect to the Bonds of an individual Series, from any Reserve Fund created for such Series. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to payment of the Bonds and the Owners shall not have any ability to compel the exercise of the taxing power of the City or the forfeiture of any of its property. The City's limited obligation to make payment on the Bonds does not create a debt of the City or legal or equitable pledge, charge, lien or encumbrance, upon any of the City's property, or upon any of its income, receipts or revenues except the Revenues and amounts in the Debt Service Funds and, to the extent provided by Supplemental Resolution, amounts in any Reserve Funds.

### ARTICLE III

#### ISSUANCE OF BONDS AND TERMS THEREOF

Section 3.01 Issuance of Bonds; Form of Bonds. Bonds of any Series may be issued by the City under the terms of this General Resolution from time to time and secured hereby for any purpose related to the System that the City deems appropriate. Bonds of any Series may be issued under this General Resolution and secured hereby only if the provisions of Section 3.09 are satisfied.

The Bonds of any Series may be issued in such denominations as provided by the Supplemental Resolution creating such Series, in fully registered or bearer form, with or without coupons or in fully registered book-entry form. The Bonds of any Series may have notations, legends or endorsements required by law or usage. In addition, Bonds of each Series may be in any of the forms, but are not limited to forms described in the definition of Bonds in Section 1.01, and may be sold as provided in the Supplemental Resolution establishing such Series.

Section 3.02 Terms, Designation and Payment. The Bonds of a Series shall be issued in the principal amount, shall bear interest at a rate or rates, including variable or adjustable rates, shall mature and may be subject to redemption prior to their respective maturities, all as shall be set forth by Supplemental Resolution. The Bonds of each Series issued under the

provisions of this Article shall be designated "City of Los Angeles Wastewater System Revenue [Bonds, Notes or other designation]," inserting appropriate identifying descriptions, series letter, number, year, word or words and including such other characteristics or designations as may be provided by a Supplemental Resolution.

Payments with respect to the Bonds of each Series shall be made as provided in the Supplemental Resolution providing for the issuance of Bonds of such Series or as provided in the Bonds of such Series, which provisions shall include the designation of the currency in which such payments shall be made.

Section 3.03 Execution and Authentication. The Bonds of any Series will be executed for the City as provided in the Supplemental Resolution. Each Bond of any Series shall have an authentication certificate thereon which shall read substantially as follows:

The [Treasurer of the City of Los Angeles] [\_\_\_\_\_, as duly authorized Authenticating Agent] certifies that this is one of the Bonds referred to in the General Resolution and \_\_\_\_\_ Supplemental Resolution referred to herein.

By \_\_\_\_\_

The Bonds of any Series shall be delivered following execution by the City to the Treasurer for authentication and delivery unless an Authenticating Agent has been appointed for such Series, in which case the Bonds of such Series shall be delivered to the Authenticating Agent. In case any officer of the City whose signature or whose facsimile signature shall appear on Bonds of any Series shall cease to be such officer before the authentication and delivery of Bonds of such Series, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication and delivery. Also, if a person signing a Bond of any Series is the proper officer on the actual date of execution, the Bond of such Series will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this General Resolution or any Supplemental Resolution, such person was not such officer.

Bonds of any Series will not be valid until the Treasurer or an Authenticating Agent executes the certificate of authentication on the Bond of such Series by manual or facsimile signature. Such signature will be conclusive evidence that the Bonds of such Series has been authenticated under this General Resolution.

The City may appoint an Authenticating Agent to authenticate Bonds of any Series and may appoint different Authenticating Agents for different Series of Bonds. An Authenticating Agent may authenticate Bonds of any Series whenever the Treasurer may do so. Each reference in this General Resolution to authentication by the City or by the Treasurer includes authentication by such agent.

Bonds of any Series issued under this General Resolution may be issued in uncertificated form, in which case the procedures for issuance and delivery and evidence of validity, ownership, transfer and exchange shall be as provided in a Supplemental Resolution.

Section 3.04 Bond Register. Unless otherwise provided in a Supplemental Resolution, with respect to each Series of Bonds issued in registered form, the office of the Treasurer or a Registrar will keep a register of the Bonds of such Series and of their transfer and exchange. At reasonable times and under reasonable regulations established by the City or the Registrar, any of such lists of Bondholders may be inspected by any Bondholder (or a properly designated representative thereof) which owns \$1,000,000 or more in principal amount of Bonds (or beneficial interest therein) then Outstanding. Bonds of any Series may be presented to the Treasurer or to the Registrar as provided by Supplemental Resolution for registration, transfer and exchange, as provided in Section 3.06. The City and any Paying Agent shall treat the Bondholder, as shown on the registration books kept by the City or the Registrar, as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Bondholder.

Section 3.05 Mutilated, Lost, Stolen or Destroyed Bonds.

(a) In the event any Bond of any Series is mutilated or defaced but identifiable by number and description, the City shall execute and the Treasurer or an Authenticating Agent shall authenticate and deliver a new Bond of like Series, date, interest rate and maturity as and in a denomination equal to the unpaid amount of such Bond, upon surrender thereof to the City or its agent; provided that there shall first be furnished to the City or its agent clear and unequivocal proof satisfactory to the City or its agent that the Bond has been mutilated or defaced to such an extent as to impair its value to the Bondholder. The City or its agent shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any Bond of any Series is lost, stolen or destroyed, the City may execute and the Treasurer or an Authenticating Agent may authenticate and deliver a new Bond of like Series, date and maturity as and in a denomination equal to the unpaid amount of the Bond lost, stolen or destroyed; provided that there shall first be furnished to the City or its agent evidence of such loss, theft or destruction satisfactory to the City or its agent, together with indemnity satisfactory to them.

(c) The City and any agents may charge the Holder of any such Bond described in (a) or (b) above the cost of preparing the substitute Bond, all transfer taxes, if any, and the City's and/or agent's reasonable fees and expenses in this connection. All substitute Bonds issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is required by the Supplemental Resolution or the City, as determined by the City or its agent. In the event any such Bond shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Bond, the City may pay the same at its maturity or redemption without surrender thereof.

Section 3.06 Registration and Transfer of Bonds; Persons Treated as Owners. All Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form satisfactory to the Treasurer or the Registrar, as the case may be, duly executed by the Bondholder or by his duly authorized attorney.

Except as limited by any Supplemental Resolution, the City or any Registrar also may require payment from the Bondholder of a sum sufficient to cover any tax or other governmental fee or charge that may be imposed in relation to any transfer or exchange.

Supplemental Resolutions may designate certain limited periods during which Bonds will not be exchanged or transferred.

Bonds delivered upon any exchange or transfer as provided herein, or as provided in Section 3.05, shall be valid obligations of the City evidencing the same obligation as the Bond surrendered, shall be secured by this General Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

Section 3.07 Destruction of Bonds. Whenever any Outstanding Bonds shall be delivered to the City or its agent for cancellation, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 3.06 or exchange or transfer pursuant to Section 3.06, such Bond shall be cancelled and destroyed by the City or its agent.

Section 3.08 Temporary Bonds. Pending preparation of definitive Bonds of any Series, the City may execute, authenticate and deliver, in lieu of definitive Bonds of such Series and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Bonds of such Series.

If temporary Bonds are issued, the City shall cause the definitive Bonds to be prepared and, upon presentation to it of any temporary Bond, shall cancel the same and deliver in exchange therefor at the place designated by the Bondholder, without charge to the Bondholder, definitive Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate or rates as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this General Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 3.09 Issuance of Series of Bonds; Supplemental Resolution; Application of Bond Proceeds. The Bonds of each Series shall be issued, at one time or from time to time, pursuant to and in accordance with the procedures set forth in the Charter, the Procedural Ordinance and subject to the conditions of this Section 3.09.

Each Series of Bonds shall be dated, shall mature, shall bear interest, may be subject to redemption and shall be amortized, all as provided in the Supplemental Resolution under which such Bonds are issued. In addition, each such Supplemental Resolution may provide for the appointment of an Authenticating Agent, Registrar or Registrars and a Paying Agent or Paying Agents or an Issuing and Paying Agent and for the removal or replacement thereof.

Such Supplemental Resolution may provide that the interest rate on the Series of Bonds and the duration of the periods during which any such interest rate applies may, from time to time, be adjusted and that the Series of Bonds may be purchased upon the demand of the owners thereof or shall be subject to mandatory purchase upon the occurrence of certain events or at certain times. Such provisions relating to interest rate periods and adjustments may include, without limitation, the creation of objective standards for such adjustments and the appointment

of agents to apply such standards, and may provide for the procurement of liquidity and credit support facilities with respect to the Bonds.

Each of the following shall be a condition to the issuance of any Series of Bonds under this General Resolution:

(a) the Council shall adopt a Supplemental Resolution authorizing such Series of Bonds and setting forth the terms of such Series of Bonds;

(b) if credit enhancement or liquidity support is to be provided at the time of issuance of the Series, the executed bond insurance policy, surety bond, letter of credit or other liquidity facility or credit support facility, if any, relating to the Series of Bonds shall be delivered to the City or an appropriate fiduciary;

(c) the certificate or certificates of the Consultant required by Section 3.11 or, if the Bonds of any Series to be issued are refunding Bonds and the last paragraph of Section 3.11 is applicable, the certificate of the Authorized City Representative described therein;

(d) a certificate of an Authorized City Representative stating that no Event of Default has occurred and is then continuing; and

(e) an opinion of Bond Counsel to the effect that the issuance of such Bonds has been duly authorized, that all legal conditions precedent to the delivery of such Bonds have been fulfilled, that the Bonds are valid and binding obligations of the City in accordance with their terms, and if it is the intention of the City that interest on the Bonds of such Series is to be excluded from gross income of the recipient for federal income tax purposes, that the interest on the Bonds will be so excluded; and an opinion of Bond Counsel to the effect that the issuance of such Bonds will not adversely affect the tax-exempt status of any previously issued Bonds.

When the conditions mentioned in clauses (a) to (e), inclusive, of this Section shall have been fulfilled, then upon receipt by the City of payment for the Bonds, the Bonds shall be delivered to or upon the order of the purchasers thereof.

Simultaneously with the delivery of Bonds of any Series, the City shall apply the proceeds of Bonds of such Series as provided in the Supplemental Resolution.

Section 3.10 Refunding Bonds. There may be issued under and secured by this General Resolution Bonds of a Series for the purpose of providing funds for refunding all of the Outstanding Bonds of any one or more Series or a portion of any Series. Such Bonds of such Series shall be issued in accordance with the provisions of Sections 3.09 and 3.11 of this General Resolution.

Section 3.11 Tests for Issuance of Bonds. As a condition to the issuance of any Series of Bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately

preceding the issuance of the proposed Series of Bonds were at least equal to 125% of the Average Annual Debt Service for all Bonds which will be Outstanding immediately after the issuance of the proposed Series of Bonds. For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may (a) rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available and (b) make such other assumptions as determined reasonable or appropriate by such Consultant or Consultants.

For purposes of the computations to be made as described in the preceding paragraph, the determination of Net Revenues may take into account any increases in rates and charges which relate to the System and shall take into account any reductions in such rates and charges which increases or decreases have been authorized by the City to be implemented and which will be effective prior to or at the time of issuance of such proposed Series of Bonds.

The certificate or certificates described above shall not be required if the Series of Bonds being issued are for the purpose of refunding then Outstanding Bonds, and if at the time of the issuance of such Series of Bonds, a certificate of an Authorized City Representative shall be delivered showing that Average Annual Debt Service on all Bonds Outstanding after the issuance of the refunding Series of Bonds will not exceed Average Annual Debt Service on all Bonds Outstanding prior to the issuance of such Series of Bonds.

## ARTICLE IV

### REDEMPTION OF BONDS

Section 4.01 Bonds Redeemable. The Bonds of each Series may be made subject to redemption either in whole or in part and at such times, prices and in such order and under such terms as may be provided by the Supplemental Resolution providing for the issuance of such Bonds. The City may provide for the redemption of Bonds of any Series from any funds available to the City and not obligated for other purposes.

Section 4.02 Selection of Bonds to Be Redeemed. If less than all the Bonds of a Series shall be called for redemption, the Bonds to be redeemed shall be selected from such Series of Bonds as provided in the Supplemental Resolution under which Bonds of such Series were issued.

Section 4.03 Notice of Redemption. In the event Bonds of any Series are called for redemption, the City, or through its agent, shall give notice, at the times and in the manner specified by Supplemental Resolution, to the Bondholders of the Bonds of a Series to be redeemed, of the redemption of Bonds of such Series, which notice shall (i) specify the Bonds of a Series to be redeemed, the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of a Series are to be redeemed, the numbers of the Bonds, and the portions of Bonds, to be redeemed, (ii) state any condition to such redemption and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds of a Series to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption. Notice may provide for purchase in lieu of redemption or conditional redemption as provided by



a Supplemental Resolution. Notwithstanding the foregoing, Supplemental Resolutions may provide for redemption of Bonds of a Series, under certain circumstances, without notice or with notice which differs from that set forth in this section.

Section 4.04 Effect of Redemption Call. On the date so designated for redemption, notice, if required, having been given in the manner and under the conditions provided herein and in the Supplemental Resolution relating to the Bonds of any Series to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Resolution, the Bonds of such Series so called for redemption shall become and be due and payable on the redemption date, interest on the Bonds of such Series shall cease to accrue, the Bonds of such Series shall cease to be entitled to any lien, benefit or security under this General Resolution and the owners of the Bonds of such Series shall have no rights in respect thereof except to receive payment of the redemption price.

Bonds of any Series which have been duly called for redemption under the provisions of this Article IV and for the payment of the redemption price of which moneys shall be held in trust or irrevocably set aside for the Holders of the Bonds to be redeemed, all as provided in this General Resolution, shall not be deemed to be Outstanding under the provisions of this General Resolution.

## ARTICLE V

### REVENUES AND FUNDS

Section 5.01 Bonds Secured by Revenues. The Bonds of any Series authorized and issued under the provisions of this General Resolution are, as provided in Article II, secured by a first lien on and pledge of the Revenues. The Revenues shall be deposited and used as provided in this Article V.

Section 5.02 The SCM Fund; Creation of Funds. The City has heretofore created and currently maintains the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund and the Sewer Capital Fund (such funds and any other fund or funds into which the Revenues are deposited, the “SCM Fund”) and the City agrees that so long as any Bonds remain Outstanding it will continue to maintain such funds or another special fund or special funds into which all Revenues will be deposited and any and all of such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided herein with respect to the SCM Fund and the Revenues therein shall be subject to the pledge set forth herein to secure the Bonds.

In addition, the City agrees to establish and hold a Debt Service Fund which shall be designated as the “Wastewater System Revenue Bonds Debt Service Fund” (the “Debt Service Fund”) and held as security for and used to pay principal and interest on the Bonds as provided in Section 5.04.

For as long as any Bonds remain Outstanding, the City agrees that it will deposit all Revenues (except the earnings on the Debt Service Fund or any Reserve Fund for which special provision is made in Article VII hereof), as collected, into the SCM Fund. All Revenues in the

SCM Fund and all amounts held in or credited to the Debt Service Fund or any Reserve Fund shall be held by the City in trust and applied as provided in this Article V, and, pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this General Resolution as provided in Article II of this General Resolution.

With respect to any of the funds required to be established hereunder or under a Supplemental Resolution, the City may, to accommodate its internal accounting and management systems, create one or more funds, all of which collectively constitute the fund described herein, all of which collectively shall be subject to the lien created hereby upon such fund and all of which collectively shall serve the purposes described herein for such fund.

**Section 5.03 The SCM Fund.** All Revenues (except the earnings on the Debt Service Fund and any Reserve Fund for which special provision is made in Article VII hereof) shall be deposited as soon as practicable into the SCM Fund either directly or, with respect to those amounts which are collected by a collection agent, upon transfer to the SCM Fund. Revenues which have been received by a collection agent but not yet deposited into the SCM Fund, shall nevertheless be subject to the restrictions of this Section 5.03 as if they were then on deposit in the SCM Fund. Revenues in the SCM Fund shall be used on an ongoing basis to pay or provide for the expenses of the operation and maintenance of the System including, without limitation, refunds and the expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due. On or before the twenty-fifth day of each month, the City shall withdraw from the SCM Fund and deposit to the credit of the Debt Service Fund an amount equal to the Aggregate Accrued Interest and Aggregate Accrued Principal for the current calendar month less any Excess existing on the first day of such calendar month plus (i) any Deficiency existing on the first day of such calendar month and (ii) any amount of interest or principal on Bonds which has become due and has not been paid and for which there are insufficient funds in the Debt Service Fund or another available fund or account established for the purpose of paying any interest or principal on a Series of Bonds pursuant to a Supplemental Resolution.

Amounts in the SCM Fund may, from time to time, be used to pay Subordinate Bonds, capital expenses of the System and any other obligations issued on a subordinated basis pursuant to Section 6.06 hereof, or be used for any other lawful purpose related to the System, but only if all of the following conditions are met prior to any such withdrawal:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made into the Debt Service Fund as provided above or any Reserve Fund for a Series of Bonds for all prior months have been made in full and no Deficiency exists with respect to the Debt Service Fund or any Reserve Fund;
- (c) the amounts which are or will be required to be deposited into the Debt Service Fund and any Reserve Fund during the then current calendar month are deposited into such funds or such amounts are segregated within the SCM Fund to be used to make

such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and

(d) after any such withdrawal or segregation as provided in (c) above, there shall remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time without restriction imposed by this General Resolution and such amounts may be withdrawn without regard to the requirements of the preceding paragraph and may be pledged to secure other obligations, it being the intent of this General Resolution that the various funds described in this General Resolution and the balances required to be maintained in the SCM Fund be maintained from the Revenues as defined herein.

Section 5.04 The Debt Service Fund. Amounts in the Debt Service Fund shall be used to pay interest and principal on the Bonds as the same becomes due and payable. If, with respect to one or more Series of Bonds, the City has appointed a Paying Agent then on or before each interest payment date and on or before each principal payment date or redemption date on such Bonds the full amount due shall be withdrawn from the Debt Service Fund and paid to the Paying Agent. With respect to those Bonds for which no Paying Agent has been appointed, principal, interest and the redemption price shall be paid by the City from the Debt Service Fund. Amounts which are held in the Debt Service Fund for the payment of Bonds which are due and payable but which have not been presented for payment and amounts which are in the Debt Service Fund to pay the redemption price of Bonds which have been called for redemption, but which have not been presented for payment shall be so designated, segregated in such fund, held in trust for the Owners of such Bonds and be available only to make payments on such specific Bonds when presented. In addition to the direct payment of principal, interest and redemption price in the manner described above, if interest, principal, or redemption price on a Series of Bonds is paid by or through a form of credit enhancement provided for such Series of Bonds, amounts in the Debt Service Fund may, if so provided by Supplemental Resolution, be used to reimburse such amounts to the Insurer providing the credit support.

Section 5.05 Reserve Fund. The City may, by Supplemental Resolution, at the time of authorization of any Series of Bonds or at any time thereafter, provide for the creation of a Reserve Fund, as security for such series. The Supplemental Resolution shall provide for the size and manner of funding and replenishing of such Reserve Fund and shall establish such other terms with respect to such Reserve Fund as the City deems to be appropriate. The provisions for funding or replenishing any Reserve Fund shall not permit any deposit into the Reserve Fund to be made from the SCM Fund unless all payments of principal of and interest on all Bonds which have become due and payable have been paid in full or provision has been made for the payment thereof. Moneys held in a Reserve Fund shall be used for the purpose of paying principal and interest on Bonds of a Series in accordance with the Supplemental Resolution under which the Bonds of such Series are issued and the Reserve Fund created.

Section 5.06 The Construction Funds. Each Construction Fund shall be created under the terms of the Supplemental Resolution authorizing the related Series of Bonds. The

individual Construction Funds shall be funded with proceeds of the Series of Bonds for which the fund was created and with the earnings thereon. Moneys in the respective Construction Funds shall be used to pay Project Costs or other costs as provided in the Supplemental Resolutions creating such accounts.

Section 5.07 [Reserved.]

Section 5.08 Moneys Held in Trust; Unclaimed Moneys. All moneys which shall have been segregated within a Debt Service Fund or deposited with a Paying Agent for the purpose of paying any Bonds which have become due and payable, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such Bonds and such funds 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 Bonds, (iii) in repurchase agreements which are fully secured by Government Obligations, or (iv) other investments specified by Supplemental Resolution. Any moneys which shall be so segregated or deposited and which shall remain unclaimed by the Holders of such Bonds for a period of three years after the date on which such Bonds shall have become due and payable (or such longer period as shall be required by state law) shall be released from trust and deposited into the SCM Fund, and thereafter the holders of such Bonds shall look only to the SCM Fund for payment and the City shall be obligated to make such payment, but only to the extent of the original amounts due on such Bonds on the original due date or redemption date and without any interest thereon and the City shall be obligated to make payment only from Revenues.

Section 5.09 Additional Funds. The City may create additional funds under this General Resolution or any Supplemental Resolution for such purposes as the City deems appropriate, including separate funds available only for specified Bonds or Series of Bonds; however, the Revenues may be used to fund such funds only to the extent such amounts are not required to pay operation and maintenance expenses, or to make deposits into the Debt Service Fund, or any Reserve Fund as provided in Section 5.03.

Section 5.10 Additional Security. The Revenues secure all Bonds issued under the terms of this General Resolution on an equal and ratable basis. The City may, however, in its discretion, provide additional security or credit enhancement for specified Bonds or Series of Bonds with no obligation to provide such additional security or credit enhancement to other Bonds.

## ARTICLE VI

### COVENANTS OF THE CITY

Section 6.01 Payment of Principal and Interest. The City covenants and agrees that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner herein and in the Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Bonds contained and the City agrees that time is of the essence under this General Resolution; provided, however, that the City's obligation to make payment of the principal of, premium, if any, and interest on the Bonds shall be strictly limited

and the City shall only be obligated to make such payments from and to the extent of the Revenues and amounts in the SCM Fund and the Debt Service Fund, and, with respect to any individual Series of Bonds, from any Reserve Fund, and any other source which the City may specifically provide for the Bonds or any Series of Bonds and no Bondholder shall have any right to require payment from any other funds of the City. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to or will be available to pay the Bonds.

Section 6.02 Performance of Covenants by the City; Authority; Due Execution. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this General Resolution, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The City represents and warrants that it is duly authorized under the constitution and laws of the State and its Charter to issue the Bonds and pledge the Revenues thereto and that the City has not pledged such Revenues to secure any obligations with a lien that is on parity or senior to lien on Revenues that is created by this General Resolution.

Section 6.03 Rate Covenant.

(a) The City will, at all times while any of the Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that Revenues and other amounts deposited into or on deposit in the SCM Fund in each Fiscal Year will be at least sufficient to pay the following amounts:

(i) the interest on and principal of the outstanding Bonds as they become due and payable;

(ii) all other payments required for compliance with the terms of this General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits under Section 5.03 of this General Resolution and to the Debt Service Fund, and Reserve Funds, if any, created under Supplemental Resolutions; and

(iii) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues, such moneys to be clearly available for such purpose).

(b) The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges, and collect other moneys, in each case, in connection with the use of the System so that during each Fiscal Year the Net Revenues and other amounts deposited into or on deposit in the SCM Fund are equal to at least 125% of the scheduled debt service becoming due on Outstanding Bonds in such year provided that for such purposes, the principal amount of Bonds becoming due in such year which is paid from

the proceeds of other borrowings shall not be included as debt service becoming due in such year.

For the purpose of calculating scheduled debt service coming due on Outstanding Bonds, in determining the amount of interest coming due during any twelve-month period ending June 30 on any Series of Bonds that were issued as Direct Subsidy Bonds, such amount shall be reduced by an amount equal to the Refundable Credits the City is scheduled to receive during each such twelve-month period ending June 30 (and to avoid double counting, an equivalent amount shall be deducted from Revenues for the purpose of such calculation).

Section 6.04 Instruments of Further Assurance. The City covenants that it will, through its appropriate officers, employees and agents, do, adopt, execute, acknowledge and deliver, or cause to be done, adopted, executed, acknowledged and delivered, such Supplemental Resolutions and such further acts, instruments and transfers as may reasonably be necessary to establish or confirm to the Owners of the Bonds all of the rights and obligations of the City under and pursuant to this General Resolution.

Section 6.05 [Reserved].

Section 6.06 Restriction Upon Prior and Parity Obligations; Provision for Subordinated Obligations. The City covenants that it will not issue any other obligations, except upon the condition and in the manner provided in Sections 3.09 and 3.10, payable from the Revenues prior to or on a parity with the Bonds or secured by a prior or parity interest in the Revenues, and the City covenants that it will not voluntarily create or cause to be created any debt, lien, pledge assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Holders of the Bonds upon the Revenues, or any part thereof. This provision shall not be deemed to restrict the City's ability to incur obligations for ordinary and reasonable operation and maintenance expenses payable on an ongoing basis from the SCM Fund as provided in Section 5.03. Such obligations for operation and maintenance expenses shall not be secured by nor create a lien on the Revenues. The City may issue obligations on a subordinated basis including, without limitation, the Subordinate Bonds issued pursuant to the Subordinate Resolution, provided that any such subordinated obligations issued by the City and payable from the Revenues shall contain an express statement that such obligations are junior and subordinate to the Bonds issued under Article III of this General Resolution as to lien on and source and security for payment from the Revenues. Any such subordinated obligations may be paid on an ongoing basis from the Revenues so long as the conditions set forth in Section 5.03 are met.

Section 6.07 Operation and Maintenance of System. The City will maintain and preserve the System in good repair and working order at all times, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City will, from time to time, make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner, consistent with the protection of the Bondholders.

Section 6.08 [Reserved.]

Section 6.09 Books and Accounts; Financial Statements.

(a) The City will keep proper books of record and accounts of the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds, in which complete and correct entries shall be made of all transactions relating to such funds. Such books of record and accounts shall at all times during business hours be subject to the inspection of any Bondholder or a representative thereof who is authorized in writing, at reasonable hours and under reasonable conditions.

(b) The City will prepare annually within 270 days after the close of each Fiscal Year so long as any of the Bonds are Outstanding financial statements of the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds for the preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applied on a consistent basis from year to year which financial statements shall be examined by and include the certificate or opinion of an independent certified public accountant. The City will make the financial statements available for examination by any Bondholder and will furnish a copy of the financial statements to any Bondholder upon request. The City may charge a fee to cover the cost of copying.

(c) [Reserved.]

(d) The City will annually, prior to the beginning of each Fiscal Year, prepare and adopt a budget for the SCM Fund which budget shall include the budgeted receipts and expenditures of the SCM Fund and the rates and charges to be implemented to assure that the City is able to comply with its covenants as set forth in this General Resolution, and the City will annually prepare a five-year capital plan or capital budget setting forth in reasonable detail the expected amounts to be expended in each year for capital needs of the System and the purposes for which such expected amounts are to be expended.

Section 6.10 Ownership and Operation. The City will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System unless, after giving effect to such sale, transfer or disposition, the City reasonably expects that the System is able to generate sufficient Revenues to satisfy its obligations under Section 6.03 hereof.

Section 6.11 Insurance and Condemnation. The City agrees that it will, to the extent it determines that insurance or reserves covering risks to the System is appropriate for the System, insure or provide a self-insured reserve as protection against loss or damage to the System arising from fire, storm or other causes; provided that the City shall not be required to maintain insurance or reserve against loss or damage resulting from earthquakes if the City determines that the cost thereof is excessive.

If the City determines to obtain insurance to comply with the preceding paragraph, the City may, but shall not be required to, rely on the advice of an independent insurance consultant for purposes of determining the types and amounts of insurance to be maintained. Such insurance may be maintained through a pooled risk arrangement with other entities, through

commercial insurance, a captive insurance company or through other arrangements which the City determines to be appropriate, including a combination of commercial insurance and self-insurance in accordance with the City's self-insurance policy.

If the City determines to provide a self-insurance fund to comply with the first paragraph of this Section, the City shall establish and fund a separate self-insurance fund or together with other cities or political subdivisions establish a pooled self-insurance fund. The amount to be deposited into and maintained in the self-insurance fund shall be that amount determined by the City or by an independent insurance consultant retained by the City as necessary to adequately reserve against the risks to be covered. If such a self-insurance fund is established, the level of funding shall be reviewed annually and, on or before the last day of each Fiscal Year, the City shall determine the amount to be held in such fund for the next Fiscal Year and, if the amount in such fund is to be increased, the City shall include the amount of such increase in the budget for the SCM Fund.

Section 6.12 Resolution to Constitute a Contract. This General Resolution is adopted by the Council for the benefit of the Bondholders and constitutes a contract with the Bondholders.

## ARTICLE VII

### INVESTMENTS

Moneys held in the SCM Fund, the Debt Service Fund, Reserve Funds, if any, and the Construction Funds shall be invested and reinvested as determined by the City, in Permitted Investments subject to the restrictions set forth in this Article VII and the restrictions set forth in any Supplemental Resolution. Such investments may be made by commingling such amounts for investment purposes with other funds of the City, provided that the amount of each such fund and the earnings thereon are clearly accounted for. The maturities of investments in the Debt Service Fund shall not extend beyond the time when funds will be needed therefrom to make payment on the Bonds. Investments of moneys in any such fund shall be deemed at all times to be a part of such fund.

Earnings on the SCM Fund shall be credited to and deposited in the SCM Fund. Earnings on a Construction Fund when received shall be credited to and deposited in such Construction Fund. Earnings on a Debt Service Fund when received shall be credited to and deposited in such Debt Service Fund. Earnings on any Reserve Fund shall be credited and deposited as provided in the Supplemental Resolution creating such Reserve Fund.

## ARTICLE VIII

### DEFEASANCE

Bonds of any Series or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this General Resolution except for the purposes of payment from moneys or Government Obligations held by the City or a



Paying Agent for such purpose. When all Bonds which have been issued under this General Resolution have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the City, including all necessary and proper fees, compensation and expenses of any Registrar or Paying Agent, have been paid or are duly provided for, then the pledge of the Revenues granted hereby shall cease, terminate and become void, and this General Resolution shall cease to be a lien on such Revenues and shall be discharged, except that funds or securities which are held by the City or a Paying Agent for the payment of the principal of, premium, if any, and interest on the Bonds shall continue to be held in trust for such purpose.

A Bond shall be deemed to be paid within the meaning of this Article VIII and for all purposes of this General Resolution when (a) payment of the principal, interest and premium, if any, either (i) shall have been made in accordance with the terms of the Bonds and this General Resolution or (ii) shall have been provided for by irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest or payable to the City or its agent on demand in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of any Registrar and any Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or provision made for the payment thereof. At such times as Bonds shall be deemed to be paid hereunder, such Bonds shall no longer be secured by or entitled to the benefits of this General Resolution, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of any such Bonds unless the City has given notice or has agreed to give notice in accordance with Section 4.03, as soon as practicable, to the Owners of the Bonds with respect to which such deposit has been made that such deposit has been made and in such notice has included or will include the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Bonds and the City has given or has agreed to give proper and timely notice of the redemption of those Bonds which are to be redeemed in advance of their maturity.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default. Each of the following events shall constitute and is referred to in this General Resolution as an “Event of Default”:

- (a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;
- (b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure in a given Fiscal Year to achieve the level of debt service coverage required by Section 6.03(b); provided that such event shall not constitute an Event of Default hereunder if (i) the budget for such Fiscal Year and the rates and charges implemented in accordance with such budget were such that the required level of debt service coverage was projected to be achieved, and (ii) immediately upon discovery of the failure to achieve the required coverage the City commences such action as is reasonable to assure that required coverage is achieved in the succeeding year;

(d) a failure by the City to observe and perform any covenant, condition, agreement or provision (other than as specified in subsections (a), (b), (c) and (d) of this Section 9.01) contained in the Bonds or in this General Resolution on the part of the City to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the City by an Insurer on a Series of Bonds or by the Holders of 25% or more of the principal amount of the Bonds then Outstanding, unless such Insurer (if the Insurer has given the notice of such failure to comply with the terms hereof) or, if the notice has been given by the Holders, the Holders of Bonds in a principal amount not less than the principal amount of Bonds the Holders of which gave such notice, shall agree in writing to an extension of such period; provided, however, that the Insurer and the Holders shall be deemed to have agreed to an extension of such period if corrective action is initiated by the City within 60 days after receipt of such written notice and is being diligently pursued;

(e) a failure on the part of the City to collect the Revenues, or an attempt to divert the Revenues for any use prior to the deposit into the SCM Fund or creation of a lien on or a charge against the Revenues or the SCM Fund or Debt Service Fund, which lien or charge is prior to, or, except to the extent permitted by this General Resolution, on a parity with that granted to secure the Bonds;

(f) the occurrence of any other Event of Default as is provided in a Supplemental Resolution.

#### Section 9.02 Acceleration; Other Remedies.

(a) Upon the occurrence and continuance of an Event of Default described in Section 9.01, any Insurer or the Holders of 51% or more of the principal amount of the Bonds which are then Outstanding, may by written notice to the City, declare the Bonds to be immediately due and payable, whereupon the Bonds shall, without further action, become and be immediately due and payable, anything in this General Resolution or in the Bonds to the contrary notwithstanding; provided that, with respect to any Series of Bonds which is credit enhanced, no acceleration shall be effective unless the declaration is given by the Insurer or is consented to by the Insurer.

(b) The provisions of the preceding paragraph are subject to the condition that, if after the principal of the Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall cause to be paid all matured installments of interest

upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration (with interest upon such principal and, to the extent permissible by law, on overdue installments of interest, at the rate per annum specified in the Bonds) and all Events of Default hereunder other than nonpayment of the principal of Bonds which shall have become due by such declaration shall have been remedied, then the holders of a majority in principal amount of Bonds Outstanding may, if all Insurers consent in writing to such waiver, waive the Event of Default and rescind or annul the acceleration and its consequences. But no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Upon the occurrence and continuance of any Event of Default, the Holders of 51% or more of the principal amount of the Bonds then Outstanding or any Insurer shall have the right:

(i) by mandamus, or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and require the City to carry out any agreements with or for the benefit of the Bondholders and to perform its duties or agreements under this General Resolution or any Supplemental Resolution, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this General Resolution;

(ii) to bring suit upon the Bonds;

(iii) to commence an action or suit in equity to require the City to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

In the event of a conflict between the actions taken or proposed to be taken under this Section 9.02(c) by any Insurer and the Holders of the Bonds or between the Insurers on different Series of Bonds, the position taken by the entity or group of Bondholders representing the greatest principal amount of Bonds Outstanding shall prevail. For such purposes the Insurer of a Series of Bonds shall be deemed to represent the entire principal amount of Bonds for which such Insurer has provided credit enhancement.

(d) Any Holder of any Bonds issued under the terms of the Revenue Bond Law may compel the use of any or all of the remedies provided in the Revenue Bond Law.

**Section 9.03 Restoration to Former Position.** In the event that any proceeding taken to enforce any right under this General Resolution shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholders, then the City, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholders and the Insurers shall continue as though no such proceeding had been taken.

Section 9.04 No Impairment of Right to Enforce Payment. Notwithstanding any other provision in this General Resolution, the right of any Bondholder to receive payment of the principal of and interest on such Bond, on or after the respective due dates expressed therein and to the extent of the Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Bondholder.

Section 9.05 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bondholders or the Insurers is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 9.06 No Waiver of Remedies. No delay or omission of any Bondholder or Insurer to exercise any right or power accruing upon any default shall impair any such right or power or be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article IX to the Bondholders and the Insurers may be exercised from time to time and as often as may be deemed expedient.

Section 9.07 Application of Moneys. Any moneys received by any receiver or by any Bondholder or Insurer pursuant to any right given or action taken under the provisions of this Article IX, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the receiver, Bondholder or Insurer, shall be applied as follows:

(a) Unless the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds of such Series, with interest on overdue installments, if lawful, at the rate provided in the respective Bonds, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of the Bonds of such Series which has become due with interest on such unpaid principal amounts at the rates borne by the respective Bonds from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full all Bonds of such Series due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all the Bonds of such Series shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon all Bonds of such Series, with interest on overdue interest, if lawful, and principal, as aforesaid, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Series over any other Bond of such Series, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds of such Series shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of clause (b) of this Section 9.07 which shall be applicable in the event that the principal of all the Bonds of such Series shall later become due and payable, the moneys shall be applied in accordance with the provisions of clause (a) of this Section 9.07.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.07, such moneys shall be applied at such times, and from time to time, as the receiver, Bondholders or Insurer shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such applications in the future.

Section 9.08 Severability of Remedies. It is the purpose and intention of this Article IX to provide all rights and remedies to the Bondholders and Insurers that may be lawfully granted, but should any right or remedy herein granted be held to be unlawful, the Bondholders and Insurers shall be entitled, as above set forth, to every other right and remedy provided in this General Resolution and by applicable law.

Section 9.09 Additional Events of Default and Remedies. So long as any particular Series of Bonds is Outstanding, the Events of Default and remedies as set forth in this Article IX may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Resolution under which such Series of Bonds is issued and additional Events of Default and remedies, not necessarily limited to the time any Series of Bonds are Outstanding may likewise be added from time to time by Supplemental Resolution.

## ARTICLE X

### PAYING AGENT AND CO-PAYING AGENTS; REGISTRAR

Section 10.01 Paying Agent. The City may at any time or from time to time appoint a Paying Agent or Paying Agents for the Bonds or for any Series of Bonds and may from time to time remove a Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which each such Paying Agent will agree, particularly:

(a) to hold all sums delivered to it for the payment of the principal of, premium or interest on Bonds in trust for the benefit of the Bondholders until such sums shall be paid to such Bondholders or repaid to the City as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the City at all reasonable times; and

(c) upon the request of the City, to forthwith deliver to the City all sums so held in trust by such Paying Agent.

Section 10.02 Registrar. The City may appoint a Registrar for the Bonds or a Registrar for any Series of Bonds and may from time to time remove a Registrar. Each Registrar shall signify its acceptance of the duties imposed upon it hereunder or under a Supplemental Resolution by a written instrument of acceptance delivered to the City under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City and the Paying Agent at all reasonable times.

Section 10.03 Other Agents. The City may from time to time appoint other agents to perform duties and obligations under this General Resolution or under a Supplemental Resolution, which agents may include, but not be limited to, tender agents, remarketing agents, escrow agents, and authenticating agents and may remove such agents.

Section 10.04 Several Capacities. Anything in this Resolution to the contrary notwithstanding, the same entity may serve hereunder as the Paying Agent, Registrar and any other agent appointed to perform duties or obligations under this General Resolution, under a Supplemental Resolution or an escrow agreement or in any combination of such capacities or other capacities.

## ARTICLE XI

### SUPPLEMENTAL RESOLUTIONS

Section 11.01 Limitations. This General Resolution shall not be modified or amended except as provided in and in accordance with and subject to the provisions of this Article XI.

Section 11.02 Supplemental Resolutions Not Requiring Consent of Bondholders. The Council may, from time to time and at any time, without the consent of or notice to the Bondholders, adopt Supplemental Resolutions supplementing or amending, or both, this General Resolution or any Supplemental Resolution as follows:

- (a) to provide for the issuance of a Series or multiple Series of Bonds under the provisions of Section 3.09 of this General Resolution and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;
- (b) to cure any formal defect, omission, inconsistency or ambiguity in this General Resolution or any Supplemental Resolution;
- (c) to add to the covenants and agreements of the City in this General Resolution or to surrender any right or power reserved or conferred upon the City, and which shall not adversely affect the interests of the Bondholders;
- (d) to confirm, as further assurance, any interest in and to the Revenues or in and to the funds required to be established as provided herein or in and to any other moneys, securities or funds of the City provided pursuant to this General Resolution or to otherwise add additional security for the Bondholders;

(e) to evidence any change in the terms of any Series of Bonds if such changes are authorized by the Supplemental Resolution at the time the Series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Resolution;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended or any statutory provisions substituted therefor;

(g) to modify, alter, amend or supplement this General Resolution or any Supplemental Resolution in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify the Bonds or a Series of Bonds for a rating or ratings or an upgrade in a rating or ratings by Moody's, S&P or Fitch or any other nationally recognized rating agency then rating any Series of Bonds; and

(j) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the interest on the Bonds or a Series of Bonds from being included in gross income of the recipient for federal income taxation purposes.

Before the City shall, pursuant to this Section 11.02, adopt any Supplemental Resolution, there shall have been delivered to the City an opinion of Bond Counsel stating that such Supplemental Resolution is authorized or permitted by this General Resolution, complies with its terms, will, upon the adoption thereof, be valid and binding upon the City in accordance with its terms and that, with respect to Bonds the interest on which was, at the time of issuance thereof, determined to be excluded from gross income of the recipients thereof for federal income tax purposes, such Supplemental Resolution will not cause the interest on such Bonds to be included in the gross income of such recipients for federal income tax purposes and that, with respect to Bonds the interest on which was, at the time of issuance, determined to be exempt from California personal income taxation, such Supplemental Resolution will not cause the interest on such Bonds to become subject to such taxation.

### Section 11.03 Supplemental Resolutions Requiring Consent of Bondholders.

(a) Except for Supplemental Resolutions adopted pursuant to Section 11.02 and except for Supplemental Resolutions adopted pursuant to Section 11.03(b) below, the City shall not adopt any Supplemental Resolution unless all Insurers and the holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the adoption of such Supplemental Resolution. With such consents and approval, the City may, from time to time, adopt any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this General Resolution or in a Supplemental Resolution; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change or unless such change affects less than all Series of

Bonds and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 11.03(b) below, shall, unless approved in writing by the holders of all the Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this General Resolution as originally executed) upon or pledge of the Revenues created by this General Resolution, ranking prior to or on a parity with the claim created by this General Resolution, or (iv) except with respect to additional security which may be provided for a particular Series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of Bonds the consent of the Bondholders of which is required prior to the adoption of a Supplemental Resolution.

(b) The City may, from time to time and at any time adopt a Supplemental Resolution which amends the provisions of an earlier Supplemental Resolution under which a Series or multiple Series of Bonds were issued. If such Supplemental Resolution is adopted for one of the purposes set forth in Section 11.02, no notice to or consent of the Bondholders shall be required. If such Supplemental Resolution contains provisions which affect the rights and interests of less than all Series of Bonds Outstanding and Section 11.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 11.03, the holders of not less than 51% in aggregate principal amount of the Bonds of all Series which are directly affected by such changes and all Insurers of Bonds of such Series which are directly affected shall have the right from time to time to consent to and approve the adoption of any Supplemental Resolution deemed necessary or desirable by the City for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Resolution and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds which would be affected by such change, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon.

(c) If Bondholders of not less than the percentage of Bonds required by this Section 11.03 shall have consented to and approved the adoption thereof as herein provided, no Bondholders shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

Section 11.04 Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Article XI, this General Resolution or the Supplemental Resolution shall thereupon be modified and amended in accordance therewith



and shall be binding upon all Holders of Bonds issued under this General Resolution, and the respective rights, duties, and obligations under this General Resolution and the Supplemental Resolution of the City, and all Bondholders shall thereafter be determined, exercised and enforced under this General Resolution and the Supplemental Resolution, if applicable, subject in all respects to such modifications and amendments.

Section 11.05 Supplemental Resolutions to Be Part of This General Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this Article XI shall thereafter form a part of this General Resolution or the Supplemental Resolution which it supplements or amends, and all of the terms and conditions contained in any such Supplemental Resolution shall be part of the terms and conditions of this General Resolution or the Supplemental Resolution which it supplements or amends.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

Section 12.01 Parties in Interest. Except as herein otherwise specifically provided, nothing in this General Resolution expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the City, the Bondholders, the Insurers and any agents appointed as described herein any right, remedy or claim under or by reason of this General Resolution. This General Resolution is for the sole and exclusive benefit of the City, the Bondholders, the Insurers and any such agents.

Section 12.02 Severability. In case any one or more of the provisions of this General Resolution, any Supplemental Resolution or of any Bonds issued hereunder shall, for any reason, be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this General Resolution, Supplemental Resolution or of the Bonds, and this General Resolution, any such Supplemental Resolution and any Bonds issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

Section 12.03 No Personal Liability of City Officials. No covenant or agreement contained in the Bonds or in this General Resolution shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the City in his individual capacity, and neither the officers of the City nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.04 Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this General Resolution to be signed or executed by Bondholders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Bonds. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this General Resolution and shall be conclusive in favor of the City with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 3.04 hereof.

Nothing contained in this Section 12.04 shall be construed as limiting the City to such proof. The City may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of or assignment by any Bondholder shall bind every future Bondholder of the same Bonds or any Bonds issued in lieu thereof in respect of anything done by the City in pursuance of such request or consent.

Section 12.05 Governing Law. The laws of the State shall govern the construction and enforcement of this General Resolution and of all Bonds issued hereunder.

Section 12.06 Notices. Except as otherwise provided in this General Resolution, all notices, certificates, requests, requisitions or other communications by the City, any Paying Agent or Registrar, pursuant to this General Resolution, shall be in writing and shall be sufficiently given and shall be deemed given when given by Mail, addressed as follows: if the City, to the City of Los Angeles, c/o the City Administrative Officer, 200 North Main Street, Los Angeles, California 90012, Suite 1500; if to a Paying Agent or Registrar, to such address as is designated in writing by it to the City. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests, or other communications shall be sent hereunder. Any of the foregoing may also be sent by Electronic Means, receipt of which shall be confirmed.

Section 12.07 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this General Resolution, shall not be a Business Day, such payment may, unless otherwise provided in this General Resolution or, with respect to any Series of Bonds or portion of Series of Bonds, provided in the Supplemental Resolution under which such Bonds are issued, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this General Resolution, and no interest shall accrue for the period from such nominal date to the next Business Day.

Section 12.08 Validity of Bonds Not Affected by Acts of the City. The validity of the authorization and issuance of the Bonds by the City shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the City for the acquisition, construction or completion of any Project or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of any Project; or

(c) The failure to complete any Project or any portion thereof for which the Bonds are authorized to be issued.

Section 12.09 [Reserved].

Section 12.10 Effective Date. This Amended and Restated General Resolution shall take effect from and upon its adoption.

**Attachment E – Preliminary Official  
Statement for the 2025 Senior Bonds**

[DAC Logo]

NEW ISSUES – BOOK-ENTRY ONLY SYSTEM

RATINGS:

S&amp;P: “ ”

Fitch: “ ”

See “RATINGS” herein.

*In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the City described herein, interest on the Series 2025A Senior Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the Series 2025A Senior Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2025A Senior Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS” herein regarding certain other tax considerations.*



\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Revenue Bonds,**  
**Refunding Series 2025-A**

**Dated: Date of Delivery****Due: June 1, as shown on the inside cover**

The \$ \_\_\_\_\_\* City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A (the “Series 2025A Senior Bonds”) are being issued by the City of Los Angeles (the “City”) pursuant to the Charter of the City of Los Angeles and Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and 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”). The Series 2025A Senior Bonds are also issued pursuant to the Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on November 10, 1987, as amended and supplemented (the “Senior General Resolution”), including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8], 2025.

The proceeds of the Series 2025A Senior Bonds, together with certain other amounts from the City, will be used to (i) [refund through exercise of the extraordinary redemption provision all or a portion of the City’s outstanding Wastewater System Revenue Bonds, Series 2010-A (Taxable Build America Bonds) and Series 2010-B (Taxable Recovery Zone Economic Development Bonds) (collectively, the “Series 2010 Senior Bonds”), currently outstanding in the principal amounts of \$177,420,000 and \$89,600,000, respectively (such portion to be refunded, the “Refunded Series 2010 Senior Bonds”)]; (ii) refund on a current basis all or a portion of the City’s outstanding Wastewater System Revenue Bonds, Series 2015-A (Green Bonds), Wastewater System Revenue Bonds, Refunding Series 2015-B, Wastewater System Revenue Bonds, Series 2015-C (Green Bonds), and Wastewater System Revenue Bonds, Refunding Series 2015-D (collectively, the “Series 2015 Senior Bonds”), currently outstanding in the principal amounts of \$188,755,000, \$41,175,000, \$100,835,000, and \$71,720,000, respectively (such portion to be refunded, the “Refunded Series 2015 Senior Bonds”); (iii) [refund all or a portion of the City’s Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds” and, together with the Refunded Series 2010 Senior Bonds and the Refunded Series 2015 Senior Bonds, the “Refunded Senior Bonds”)]; and (iv) pay the costs of issuance in connection with the issuance of the Series 2025A Senior Bonds. See “PLAN OF FINANCE” herein.

**The Series 2025A Senior Bonds are special, limited obligations of the City payable from the Revenues and amounts on deposit in the Sewer Construction and Maintenance Fund, Debt Service Fund, Reserve Fund and Construction Funds as defined in the Senior General Resolution. The City is not obligated to make payments from any other source. The Series 2025A Senior Bonds are not payable from the General Fund of the City and are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of any amounts due on the Series 2025A Senior Bonds.**

Interest on the Series 2025A Senior Bonds will be payable on June 1 and December 1, commencing on December 1, 2025. The Series 2025A Senior Bonds will be issued as fully-registered bonds, will mature in the principal amounts in each year (subject to prior redemption), and will bear interest at the respective rates per annum as set forth on the inside cover of this Official Statement. The Series 2025A Senior Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Series 2025A Senior Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. So long as DTC or its nominee is the Owner of the Series 2025A Senior Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2025A Senior Bonds will be made as described in APPENDIX G — “BOOK-ENTRY ONLY SYSTEM” attached hereto.

**The Series 2025A Senior Bonds are subject to redemption prior to maturity, as described herein. See “REDEMPTION OF THE SERIES 2025A SENIOR BONDS” herein.**

**This cover page contains information for general reference only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.**

**Purchasers of the Series 2025A Senior Bonds will be deemed to have consented to certain amendments to the Senior General Resolution. See “FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION — Amendment of Senior General Resolution” herein.**

The Series 2025A Senior Bonds are offered when, as and if issued, subject to the approval of legality by Nixon Peabody LLP, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, and by Hydee Feldstein Soto, City Attorney, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP. It is anticipated that the Series 2025A Senior Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about \_\_\_\_\_, 2025.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**Jefferies**  
**Cabrera Capital Markets**

**Barclays**  
**Morgan Stanley**

**Jefferies**  
**Cabrera Capital Markets**

Dated: \_\_\_\_\_, 2025

## MATURITY SCHEDULES

\$ \_\_\_\_\_<sup>\*</sup>  
**CITY OF LOS ANGELES**  
**Wastewater System**  
**Revenue Bonds,**  
**Refunding Series 2025-A**

<i>Year</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP</i> <sup>†</sup> <i>(Base: 53945C)</i>
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\$ _____	_____ %	Term Bonds due June 1, 20 _____	Yield: _____ %	Price _____	CUSIP <sup>†</sup> No. _____
\$ _____	_____ %	Term Bonds due June 1, 20 _____	Yield: _____ %	Price _____	CUSIP <sup>†</sup> No. _____

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<sup>\*</sup> Preliminary, subject to change.

<sup>c</sup> Yield calculated to the optional redemption date of June 1, 20\_\_\_\_, at par.

<sup>†</sup> CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Municipal Advisors, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2025A Senior Bonds by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025A Senior Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been obtained by the City from sources that are believed to be reliable. The information in the section of this Official Statement captioned APPENDIX G —“BOOK-ENTRY ONLY SYSTEM” attached hereto has been furnished by The Depository Trust Company and no representation has been made by the City, the Municipal Advisors or the Underwriters as to the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date thereof. This Official Statement is submitted with respect to the sale of the Series 2025A Senior Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2025A SENIOR BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2025A SENIOR BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City has no plans to issue any updates or revisions to any forward-looking statements in this Official Statement, including statements regarding the City’s budgets, if or when its expectations, or events, conditions or circumstances on which such statements are based occur or change. No assurance is given that actual results will meet City forecasts in any way, regardless of the level of optimism communicated in the information

The CUSIP numbers herein are provided by FactSet Research Systems Inc., and are for convenience of reference only. The City, the Municipal Advisors and the Underwriters do not assume any responsibility for the accuracy of such CUSIP numbers.

This Official Statement, including any supplement or amendment hereto, is intended to be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access website. A wide variety of other information, including financial information, concerning the City, is available from publications and websites of the City, the County of Los Angeles and others. No such information is a part of or incorporated into this Official Statement, except as expressly noted herein.

The Series 2025A Senior Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The Series 2025A Senior Bonds have not been registered or qualified under the securities laws of any state.



## CITY OF LOS ANGELES

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### Mayor

Karen Bass

Eunisses Hernandez, *District 1*  
Adrin Nazarian, *District 2*  
Bob Blumenfield, *District 3*  
Nithya Raman, *District 4*  
Katy Yaroslavsky, *District 5*

Imelda Padilla, *District 6*  
Monica Rodriguez, *District 7*  
Marqueece Harris-Dawson, *District 8*  
Curren D. Price, Jr.<sup>1</sup>, *District 9*  
Heather Hutt, *District 10*

Traci Park, *District 11*  
John S. Lee, *District 12*  
Hugo Soto-Martinez, *District 13*  
Ysabel J. Jurado, *District 14*  
Tim McOsker, *District 15*

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### CITY OFFICIALS

Hydee Feldstein Soto, *City Attorney*  
Kenneth Mejia, *City Controller*  
Matthew W. Szabo, *City Administrative Officer*  
Petty Santos, *Interim City Clerk*  
Diana Mangioglu, *Director of Finance / City Treasurer*

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### BOARD OF PUBLIC WORKS

Vahid Khorsand, President

Jenny Chavez, Vice President  
Faith I. Mitchell, Commissioner

Steve S. Kang, Commissioner  
John Grant, President Pro Tempore

#### *Bureau of Engineering*

Ted Allen, P.E.,  
City Engineer

#### *Bureau of Sanitation*

Barbara Romero,  
Director

#### *Office of Accounting*

Miguel A. De La Peña,  
Director

#### *Bureau of Contract Administration*

John L. Reamer, Jr.  
Director (Inspector of  
Public Works)

---

### *City Department Issuing Debt*

City Administrative Officer of the City of Los Angeles  
Debt Management Group

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### PROFESSIONAL SERVICES

#### *Bond Counsel*

Nixon Peabody LLP  
Los Angeles, California

#### *Disclosure Counsel*

Stradling Yocca Carlson & Rauth LLP  
Newport Beach, California

#### *Paying Agent*

U.S. Bank Trust Company,  
National Association  
Los Angeles, California

#### *Municipal Advisor*

Public Resources Advisory Group, Inc.  
Los Angeles, California

#### *Municipal Advisor*

Omnicap Group LLC  
El Segundo, California

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<sup>1</sup> On June 13, 2023, the Los Angeles County District Attorney brought certain criminal charges against Councilmember Price, including charges of conflict of interest, perjury, and embezzlement of government funds. The matter remains under investigation by the District Attorney's Bureau of Investigation. The City cannot predict the outcome of this investigation.

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## OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*

**CITY OF LOS ANGELES**  
**Wastewater System**  
**Revenue Bonds,**  
**Refunding Series 2025-A**

### INTRODUCTION

*This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the City Charter and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolutions (defined herein).*

#### General

The \$ \_\_\_\_\_ \* City of Los Angeles Wastewater System Revenue Bonds, Series 2025-A (the “Series 2025A Senior Bonds”) are being issued by the City of Los Angeles (the “City”) pursuant to the Charter of the City of Los Angeles (the “City Charter”), and Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and 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”). The Series 2025A Senior Bonds are also issued pursuant to the Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on November 10, 1987, as amended and supplemented (the “Senior General Resolution”), including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “Thirty-First Supplemental Resolution”).

The proceeds of the Series 2025A Senior Bonds, together with certain other amounts from the City, will be used to (i) [refund through exercise of the extraordinary redemption provision all or a portion of the City’s outstanding Wastewater System Revenue Bonds, Series 2010-A (Taxable Build America Bonds) and Series 2010-B (Taxable Recovery Zone Economic Development Bonds) (collectively, the “Series 2010 Senior Bonds”), currently outstanding in the principal amounts of \$177,420,000 and \$89,600,000, respectively (such portion to be refunded, the “Refunded Series 2010 Senior Bonds”)]; (ii) refund on a current basis all or a portion of the City’s outstanding Wastewater System Revenue Bonds, Series 2015-A (Green Bonds), Wastewater System Revenue Bonds, Refunding Series 2015-B, Wastewater System Revenue Bonds, Series 2015-C (Green Bonds), and Wastewater System Revenue Bonds, Refunding Series 2015-D (collectively, the “Series 2015 Senior Bonds”), currently outstanding in the principal amounts of \$188,755,000, \$41,175,000, \$100,835,000, and \$71,720,000, respectively (such portion to be refunded, the “Refunded Series 2015 Senior Bonds”)]; (iii) [refund all or a portion of the City’s Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds”) and, together with the Refunded Series 2010 Senior Bonds and the Refunded Series 2015 Senior Bonds, the “Refunded Senior Bonds”)]; and (iv) pay the costs of issuance in connection with the issuance of the Series 2025A Senior Bonds. See “PLAN OF FINANCE” herein.

Under the Senior General Resolution, the City has previously issued multiple series of Senior Lien Bonds (the “Existing Senior Lien Bonds”). As of May 1, 2025, the City had \$869,190,000 aggregate principal

amount of Existing Senior Lien Bonds Outstanding. Under the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on March 26, 1991, as amended and supplemented (the “Subordinate General Resolution”), including as amended and supplemented by the Twenty-Ninth Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “Twenty-Ninth Supplemental Resolution”), the City has previously issued multiple series of Subordinate Bonds (the “Existing Subordinate Bonds”) that have a lien on Revenues (herein defined) subordinate to that of the Existing Senior Lien Bonds. As of [May 1, 2025], the City had [\$1,456,730,000] aggregate principal amount of Existing Subordinate Bonds Outstanding, excluding Wastewater System Commercial Paper Notes (defined herein).

[Under the Subordinate General Resolution, the City has also authorized a maximum of \$400 million aggregate principal amount of Subordinate Bonds in the form of Wastewater System Commercial Paper Notes (the “Wastewater System Commercial Paper Notes”). The Wastewater System Commercial Paper Notes are currently supported by letters of credit (the “Letters of Credit”) issued by Barclays Bank PLC and TD Bank, N.A. The maximum amount of Wastewater System Commercial Paper Notes that may be Outstanding at any particular time under the existing Letters of Credit for the Wastewater System Commercial Paper Notes is \$400 million. As of [March] 1, 2025, there was approximately [\$360] million in aggregate principal amount of Wastewater System Commercial Paper Notes Outstanding. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM — Outstanding Indebtedness.” Additional Senior Lien Bonds and Subordinate Bonds may be issued pursuant to the provisions of the Senior General Resolution and the Subordinate General Resolution, respectively, subject to satisfaction of the conditions precedent set forth therein. See “PLAN OF FINANCE” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS — Additional Senior Lien Bonds” and “—Subordinate Bonds” herein.]

## **The System**

The City owns and operates a wastewater system (“System”), which serves an approximately 600 square mile area with a population in excess of 4.5 million or approximately 45% of the population of Los Angeles County. The System has two distinct service areas: the Hyperion Service Area and Terminal Island Service Area (each as described herein). Total average daily flow during Fiscal Year 2023-24 was approximately 341 million gallons per day. In addition to serving most of the City, the System also provides wastewater conveyance, treatment and disposal services to 29 entities, including sanitation districts, cities, governmental entities and private businesses which adjoin the City. The System consists of more than 6,800 miles of mainline sewers, four water reclamation plants and various other facilities.

See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM” for information concerning the operations and finances of the System.

## **Security and Sources of Payment for the Series 2025A Senior Bonds**

The Series 2025A Senior Bonds are revenue bonds secured by and payable from certain limited revenues of the City received from the ownership and/or operation of the System. The Series 2025A Senior Bonds, the Existing Senior Bonds, and any other bonds issued in the future under the Senior General Resolution (collectively, the “Senior Bonds”) are secured by a pledge of and first lien on (i) Revenues (defined below); and (ii) all moneys and securities held in the Reserve Fund, the Debt Service Fund (except for amounts segregated for the payment of specific Senior Bonds that have become due and payable or that have been called for redemption, which amounts are held in trust for such specific Senior Bonds only), and the Construction Funds. “Revenues” consist of all revenues of the City’s Sewer Construction and Maintenance Fund (the “SCM Fund”) and revenues otherwise attributable to the System, including earnings received from investments in the SCM Fund, the Debt Service Fund, the Reserve Fund and the Emergency Fund, provided that Revenues shall not include any amount received from the levy or collection of taxes, amounts designated for capital costs received under contracts with contracting agencies, moneys received as grants, earnings on the Construction Funds or the

proceeds of borrowings or insurance. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS” herein.

Pursuant to the Senior General Resolution, Revenues in the SCM Fund are to be used on an ongoing basis to pay or provide for the ordinary and reasonable expenses of the operation and maintenance of the System including, without limitation, refunds and the reasonable expenses of management, repair and other expenses necessary to maintain and preserve the System in good repair and working order when such amounts become due in the ordinary course of business. On or before the twenty-fifth day of each month, the City is to transfer amounts from the SCM Fund to the Debt Service Fund, Reserve Fund, and Emergency Fund (all held under the Senior General Resolution for the Senior Bonds), amounts sufficient to make the deposits therein required under the Senior General Resolution.

***A portion of the proceeds of the Series 2025A Senior Bonds will be used to fund a deposit to the Reserve Fund for Senior Bonds. However, as described herein, the City intends to adopt an Amended and Restated Senior General Resolution shortly after the issuance of the Series 2025A Senior Bonds which will permit the City to eliminate the Reserve Fund for Senior Bonds, including the Series 2025A Senior Bonds. When making an investment decision prospective purchasers of the Series 2025A Bonds should assume that the Series 2025A Bonds will not be secured by any reserve fund shortly after issuance of the Series 2025A Bonds.***

See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS” herein.

### **Limited Obligations**

The Series 2025A Senior Bonds are special, limited obligations of the City payable from the Revenues and amounts on deposit in the SCM Fund, Debt Service Fund, Reserve Fund and Construction Funds as defined in the Senior General Resolution, on a parity with the Existing Senior Bonds and any Additional Senior Bonds issued in the future. The City is not obligated to make payments from any other source. The Series 2025A Senior Bonds are not payable from the General Fund of the City and are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of any amounts due on the Series 2025A Senior Bonds.

### **Los Angeles 2025 Wildfire Event**

Beginning on January 7, 2025, a severe fire fueled by windstorms originated in the Pacific Palisades neighborhood (the “Palisades Fire”) of Los Angeles County, which is part of the City. On January 7, 2025, the Mayor declared a local emergency throughout the City and the Governor of California proclaimed a State of Emergency with respect to the Palisades Fire. According to the California Department of Forestry and Fire Protection, almost 24,000 acres were burned in the Palisades Fire, with an estimate of more than 7,800 structures damaged or destroyed in the affected areas of Pacific Palisades, as well as the loss of several lives.

The Federal Emergency Management Agency (“FEMA”) approved Fire Management Assistance Grants to support areas impacted by the fires, and on January 8, 2025, then-President Biden approved a Major Disaster declaration for California. As a result of such declaration and subsequent federal action, [funding from FEMA is generally available under FEMA’s Public Assistance Program to recover 75% of eligible costs to restore facilities damaged as a result of natural disasters to their pre-disaster condition and 100% of the costs for emergency protective measures (emergency response activities) and debris removal in the public right of way for a 180-day period within the first 270 days of the incident]. While the City is still in the process of assessing the overall financial impact, the City’s initial estimate of damage submitted to FEMA indicated a total of \$358 million in estimated costs through January 10, 2025 related to the City’s emergency response, infrastructure/structural damages to City property and debris removal. As of March 11, 2025 the City’s updated estimate of the financial impact of is \$302 million, which includes \$240 million in damage or destruction to

structures and equipment and \$62 million related to City personnel costs during the field and Emergency Operations Center response. These estimates are preliminary and are expected to change as the damage assessment and recovery efforts continue.

The City's process for recovering from the Palisades Fire is at its earliest stages. The City continues to focus on debris removal and assessing the immediate financial impact of the Palisades Fire.

Multiple lawsuits have been filed against the City and the Department of Water and Power of the City ("LADWP"), a proprietary department of the City, by property owners whose properties were damaged in the Palisades Fire under the doctrine of inverse condemnation. The doctrine of inverse condemnation is a "takings clause" cause of action under the State constitution that entitles property owners to just compensation if their private property is damaged by a public use. California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency's infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. The plaintiffs are seeking compensation for damages including, but not limited to, lost or damaged property, lost income or wages, and attorney's fees, and in certain of the cases loss of use/marketability of property and emotional distress. The existing lawsuits do not contain a specific dollar amount of damages alleged [and the cases are not yet at a stage where it is possible to reasonably estimate the potential financial exposure to the City.]

The City intends to vigorously defend against these lawsuits, and any others that may be filed. The City is unable to assess at this time whether additional claims will be asserted by the plaintiffs, the likelihood of success of the plaintiffs' cases or any possible outcome. There can be no assurances that additional causes of action will not be asserted by the current plaintiffs, or additional litigation will not be brought by other plaintiffs whose properties were damaged in the Palisades Fire.

***January 2025 Wildfire Impacts on the System.*** The full impacts of the January 2025 windstorm and wildfire event to the System are not yet known; however, the City is aware of several sewer facilities that have been damaged, including sewer pumping stations within the fire areas. The City is currently in the process of repairing the damaged pumping stations and expects that a portion of the cost of such repair will be eligible for coverage under the City's insurance policy. In addition, fire-related debris may have entered the conveyance system that can cause damage to pump systems and settle in pipes, creating the potential for clogs and sanitary sewer overflows. The City is still assessing damage to the conveyance system and required repairs and clean-up. The City will seek reimbursement from FEMA and other emergency funding sources, but is not guaranteed to receive full funding. As of March 3, 2025, the City estimates that the System experienced less than \$10 million in damage and expects that a portion of such costs will be eligible for coverage under the City's insurance policy. These estimates are preliminary and are expected to change as the damage assessment and recovery efforts continue.

In addition, all four water reclamation plants operated by the Bureau of Sanitation experienced power outages resulting from this event, which required use of back-up power and in some cases temporarily impacted operations. All four water reclamation plants resumed normal operations by January 9, 2025.

While assessment of the full financial impact resulting from the January 2025 windstorm and fire event is ongoing, the City has preliminarily estimated that impacted Pacific Palisades residential customers constitute less than 2% of the System's total sewer customers. Further, the City estimates that the System's total lost revenues for the next three years resulting from the Palisades Fire is less than \$20 million.

See the caption "RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*."

## **Forward-Looking Statements**

Certain statements included or incorporated by reference in the Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “projected” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the City believes that such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, do not occur, or change.

## **Miscellaneous**

Copies of the Resolutions and additional information may be obtained upon request from the Office of the City Administrative Officer by email to [cao.debt@lacity.org](mailto:cao.debt@lacity.org). Certain capitalized terms used herein have the meanings ascribed to such terms in APPENDIX C — “GLOSSARY OF DEFINED TERMS” attached hereto and in APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM” attached hereto.

## **FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION**

### **Amendment of Senior General Resolution**

The City is planning to amend and restate the Senior General Resolution to include several material amendments. Set forth in APPENDIX J — “PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION” (the “Amended and Restated Senior General Resolution”) is a marked copy of the Amended and Restated Senior General Resolution which shows the amendments and modifications that the City intends to make to the Senior General Resolution.

The Amended and Restated Senior General Resolution will effectuate several significant amendments to the Senior General Resolution, including:

- Elimination of the Reserve Fund and the Emergency Fund with respect to both existing and future Senior Lien Bonds;
- Amend Section [3.09] of the Senior General Resolution to provide that Average Annual Debt Service will be used to calculate the test for the issuance of additional Senior Lien Bonds (as compared to Maximum Annual Debt Service, which is currently set forth in the Senior General Resolution); and
- Amend Section 6.03 of the Senior General Resolution to permit the City to use any monies in the SCM Fund to satisfy the rate covenant and to make other modifications. In addition, the Amended and Restated Senior General Resolution will also delete a requirement for independent auditors to deliver a compliance report with respect to Section 6.03(b) of the Senior General Resolution because the amendment will allow the use of available monies in the SCM Fund which will introduce financial terms that are not defined by generally accepted accounting principles.

There are other amendments to the Senior General Resolution contained within the Amended and Restated Senior General Resolution, which investors may consider to be significant. As such, investors are encouraged to read the entire Amended and Restated Senior General Resolution.



See APPENDIX J — “PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION.”

Under the Senior General Resolution, the Amended and Restated Senior General Resolution will not become effective until Bondholders owning 51% or more of the then-outstanding Senior Bonds have consented to such proposed amendments and the other requirements of the Senior General Resolution have been satisfied. The City is planning to effectuate these consents through a “springing consent” process, which means that the City will require the holders of each new Series of Senior Bonds that it issues, to be deemed to have consented to the Amended and Restated Senior General Resolution until the requisite consents have been obtained. After giving effect to the issuance of the Series 2025A Senior Bonds in 2025, the City expects that it would have acquired sufficient consents to adopt the Amended and Restated Senior General Resolution. The Amended and Restated Senior General Resolution will not become effective until the City Council takes action to adopt it, which the City currently expects will occur in the [third] quarter of 2025, concurrently with the adoption by the City Council of the Amended and Restated Subordinate General Resolution described below.

***By the purchase and acceptance of the Series 2025A Senior Bonds, the Bondholders and Beneficial Owners of the Series 2025A Senior Bonds will be deemed to have consented to the proposed amendments to the Senior General Resolution set forth in the Amended and Restated Senior General Resolution as described in APPENDIX J — “PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION.” After delivery of the Series 2025A Senior Bonds, the City will not be requesting separate written consent from the purchasers of the Series 2025A Senior Bonds for the Amended and Restated Senior General Resolution before adoption of the Amended and Restated Senior General Resolution.***

#### **Amendment and Restatement of Subordinate General Resolution**

The City also plans to amend and restate the Subordinate General Resolution to include several material amendments. Set forth in APPENDIX I — “PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION” (the “Amended and Restated Subordinate General Resolution”) is a marked copy of the Amended and Restated Subordinate General Resolution which shows the amendments and modifications that the City intends to make to the Subordinate General Resolution.

The City has previously acquired sufficient consents to adopt the Amended and Restated Subordinate General Resolution. The Amended and Restated Subordinate General Resolution will not become effective until the City Council takes action to adopt it, which the City currently expects will occur in the [third] quarter of 2025, concurrently with the adoption by the City Council of the Amended and Restated Senior General Resolution described above.

#### **PLAN OF FINANCE**

The proceeds of the Series 2025A Senior Bonds, together with certain other amounts from the City, will be used to (i) [refund through exercise of the extraordinary redemption provision all or a portion of the City’s outstanding Wastewater System Revenue Bonds, Series 2010-A (Taxable Build America Bonds) and Series 2010-B (Taxable Recovery Zone Economic Development Bonds) (collectively, the “Series 2010 Senior Bonds”), currently outstanding in the principal amounts of \$177,420,000 and \$89,600,000, respectively (such portion to be refunded, the “Refunded Series 2010 Senior Bonds”)]; (ii) refund on a current basis all or a portion of the City’s outstanding Wastewater System Revenue Bonds, Series 2015-A (Green Bonds), Wastewater System Revenue Bonds, Refunding Series 2015-B, Wastewater System Revenue Bonds, Series 2015-C (Green Bonds), and Wastewater System Revenue Bonds, Refunding Series 2015-D (collectively, the “Series 2015 Senior Bonds”), currently outstanding in the principal amounts of \$188,755,000, \$41,175,000, \$100,835,000, and \$71,720,000, respectively (such portion to be refunded, the “Refunded Series 2015 Senior Bonds”); (iii) [refund all or a portion of the City’s Wastewater System Subordinate Revenue Bonds, Refunding Series 2017-C (Taxable) (Green Bonds) (the “Series 2017-C Subordinate Bonds”), currently outstanding in the principal amount of \$94,805,000 (such portion to be refunded, the “Refunded Series 2017-C Subordinate Bonds” and, together with the Refunded Series 2010 Senior Bonds and the Refunded Series 2015 Senior Bonds, the

“Refunded Senior Bonds”)]; and (iv) pay the costs of issuance in connection with the issuance of the Series 2025A Senior Bonds.

The particular bonds to be refunded will be determined by the City at the time of sale of the Series 2025A Senior Bonds, based on market conditions and other factors considered by the City.

### **Refunding of Refunded Senior Bonds**

***[Refunded Series 2010 Senior Bonds.*** A portion of the proceeds of the Series 2025A Senior Bonds, together with other available funds, will be deposited in an escrow fund (the “2010 Bonds Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Series 2010 Senior Bonds (the “Escrow Agent”) under an escrow agreement for the Refunded Series 2010 Senior Bonds (the “2010 Bonds Escrow Agreement”).

A portion of the amounts deposited in the 2010 Bonds Escrow Fund will be invested in certain investments permitted by the terms of the Trust Agreement (the “Government Obligations”). The principal of and interest on the Government Obligations, together with uninvested amounts held in the 2010 Bonds Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Senior Bonds and the Refunded Series 2010 Senior Bonds until their respective redemption dates, as set forth in the tables below (each, a “Redemption Date”) and to redeem the Refunded Senior Bonds and the Refunded Series 2010 Senior Bonds on their respective Redemption Dates.

The Refunded Series 2010 Senior Bonds are being redeemed pursuant to the extraordinary optional redemption provisions of the Twenty-Fifth Supplemental Resolution, adopted by the City Council on October 1, 2010 (the “Twenty-Fifth Supplemental Resolution”), pursuant to which the Refunded Series 2010 Senior Bonds were issued. The Twenty-Fifth Supplemental Resolution provides that the Refunded Series 2010 Senior Bonds are subject to optional redemption by the Authority prior to their stated maturity dates, as a whole or in part (and if in part, pro rata among maturities), upon the occurrence of an Extraordinary Event at the Extraordinary Optional Redemption Price.

Pursuant to the Twenty-Fifth Supplemental Resolution, an “Extraordinary Event” will have occurred if the City determines that a material adverse change has occurred to sections 54AA or 6431 of the Code or the publication of any procedures, rules or guidance by the Internal Revenue Service or the Treasury Department with respect to such Sections or any other determination by the Internal Revenue Service or the Treasury Department, which determination is not the result of any act or omission by the City to satisfy the requirements for the City to qualify to receive a direct cash subsidy payment from the Treasury Department equal to 35% of the interest payable by the City on the Series 2010-A Senior Lien Bonds and 45% of the interest payable by the City on the Refunded Series 2010 Senior Bonds as of each Interest Payment Date, pursuant to which such direct cash subsidy payment is reduced, deferred or eliminated.

As used herein, “Extraordinary Optional Redemption Price” means the greatest of (i) 100% of the principal amount of the Refunded Series 2010 Senior Bonds to be redeemed; (ii) the initial offering price of the Series 2010 Senior Lien Bonds; or (iii) the sum of the present values of the remaining scheduled payments of principal of and interest on the Refunded Series 2010 Senior Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Refunded Series 2010 Senior Bonds are to be redeemed, discounted to the date on which the Refunded Series 2010 Senior Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Comparable Treasury Yield (as defined in the Twenty-Fifth Supplemental Resolution), plus 100 basis points; plus, in each case, accrued interest on the Series 2010 Senior Lien Bonds to be redeemed to the redemption date.

The City has designated \_\_\_\_\_ as Designated Investment Banker to provide the calculations of the Extraordinary Optional Redemption Price pursuant to the Twenty-Fifth Supplemental Resolution. \_\_\_\_\_ will not be compensated for serving in such capacity.

The extraordinary optional redemption provisions for the Refunded Series 2010 Senior Bonds are described in the Official Statement for the Refunded Series 2010 Senior Bonds, which can be found at the following link: <https://emma.msrb.org/EP461931-EP360846-EP757845.pdf>. Such link is provided for reference and convenience only. The Official Statement for the Refunded Series 2010 Senior Bonds is not incorporated by reference herein and does not constitute part of this Official Statement.

With respect to the Refunded Series 2010 Senior Bonds, the City has determined (as provided pursuant to the Twenty-Fifth Supplemental Resolution) that an “Extraordinary Event” has occurred, pursuant to which the subsidy provided under the Code for the Refunded Series 2010 Senior Bonds has been reduced, and the extraordinary optional redemption provisions relating to the Refunded Series 2010 Senior Bonds are therefore applicable.]

***Refunded Series 2015 Senior Bonds.*** A portion of the proceeds of the Series 2025A Senior Bonds, together with other available funds, will be deposited in an escrow fund (the “2015 Bonds Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Series 2015 Senior Bonds (the “Escrow Agent”) under an escrow agreement for the Refunded Series 2015 Senior Bonds (the “2015 Bonds Escrow Agreement”). A portion of the amounts deposited in the 2015 Bonds Escrow Fund will be invested in certain investments permitted by the terms of the Trust Agreement (the “Government Obligations”). The principal of and interest on the Government Obligations, together with uninvested amounts held in the 2015 Bonds Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Senior Bonds and the Refunded Series 2015 Senior Bonds until their respective Redemption Dates, as set forth in the applicable table below, and to redeem the Refunded Senior Bonds and the Refunded Series 2015 Senior Bonds on their respective Redemption Dates, at redemption prices equal to 100% of the outstanding principal amount thereof plus all accrued but unpaid interest on the Refunded Series 2015 Senior Bonds.

***[Refunded Series 2017-C Subordinate Bonds.*** A portion of the proceeds of the Series 2025A Senior Bonds, together with other available funds, will be deposited in an escrow fund (the “2017-C Bonds Escrow Fund”) held by U.S. Bank Trust Company, National Association, as escrow agent for the Refunded Series 2017-C Subordinate Bonds (the “Escrow Agent”) under an escrow agreement for the Refunded Series 2017-C Subordinate Bonds (the “2017-C Bonds Escrow Agreement”).

A portion of the amounts deposited in the 2017-C Bonds Escrow Fund will be invested in certain Government Obligations. The principal of and interest on the Government Obligations, together with uninvested amounts held in the 2017-C Bonds Escrow Fund, will be sufficient to pay the principal of and interest on the Refunded Series 2017-C Subordinate Bonds until their Redemption Date, as set forth in the applicable table below, and to redeem the Refunded Series 2017-C Subordinate Bonds on their Redemption Date set forth in the applicable table below.

The Refunded Series 2017-C Subordinate Bonds are being redeemed pursuant to the make-whole optional redemption provisions of the Twenty-First Supplemental Resolution, adopted by the City Council on April 7, 2017 (the “Twenty-First Supplemental Resolution”), pursuant to which the Refunded Series 2017-C Subordinate Bonds were issued. The Twenty-First Supplemental Resolution provides that the Refunded Series 2017-C Subordinate Bonds are subject to optional redemption by the Authority prior to their stated maturity dates, as a whole or in part, at the option of the City, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Discounted Value (defined in the Twenty-First Supplemental Resolution) thereof, plus in either case, accrued interest thereon to the date of redemption. The Refunded Series 2017-C Subordinate Bonds may be redeemed in any order of maturity and in any principal amount within a maturity as selected by the City in its sole discretion. All such calculations and determinations are expected (but not required) to be made by a financial advisor or other agent selected by the City for such purposes (the “Calculation Agent”).

The City has designated \_\_\_\_\_ as Calculation Agent to provide the calculations of the Make-Whole Redemption Price pursuant to the Twenty-First Supplemental Resolution. \_\_\_\_\_ will not be compensated for serving in such capacity.

The make-whole optional redemption provisions for the Refunded Series 2017-C Subordinate Bonds are described in the Official Statement for the Refunded Series 2017-C Subordinate Bonds, which can be found at the following link: <https://emma.msrb.org/EP996982-EP772996-EP1174766.pdf>. Such link is provided for reference and convenience only. The Official Statement for the Refunded Series 2017-C Subordinate Bonds is not incorporated by reference herein and does not constitute part of this Official Statement.]

For information on mathematical verification of the sufficiency of the principal of and interest on the Government Obligations and the funds held by the Escrow Agent to make such payments, see “VERIFICATION OF MATHEMATICAL COMPUTATIONS.” Upon such deposits with the Escrow Agent, the Refunded Bonds will be defeased, and the owners of the Refunded Bonds will no longer be entitled to the benefits of the Senior General Resolution or the Subordinate General Resolution, as applicable.

Certain information relating to the Refunded Senior Bonds being considered for redemption is set forth below.

**[CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
SERIES 2010-A (TAXABLE BUILD AMERICA BONDS)]**  
**Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2039	\$ 177,420,000	5.713%	(1)	5446526E5

(1) Extraordinary redemption price to be calculated in accordance with the Twenty-Fifth Supplemental Resolution adopted by the City Council on October 1, 2010.

**[CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
SERIES 2010-B (TAXABLE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)]**  
**Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2040	\$ 89,600,000	5.813 %	(1)	5446526F2

(1) Extraordinary redemption price to be calculated in accordance with the Twenty-Fifth Supplemental Resolution adopted by the City Council on October 1, 2010.

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**CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
SERIES 2015-A (GREEN BONDS)  
Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2027	\$ 11,875,000	5.000%	100%	53945CCF5
2028	18,470,000	5.000	100	53945CCG3
2029	8,275,000	5.000	100	53945CCH1
2030	8,650,000	5.000	100	53945CCJ7
2031	9,050,000	5.000	100	53945CCK4
2032	9,570,000	5.000	100	53945CCL2
2033	9,980,000	5.000	100	53945CCM0
2034	10,485,000	5.000	100	53945CCN8
2035	11,010,000	5.000	100	53945CCP3
2044	44,580,000	5.000	100	53945CCR9
2045	46,810,000	4.000	100	53945CCQ1

**CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
REFUNDING SERIES 2015-B  
Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2029	\$ 1,725,000	5.000%	100%	53945CCS7
2030	1,815,000	5.000	100	53945CCT5
2031	1,910,000	5.000	100	53945CCU2
2032	2,000,000	5.000	100	53945CCV0
2033	10,700,000	5.000	100	53945CCW8
2034	11,230,000	5.000	100	53945CCX6
2035	11,795,000	5.000	100	53945CCY4

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**CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
SERIES 2015-C (GREEN BONDS)  
Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2028	\$ 3,965,000	5.000%	100%	53945CCZ1
2029	4,160,000	5.000	100	53945CDA5
2030	4,370,000	5.000	100	53945CDB3
2031	4,590,000	5.000	100	53945CDC1
2032	4,815,000	5.000	100	53945CDD9
2033	5,060,000	5.000	100	53945CDE7
2034	5,310,000	5.000	100	53945CDF4
2035	5,575,000	5.000	100	53945CDG2
2045	62,990,000	5.000	100	53945CDH0

**CITY OF LOS ANGELES WASTEWATER SYSTEM REVENUE BONDS,  
REFUNDING SERIES 2015-D  
Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2026	\$ 5,555,000	5.000%	100%	53945CDP2
2027	5,780,000	5.000	100	53945CDQ0
2028	6,130,000	5.000	100	53945CDR8
2029	595,000	5.000	100	53945CDS6
2030	6,760,000	5.000	100	53945CDT4
2031	7,095,000	5.000	100	53945CDU1
2032	7,455,000	5.000	100	53945CDV9
2033	7,825,000	5.000	100	53945CDW7
2034	8,220,000	5.000	100	53945CDX5

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**[CITY OF LOS ANGELES WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS, SERIES  
REFUNDING 2017-C (TAXABLE) (GREEN BONDS)]**

**Redemption Date: \_\_\_\_\_**

Maturity Date (June 1)	Principal Amount	Interest Rate	Redemption Price	CUSIP <sup>†</sup> Number
2025	\$ 4,915,000	3.044%	(1)	53945CHB9
2026	5,060,000	3.144	(1)	53945CHC7
2027	5,220,000	3.244	(1)	53945CHD5
2028	5,390,000	3.394	(1)	53945CHE3
2029	5,575,000	3.494	(1)	53945CHF0
2030	5,765,000	3.594	(1)	53945CHG8
2031	5,970,000	3.644	(1)	53945CHH6
2032	6,185,000	3.694	(1)	53945CHJ2
2039	50,725,000	4.029	(1)	53945CHK9

<sup>(1)</sup> Make whole redemption price to be calculated in accordance with the Twenty-First Supplemental Resolution adopted by the City Council on April 7, 2017.

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## ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2025A Senior Bonds, together with certain other amounts, are expected to be applied as set forth below:

### *Series 2025A Senior Bonds*

#### **Estimated Sources of Funds**

Principal Amount  
Plus Net Original Premium  
Plus Release from:  
Debt Service Reserve Fund  
Debt Service Funds

#### **Total**

#### **Estimated Uses of Funds**

Deposit into Wastewater System CP Program  
Account  
[Deposit into 2010 Bonds Escrow Fund]  
Deposit into 2015 Bonds Escrow Fund  
[Deposit into 2017-C Bonds Escrow Fund]  
Costs of Issuance<sup>(1)</sup>

#### **Total**

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<sup>(1)</sup> Includes underwriters' discount, municipal advisors' fees and expenses, rating agency fees, issuing and paying agent fees and expenses, verification agent fees, bond counsel fees and expenses, disclosure counsel fees and expenses, printing costs and other miscellaneous expenses.

## DESCRIPTION OF THE SERIES 2025 SENIOR BONDS

The Series 2025A Senior Bonds will be dated and will bear interest from their date of delivery. Interest on the Series 2025A Senior Bonds will be payable semi-annually on June 1 and December 1, commencing on [December] 1, 2025. Interest will be calculated on the basis of a year of 360 days and twelve 30-day months. The Series 2025A Senior Bonds will be issuable as fully-registered bonds, will mature in the principal amounts in each year (subject to prior redemption — See “REDEMPTION OF THE SERIES 2025A SENIOR BONDS” herein), and will bear interest at the respective rates per annum as set forth on the inside cover of this Official Statement.

The Series 2025A Senior Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2025A Senior Bonds. Ownership interests in the Series 2025A Senior Bonds may be purchased in book-entry form only. So long as DTC or its nominee is the Owner of the Series 2025A Senior Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2025A Senior Bonds will be made as described in APPENDIX G — “BOOK-ENTRY ONLY SYSTEM” attached hereto.

## REDEMPTION OF THE SERIES 2025A SENIOR BONDS\*

### **Optional Redemption**

Optional Redemption of the Series 2025A Senior Bonds. The Series 2025A Senior Bonds are subject to redemption, as a whole or in part as designated by the City, or, absent such designation, *pro rata* among maturities and by lot within any one maturity if less than all of the Series 2025A Senior Bonds of such maturity

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\* *Preliminary, subject to change.*

are to be redeemed, prior to their respective maturity dates, at the option of the City, on any date on or after June 1, 20\_\_, at a redemption price equal to the principal amount of the Series 2025A Senior Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

### **Mandatory Sinking Fund Redemption**

Mandatory Sinking Fund Redemption of the Series 2025A Senior Bonds. The Series 2025A Senior Bonds with a stated maturity date of June 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, commencing on June 1, 20\_\_, and on each June 1 thereafter until maturity, in accordance with the terms of the following mandatory sinking fund redemption schedule (subject to adjustment in the event of an optional redemption of the Series 2025A Senior Bonds, as provided in the Thirty-First Supplemental Resolution):

#### **Term Bonds Maturing June 1, 20\_\_**

<i>Redemption Date (June 1)</i>	<i>Principal Amount</i>
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### **Selection of Series 2025A Senior Bonds for Redemption**

[[The Series 2025A Senior Bonds that are subject to optional redemption will be selected among such maturities as the City may designate, or, absent such designation, shall be redeemed *pro rata* among maturities. In the event of an optional redemption of less than the full amount of a maturity of the Series 2025A Senior Bonds, such Series 2025A Senior Bonds shall be redeemed by lot within any one maturity in a manner the City shall deem appropriate.]]

### **Notice of Redemption of Series 2025A Senior Bonds**

At least 20 days and no more than 60 days before each date of redemption, the City will give notice by Mail or other electronic means of communication to each registered owner of a Series 2025A Senior Bond to be redeemed at the owner's registered address. So long as DTC is the registered owner of Series 2025A Senior Bonds to be redeemed, notice of redemption shall be sent to DTC. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2025A Senior Bond in respect of which no failure occurs.

The notice of redemption will (i) specify the Series 2025A Senior Bonds to be redeemed, the redemption date, the redemption prices and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2025A Senior Bonds of a Series are to be redeemed, the numbers of the Series 2025A Senior Bonds, and the portions of Series 2025A Senior Bonds, to be redeemed; (ii) state any condition to such redemption; and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Series 2025A Senior Bonds to be redeemed shall cease to bear interest. Such notice of redemption will further contain the following information: (i) the CUSIP numbers of all Series 2025A Senior Bonds or portions thereof being redeemed; (ii) the date of original issuance of the Series 2025A Senior Bonds; (iii) the rate of interest borne by the Series 2025A Senior Bonds being redeemed; (iv) the maturity date of the Series 2025A Senior Bonds 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 2025A Senior Bonds or portions thereof being redeemed.

Any notice of redemption may be conditional, other than notice of redemption from mandatory sinking fund payments, 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, and to the same persons, as notice of such redemption was given. Any optional redemption of the Series 2025A Senior Bonds and notice thereof will 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 2025A Senior Bonds called for redemption.

### **Effect of Redemption of Series 2025A Senior Bonds**

On the date designated for redemption, notice having been given in the manner and under the conditions provided in the Senior General Resolution and moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2025A Senior Bonds called for redemption shall become due and payable, interest on such Series 2025A Senior Bonds shall cease to accrue, such Series 2025A Senior Bonds shall cease to be entitled to any lien, benefit or security under the Senior General Resolution and the owners of such Series 2025A Senior Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

## **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS**

### **SCM Fund**

The SCM Fund has been operated as a special fund of the City since it was created by an ordinance adopted by the City Council in 1970, and is held by the City Treasurer. For the City's internal purposes, the City has also created a Sewer Operation and Maintenance Fund and a Sewer Capital Fund into which amounts from the Sewer Construction and Maintenance Fund are transferred, and the City may create other funds into which Revenues are deposited or held. All of such funds are collectively referred to as the "SCM Fund," and amounts in all of such funds will be held and used as the SCM Fund.

All monies received from sewer fees (less billing and collection fees paid to LADWP) are deposited in the SCM Fund and may only be expended for sewerage-related purposes. All expenditures related to the construction, operation, maintenance and repair of the System are accounted for in the SCM Fund. Audited financial statements of the SCM Fund for the Fiscal Years ended June 30, 2024 and 2023 are attached as APPENDIX E hereto.

### **Pledge of Revenues**

Under the terms of the Senior General Resolution, the City has heretofore pledged the Revenues to secure the payment of the Outstanding Senior Bonds. The City also has pledged to the payment of the Senior Bonds all moneys and securities held in the Reserve Fund, the Debt Service Fund (except for amounts segregated for the payment of specific Senior Bonds that have become due and payable or that have been called for redemption, which amounts are held in trust for such specific Senior Bonds only) and the Construction Funds as well as all Revenues held in the SCM Fund. Such pledge is for the equal and proportionate benefit and security of all Senior Bonds regardless of the time or times of their issuance or maturity, and all Senior Bonds shall be of equal rank without priority as to any Senior Lien Bond over any other Senior Lien Bond. Notwithstanding the foregoing, the Senior General Resolution permits the issuance of obligations secured by the Revenues on a subordinated basis.

"**Revenues**" means all revenues of the SCM Fund and revenues otherwise attributable to the System, including, but not limited to, those revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions

and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the investment of the SCM Fund, the Debt Service Fund (as defined in the Senior General Resolution), the Reserve Fund (as defined in the Senior General Resolution) and the Emergency Fund (as defined in the Senior General Resolution); and all earnings received on the Debt Service Funds and, if any, Reserve Funds created under the Subordinate General Resolution, provided, however, that Revenues do not include:

- (i) any amount received from the levy or collection of taxes (if any time such taxes are levied and collected);
- (ii) amounts received under contracts or agreements with governmental or private entities and designated for capital costs;
- (iii) grants received from the United States of America or from the State of California or other political bodies;
- (iv) earnings on the Construction Funds (as defined in the Senior General Resolution and the Subordinate General Resolution);
- (v) the proceeds of borrowings; and
- (vi) proceeds of insurance.

California Government Code Sections 54300 et seq. (as amended and supplemented, the “Revenue Bond Law”), pursuant to which the Outstanding Senior Bonds were issued, prior to amendment in 1990, provided that the payment of principal of and interest on bonds issued pursuant to the Revenue Bond Law would be secured by an “exclusive” pledge, charge and lien upon “all” of the revenues of the financed enterprise. Such provision has been amended to delete the references to an exclusive pledge of all of the revenues. The City, at the time of the adoption of the Senior General Resolution, (1) limited the revenues which are pledged to pay the Senior General Resolution Bonds to those revenues within the definition of Revenues as set forth above; (2) granted the lien to secure all Additional Bonds, whether issued under the Revenue Bond Law or under other authority; and (3) provided for the issuance of subordinated obligations which may be secured by a subordinated lien on the Revenues.

In the Senior General Resolution, the City represents and states that it has not previously pledged the Revenues, and the City covenants that, until all of the Senior Bonds and the interest thereon shall have been paid or are deemed to have been paid, it will not (except for Additional Bonds issued as provided in the Senior General Resolution) incur any obligations payable from the Revenues prior to or on a parity with the payment of the Senior Bonds, except for operation and maintenance expenses, and will not grant any prior or parity pledge of Revenues or voluntarily create or permit to be created any charge or lien on the Revenues ranking prior to or on a parity with the charge and lien which secures all Senior Bonds issued under the Senior General Resolution. The City may, however, create or permit to be created a charge and lien on the Revenues ranking junior and subordinate to the charge or lien of the Senior Bonds. The City also covenants in the Resolutions that it will continue to provide the System as the primary system and as a complete and operational system for the collection, transportation, treatment and disposal of sewage, wastewater and industrial wastewater within the City and will not sell, transfer or otherwise dispose of the System or any part thereof essential to the proper operation of the System except under the conditions described in the Senior General Resolution. See Appendix D — “Summary of Certain Provisions of the Resolutions” attached hereto.

#### **[[No Pledge of Refundable Credits**

The City previously issued \$177,420,000 aggregate principal amount of Wastewater System Revenue Bonds Series 2010-A (the “Series 2010-A Senior Bonds”) and designated such bonds as “Build America Bonds”

under the provisions of the American Recovery and Reinvestment Act of 2009. The City previously issued \$89,600,000 aggregate principal amount of Wastewater System Revenue Bonds Series 2010-B (the “Series 2010-B Senior Bonds”) and designated such bonds as “Recovery Zone Economic Development Bonds” under the provisions of the American Recovery and Reinvestment Act of 2009. Prior to March 1, 2013, the City received periodic payments (“Refundable Credits”) from the United States Treasury equal to 35% of the interest payable on the Series 2010-A Senior Bonds and periodic Refundable Credits from the United States Treasury equal to 45% of the interest payable on the Series 2010-B Senior Bonds. As a result of the Sequester (herein defined) described under “RISK FACTORS – Effect of Federal Sequestration on Refundable Credits,” the City expects to receive an estimated \$430,072 reduction in Refundable Credits in connection with the Series 2010-A Senior Bonds and the Series 2010-B Senior Bonds for the current federal fiscal year ending September 30, 2015. Until further action is taken by Congress, Sequestration will continue and there could be additional reductions for future years through and including federal fiscal year 2021.

The Refundable Credits constitute amounts payable by the Federal government under Section 6431 of the Code, and which, in the case of the Series 2010-A Senior Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code. All of the Refundable Credits received by the City are to be deposited upon receipt into the debt service account established with respect to the Series 2010-A Senior Bonds and the Series 2010-B Senior Bonds to which they relate, and are pledged to the payment of the Series 2010-A Senior Bonds and the Series 2010-B Senior Bonds only. The Refundable Credits are not pledged to the payment of the Series 2015AB Senior Bonds. [[The Refundable Credits are included in the calculation of Revenues under the Senior General Resolution. See “– Amendment to the Resolutions Relating to the Refundable Credits” and “Risk Factors – Effect of Federal Sequestration on Refundable Credits” herein.]]

#### **Flow of Funds Under the Senior General Resolution**

***Revenues Deposited into the SCM Fund.*** The City has agreed under the Senior General Resolution that so long as any Bonds remain Outstanding it will continue to maintain the SCM Fund or another special fund or special funds into which all Revenues will be deposited and any and all such funds into which Revenues are deposited by the City shall be maintained and the amounts therein held and used as provided in the Senior General Resolution.

Pursuant to the Senior General Resolution, the City has agreed that it will deposit all Revenues (except the earnings on the Debt Service Fund (as defined in the Senior General Resolution) created and held under the Senior General Resolution and the Reserve Fund (as defined in the Senior General Resolution) created and held under the Senior General Resolution for which the special provision is made in the Senior General Resolution and except for the earnings on funds created and held under Supplemental Resolutions for which special provision may be made) as collected, into the SCM Fund. All Revenues in the SCM Fund shall be held by the City in trust and applied as provided in the Senior General Resolution, and pending such application, such amounts shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under the Senior General Resolution.

***Payment of Operation and Maintenance Expenses.*** Prior to making deposits into the Debt Service Fund, Reserve Fund or Emergency Fund, Revenues on deposit to the credit of the SCM Fund will be used to pay or provide for the ordinary and reasonable expenses of the operation and maintenance of the System when such amounts become due in the ordinary course of business, including, without limitation, refunds, the reasonable expenses of management, and repair and other expenses necessary to maintain and preserve the System in good repair and working order.

***Deposits to the Debt Service Fund, Reserve Fund and Emergency Fund Under the Senior General Resolution.*** On or before the twenty-fifth day of each month, the City must withdraw from the SCM Fund an amount sufficient to make the deposits described in (a), (b) and (c) below and to deposit such amount to the credit of the following funds and in the priority listed. If in any month available moneys are insufficient to make

all of such deposits, moneys will be deposited first to the Debt Service Fund and, thereafter, to the Reserve Fund and, thereafter, to the Emergency Fund. Deposits from the SCM Fund are required to be made as follows:

(a) to the credit of the Debt Service Fund, an amount equal to the Aggregate Accrued Interest and Aggregate Accrued Principal for the current calendar month, less any Excess in the fund on the first day of the month, plus any Deficiency existing on the first day of such calendar month, plus any amount of interest or principal on Senior Lien Bonds which has become due and has not been paid and for which there are insufficient funds in the Debt Service Fund or another special fund or account to be used to make such payment;

(b) to the credit of the Reserve Fund, the following amounts, if any: (i) if, as of the most recent valuation of the Reserve Fund, the value thereof was less than the Reserve Fund Requirement and the amount of such deficiency has not previously been restored, then commencing with the first month of the first Fiscal Year following such valuation and continuing until such deficiency has been eliminated (which may be by subsequent valuation), one-twelfth of the difference between the Reserve Fund Requirement and the value of the Reserve Fund on such valuation date, plus (ii) if any amount has been withdrawn from the Reserve Fund during the preceding 12 months to prevent a default on the Bonds or to make a deposit into the Rebate Fund and the Reserve Fund has not subsequently been restored to the Reserve Fund Requirement, an amount equal to one-twelfth of the amount so withdrawn, plus (iii) if any Bonds have been issued during the preceding 12 months and, at the time of such issuance, the City did not deposit into the Reserve Fund the full amount necessary to increase the amount in the Reserve Fund to the Reserve Fund Requirement and the amount of such deficiency has not previously been deposited into the Reserve Fund, an amount equal to one-twelfth of the difference between the Reserve Fund Requirement due upon the issuance of such series of Bonds and the amount deposited into the Reserve Fund at the time of issuance; and

(c) to the credit of the Emergency Fund, the following amounts, if any: (i) if, as of the most recent valuation of the Emergency Fund, the value thereof was less than the Emergency Fund Requirement and the amount of such deficiency has not previously been restored then commencing with the first month of the first Fiscal Year following such valuation and continuing until such deficiency has been eliminated (which may be by subsequent valuation), one-twelfth of the difference between the Emergency Fund Requirement and the value of the Emergency Fund on such valuation date, plus (ii) if any amount has been withdrawn from the Emergency Fund during the preceding 12 months to pay expenses arising from an emergency or a liability claim and the Emergency Fund has not subsequently been restored to the Emergency Fund Requirement, one-twelfth of the amount so withdrawn.

See “Security and Sources of Payment for the Series 2015AB Senior Bonds – Reserve Fund,” “– Emergency Fund” and “– Amendment to Senior General Resolution Relating to the Reserve Fund” herein.

See “FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION — Amendment of Senior General Resolution.”

***Deposit of Revenues to Funds and Accounts Under the Subordinate General Resolution.*** So long as the requirements set forth below are met, the City may, at any time, as provided by supplements to the Subordinate General Resolution, withdraw amounts from the SCM Fund to make deposits to the debt service funds and reserve funds created under supplements to the Subordinate General Resolution or otherwise to make payments or provide for payments on Subordinate Bonds. The foregoing provisions are, however, restricted to the extent that no amount will be withdrawn from the SCM Fund to make deposits to funds created under supplements to the Subordinate General Resolution or otherwise make payments or provide for payments on Subordinate Bonds unless certain conditions are met as described in the Subordinate General Resolution.

***Moneys Remaining in the SCM Fund.*** In addition to paying operation and maintenance expenses and making the deposits to the Debt Service Fund, Reserve Fund and Emergency Fund, amounts in the SCM Fund may, from time to time, be used to pay capital expenses of the System or may be used for any other lawful

purpose related to the System, but if and only if all of the following conditions are met prior to any such withdrawal:

- (a) all operation and maintenance expenses are being or have been paid as they become due;
- (b) the monthly deposits to be made pursuant to certain provisions of the Senior General Resolution for all prior months have been made in full and no Deficiency (as defined in the Senior General Resolution) exists with respect to the Debt Service Fund as defined in and created under the Senior General Resolution; and all payments to be made to pay or provide for payment of Subordinate Bonds under the terms of Supplemental Resolutions which payments have become due have been paid in full and no deficiency then exists in any Debt Service Fund or Reserve Fund;
- (c) the amounts which are or will be required to be deposited pursuant to certain provisions of the Senior General Resolution during the then current calendar month are deposited as provided in the Senior General Resolution or such amounts are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and all amounts to be paid on the Subordinate Bonds or otherwise required under the terms of Supplemental Resolutions to be deposited to provide for the payment of Subordinate Bonds during the then current calendar month have been paid or deposited or such amounts (which may be an estimated amount deemed appropriate by the City) are segregated within the SCM Fund to be used to make such deposits prior to the withdrawal or use of funds for other purposes under this paragraph; and
- (d) after such withdrawal, there will remain in the SCM Fund an amount at least equal to the amount reasonably estimated by the City to be needed to provide for the System's operation and maintenance expenses during the next 45 days.

Any amounts in the SCM Fund which are not Revenues may be used or withdrawn at any time and without restriction and such amounts may be withdrawn without regard to the requirements of the preceding paragraph, it being the intent of the Senior General Resolution and the Subordinate General Resolution, that the various funds described in the Senior General Resolution and the Subordinate General Resolution, respectively, and the balances required to be maintained in the SCM Fund are to be maintained from the Revenues.

### **Rate Covenant**

The City has covenanted in the Senior General Resolution that it will, at all times while any of the Senior Bonds remain Outstanding, establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System so that in each Fiscal Year the Revenues will be at least sufficient to pay the following amounts: (1) the interest on and principal of the Outstanding Senior Bonds as they become due and payable; (2) all other payments required for compliance with the terms of the Senior General Resolution and of any Supplemental Resolution including, but not limited to, the required deposits to the Debt Service Fund, Reserve Fund and Emergency Fund; (3) all other payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Revenues; and (4) all current operation and maintenance costs of the System (but not including such operation and maintenance costs as are scheduled to be paid by the City from moneys other than Revenues). The City further agrees that it will establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System so that during each Fiscal Year the Net Revenues are equal to at least 125 percent of the actual debt service becoming due on Outstanding Senior Bonds in such year. "Net Revenues" for any given period consist of the Revenues for such period less the Expenses for such period, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets. "Expenses" consist of the total operating expenses of the System as determined in accordance with generally accepted accounting principles, except to the extent such items are included in such operating expenses, depreciation, interest on Outstanding Senior Bonds and amortization of financing expenses.

***The City is proposing to make substantial amendments to the Senior General Resolution including significant amendments to the rate covenant. Any Bondholders and Beneficial Owners of the Series 2025A Senior Bonds will be deemed to have consented to these amendments and upon the issuance of the Series 2025A Senior Bonds, the City will have received sufficient consents to satisfy the conditions to amendment of the Senior General Resolution. See “FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION — Amendment of Senior General Resolution.”***

#### **Additional Senior Lien Bonds**

In addition to the Existing Senior Bonds and the Series 2015AB Senior Bonds, the City may authorize one or more other series of Additional Senior Bonds which are secured by the pledge of Revenues made under the Senior General Resolution equally and ratably with Senior Bonds previously issued.

As a condition to the issuance of Additional Senior Bonds, except with respect to certain refunding bonds, the City shall first be required to obtain a certificate or certificates prepared by a Consultant or by Consultants showing (i) that the Net Revenues for the immediately preceding Fiscal Year or for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Additional Senior Bonds were at least equal to 125 percent of the Maximum Annual Debt Service for all Senior Bonds which will be Outstanding immediately after the issuance of the proposed Bonds, and (ii) that the estimated Net Revenues for the Fiscal Year immediately following the date of issuance of such Series of Senior Bonds will be at least equal to 125 percent of Maximum Annual Debt Service for all Senior Bonds which will be Outstanding immediately after the issuance of the proposed Senior Bonds. For purposes of preparing the certificate described above, the Consultant may rely upon financial statements prepared by the City that have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available.

For purposes of the computations to be made as described in subsection (i) and in subsection (ii) of the preceding paragraph, the determination of Net Revenues may take into account as adjustments any increase in rates and charges and shall take into account any reductions in such rates and charges which relate to the System and which have been authorized by the City to be implemented and which will for purposes of the test described in (i) of the preceding paragraph, be effective prior to or at the time of issuance of such proposed Bonds and for purposes of the test described in (ii) of the preceding paragraph be effective during the Fiscal Year for which such estimate is made.

***The City is proposing to make substantial amendments to the Senior General Resolution, including amendments to the conditions to issuance of Additional Senior Lien Bonds under the Senior General Resolution. Any Bondholders and Beneficial Owners of the Series 2025A Senior Bonds will be deemed to have consented to these amendments and upon the issuance of the Series 2025A Senior Bonds, the City will have received sufficient consents to satisfy the conditions to amendment of the Senior General Resolution. See “FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION — Amendment of Senior General Resolution.”***

#### **Subordinate Bonds**

As of January \_\_, 2025, \$\_\_\_\_\_ of Subordinate Bonds will be Outstanding. Under the Subordinate General Resolution, the City has also authorized a maximum of \$400,000,000 aggregate principal amount of Subordinate Bonds in the form of CP. The maximum amount of CP Notes that may be Outstanding at any particular time under the existing Letters of Credit (the “Letters of Credit”) for the CP Notes is \$200,000,000. CP Notes are currently Outstanding in the aggregate principal of \$110,000,000. See “Financial Operations – Outstanding Indebtedness” herein.



## **Refunding Senior Bonds**

Notwithstanding the provisions described above, the Senior General Resolution provides that additional series of Senior Bonds may be issued for the purpose of refunding any Outstanding Senior Bonds without compliance with the tests set forth above if, prior to the issuance of such Senior Bonds, an Authorized City Representative shall have delivered a certificate showing that the Maximum Annual Debt Service on all Senior Bonds Outstanding after the issuance of the refunding Senior Bonds will be equal to or less than the Maximum Annual Debt Service on all Senior Bonds Outstanding prior to the issuance of such Senior Bonds.

## **Books and Accounts**

The City prepares annual financial statements of the SCM Fund in accordance with generally accepted accounting principles which are audited by an independent certified public accountant (the “SCM Audited Financial Statements”). See APPENDIX E — “CITY OF LOS ANGELES SEWER CONSTRUCTION AND MAINTENANCE FUND FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (WITH INDEPENDENT AUDITOR’S REPORT THEREON) AND DEBT SERVICE COMPLIANCE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH INDEPENDENT AUDITOR’S REPORT THEREON)” attached hereto.

The City is also required to prepare and adopt a budget for the SCM Fund annually prior to the beginning of the Fiscal Year and a five-year capital plan or capital budget setting forth in reasonable detail the amount expected to be expended in each year for capital needs of the System and the purposes for which such amounts are expected to be expended.

## **Operation and Maintenance of the System**

The City covenants that it will maintain and preserve the System in good repair and working order, in conformity with standards customarily followed for municipal wastewater systems of like size and character. The City also covenants that it will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System will and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

## **Reserve Fund**

Under the terms of the Senior General Resolution, the Reserve Fund is required to be created and funded in an amount equal to Maximum Annual Debt Service on all Senior Bonds issued and Outstanding under the Senior General Resolution. Upon issuance of the Series 2015AB Senior Bonds, amounts in the Reserve Fund will be at least equal to the Reserve Fund Requirement, which amount is \$109,864,952.60.

Moneys held in the Reserve Fund are to be used for the purpose of paying principal and interest on the Senior Bonds if on any principal or interest payment date the amounts in the Debt Service Fund available therefor are insufficient to pay in full the amounts then due. Moneys held in the Reserve Fund may also be used to make any deposit required to be made to a Rebate Fund if the City does not have other funds available from which such deposit can be made.

The City may satisfy the Reserve Fund Requirement in whole or in part by depositing into the Reserve Fund a Reserve Fund Insurance Policy that satisfies the requirements of the Senior General Resolution. Amounts in the Reserve Fund in excess of the Reserve Fund Requirement are to be transferred to the Debt Service Fund for the Senior Bonds. A “Reserve Fund Insurance Policy” is an insurance policy, a letter of credit or surety bond deposited in the Reserve Fund in lieu of or partial substitution for cash or securities. Debt backed by the entity providing such Reserve Fund Insurance Policy shall be rated in one of the two highest classifications by both

Moody's and S&P (without reference to gradations thereof such as "plus" or "minus"). The Reserve Fund does not currently include any Reserve Fund Insurance Policy; it is fully cash funded.

The City shall annually, on or about January 15, value the Reserve Fund on the basis of the market value thereof. If upon any valuation, the value of the Reserve Fund exceeds the Reserve Fund Requirement, the excess amount shall be withdrawn and deposited into the Debt Service Fund; if the value is less than the Reserve Fund Requirement, additional deposits shall be made to the Reserve Fund. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy shall be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, as reduced by any payment made thereunder and not reinstated.

At such time as a Series of Senior Bonds is to be paid in full or deemed to be paid in full, if, as a result, the amount in the Reserve Fund will exceed the Reserve Fund Requirement, the excess may at such time be used to pay or provide for the payment of the Senior Bonds of such Series.

***A portion of the proceeds of the Series 2025A Senior Bonds will be used to fund a deposit to the Reserve Fund for Senior Bonds. However, as described herein, the City intends to adopt an Amended and Restated Senior General Resolution shortly after the issuance of the Series 2025A Senior Bonds which will permit the City to eliminate the Reserve Fund for Senior Bonds, including the Series 2025A Senior Bonds. When making an investment decision prospective purchasers of the Series 2025A Bonds should assume that the Series 2025A Bonds will not be secured by any reserve fund shortly after issuance of the Series 2025A Bonds.***

See "FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION — Amendment of Senior General Resolution."

## **Emergency Fund**

In 1987, the City established an Emergency Fund in connection with the issuance of the initial series of Bonds and deposited therein \$5 million. The City has never withdrawn money from the Emergency Fund and the Emergency Fund is currently funded at its original amount of \$5 million. Amounts in the Emergency Fund may be used by the City, if other funds are not readily available and sufficient, to pay extraordinary and unexpected repair or replacement expenses of the System or liability claims related to the System. Amounts will be withdrawn from the Emergency Fund only after delivery to the Treasurer of a certificate signed by an Authorized City Representative stating that an extraordinary and unexpected event has occurred or that an amount is due as a result of a liability claim, that the expense resulting from such event or the claim which is to be paid is in excess of \$500,000, that other funds are not readily available to pay such expense or claim, and that the expenditure of such funds has been duly authorized in accordance with City procedures. The Treasurer will annually, on or about January 15 of each year, and at such other times as the City deems appropriate, value the Emergency Fund on the basis of the market value thereof. If, upon any valuation of the Emergency Fund, the value thereof is less than the Emergency Fund Requirement or if the City withdraws funds from the Emergency Fund and such withdrawal reduces the balance in such fund below the Emergency Fund Requirement, then deposits shall be made into the Emergency Fund from the SCM Fund as provided in the Senior General Resolution. Such deposits will be made after deposits to the Debt Service Fund and Reserve Fund pursuant to the Senior General Resolution and prior to the withdrawal or use of funds for the purpose of paying or providing for the payment of Subordinate Bonds. See "Security and Sources of Payment for the Series 2015AB Senior Bonds – Flow of Funds" herein.

***As described herein, the City intends to adopt an Amended and Restated Senior General Resolution shortly after the issuance of the Series 2025A Senior Bonds which will permit the City to eliminate the Emergency Fund. When making an investment decision prospective purchasers of the Series 2025A Bonds should assume that the City will no longer maintain the Emergency Fund.***

See “FUTURE AMENDMENT OF SENIOR GENERAL RESOLUTION AND SUBORDINATE GENERAL RESOLUTION — Amendment of Senior General Resolution.”

### **Insurance and Condemnation**

The City agrees that it will maintain insurance or provide a self-insured reserve against loss or damage to the System from fire, storm or other causes to the extent that such insurance or reserves are customary for sewer systems in metropolitan areas. However, the City is not required to maintain insurance against earthquake damage if it determines that earthquake insurance is excessive. The City does not currently maintain earthquake insurance on the System and does not anticipate obtaining such coverage in the future. The City is not required to maintain liability insurance or self-insurance reserves in lieu of liability insurance in any period for which the City agrees to hold the SCM Fund harmless from all general, automobile, and public liability claims filed during such period.

The City carries a commercial insurance policy with a 1-year term, currently covering the period from [March 27, 2024 through March 27, 2025]. The policy covers all risk, including wildfire, property coverage for the System with limits of \$500 million for damage to real and personal property, excluding damage caused by earthquake, named storm, flood and back-up of sewers and drains. The policy includes equipment breakdown coverage on a standalone basis with a limit of \$200 million for loss to boiler and machinery, excluding damage caused by earthquake, named storm, and flood. The policy also includes terrorism coverage on a standalone basis with a limit of \$200 million. The deductible for this policy is \$1 million per occurrence. [The City is currently in the process of procuring commercial insurance for the next coverage period.] Terms of any future commercial insurance policies may be less favorable than the City’s existing policy.

Other than the commercial insurance policy described above, the City self-insures for all other losses of the System in accordance with the City’s self-insurance policy, including for damage caused by earthquake, named storm, and flood. The commercial policy deductible, insurance premiums, and all self-insured losses related to the System are costs of the System and may be paid from Revenues. The Bureau of Sanitation plans to increase the amount reserved annually for System losses from \$3 million to \$10 million in the Fiscal Year 2025-26 budget, subject to approval as part of the budget process.

The Senior General Resolution provides that the proceeds of any property damage insurance will be applied to the restoration, replacement or reconstruction of the property or facility lost or damaged, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to restore, replace or reconstruct such property or facilities. Any proceeds of such insurance not applied to restoration, replacement or reconstruction or remaining after such work is completed will be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund. Proceeds of any liability insurance will be applied by the City in satisfaction of the applicable claim. If the City has elected to self-insure its property damage risks, then, unless the City determines not to restore, replace or reconstruct such property or facilities, amounts in the self-insurance fund will be withdrawn and used to restore, replace or reconstruct the property or facility lost or damaged as a result of a casualty for which such fund was created. If the City has elected to self-insure its liability risk, then amounts in the self-insurance fund of the SCM Fund will be withdrawn and applied in satisfaction of claims arising as a result of events for which such fund was created.

The Senior General Resolution provides that if any property or facilities comprising part of the System will be taken through the exercise of the power of eminent domain, the City will apply the proceeds of any award received on account of such taking to the replacement of the property or facilities so taken, unless the City determines that such property or facility is not necessary to the efficient or proper operation of the System and therefore determines not to replace such property or facilities. Any proceeds of such award not applied to replacement or remaining after such work has been completed will be deposited in the SCM Fund and be available for other proper uses of funds deposited in the SCM Fund.

## **THE WASTEWATER SYSTEM**

Certain financial and operating information with respect to the Wastewater System is set forth in APPENDIX A hereto.

### **RISK FACTORS**

The ability of the City to pay principal of and interest on the Series 2025A Senior Bonds depends primarily upon the receipt by the City of Revenues. Some of the events which could prevent the City from receiving a sufficient amount of Revenues to enable it to pay the principal of and interest on the Series 2025A Senior Bonds are summarized below. The following description of risks is not intended to be an exhaustive list of the risks associated with the purchase of the Series 2025A Senior Bonds and the order of the risks set forth below does not necessarily reflect the relative importance of the various risks.

#### **Limited Obligations**

The obligation of the City to pay debt service on the Series 2025A Senior Bonds is a limited obligation of the City and is not secured by a legal or equitable pledge or charge or lien upon any property of the City or any of its income or receipts, except the Revenues. The obligation of the City to pay debt service on the Series 2025A Senior Bonds does not constitute an obligation of the City to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The City is obligated under the Resolutions to pay debt service on the Series 2025A Senior Bonds solely from Revenues.

Factors that can adversely affect the availability of Revenues include, among other matters, drought, general and local economic conditions, and changes in law and government regulations (including initiatives and moratoriums on growth). The realization of future Revenues is also subject to, among other things, the capabilities of management of the City, the ability of the City to provide wastewater service to its retail customers and the Agencies, the ability of the City to establish, maintain and collect charges for the wastewater service to its retail customers and the Agencies and the ability of the City to establish, maintain and collect rates and charges sufficient to pay debt service on the Series 2025A Senior Bonds. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM” herein and APPENDIX E attached hereto.

#### **System Revenues and Expenditures**

The operation and maintenance expenses of the System are expected to increase in the next five years. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM — Projected Statement of Revenues and Expenditures.” Actual operation and maintenance expenses may be greater or less than projected. Factors such as changes in technology, regulatory standards, increased costs of material, energy, labor and administration can substantially affect System expenses. Although the City has covenanted to prescribe, revise and collect rates and charges in amounts sufficient to pay debt service on the Series 2025A Senior Bonds, there can be no assurance that such amounts will be collected. Increases in System rates could result in a decrease in demand for System usage. The City Council adopted a series of rate increases through July 1, 2028. The rate increases have been challenged in the case *Shapiro v. City of Los Angeles*. See the caption APPENDIX A “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

#### **Rate-Setting and Initiative Processes Under Proposition 218**

Proposition 218 affects the City’s ability to impose future rate increases, and no assurance can be given that future rate increases will not encounter majority protest opposition or be challenged by initiative action authorized under Proposition 218. In the event that future proposed rate increases cannot be imposed as a result

of majority protest or initiative, the City might thereafter be unable to generate Revenues in the amounts required to pay debt service on the Series 2025A Senior Bonds. Pursuant to the Proposition 218 process described above, the City Council adopted a series of rate increases through July 1, 2028.

Proposition 218, as incorporated in the California Constitution under Article XIII C, also provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. See “PROPOSITION 218” herein. While the City has covenanted to establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System which meet the requirements of the Resolutions and in accordance with applicable law, the SSC may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIII C. No assurance can be given that the voters of the City will not, in the future, approve initiatives which seek to repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s SSC, which are a significant source of Revenues pledged to the payment of debt service on Series 2025A Senior Bonds. See APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION — Certain Claims Against the SCM Fund — *Shapiro v. City*.”

### **Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System**

***Climate Change and Drought.*** The change in the earth’s average atmospheric temperature, generally referred to as “climate change,” is expected to, among other things, increase the frequency and severity of extreme weather events and cause rising sea levels and substantial flooding. The impacts of climate change may materially adversely affect the finances and operations of the System.

The City’s Sustainable City Plan, released in 2015 and renamed L.A.’s Green New Deal in 2019 (the “Plan”), provides a 20-year framework intended to both prepare for climate change and mitigate its effects on the City’s economy, infrastructure and communities. The Plan sets forth several actions that may be taken by the City, including improving emergency response functions and disaster preparedness, reducing air and water pollution, and managing rising temperatures in urban environments. In addition, the City has begun construction of a series of groundwater remediation projects to reduce the City’s reliance on imported water as drought conditions continue, is exploring the use of specially designed “cool roofs” to manage the effect of rising temperatures in urban environments, and is testing the effects of “cool pavement” (a special coating applied to city streets) to manage urban temperatures. The City continues to explore various other adaptive actions within the framework established by the Plan.

The System has experienced reduced flows, which can lead to increased production of gases in sewers and odor complaints, and can also increase influent concentrations at wastewater reclamation facilities above design concentrations. The sewers and pumping plants can also be threatened by increased flooding risks, sinkholes, decreased flows, power outages, service disruptions, and other changes in subsurface conditions that are caused by the fluctuating climate extremes between wet and dry weather events. The City completed a Climate Risk and Resilience Assessment for Wastewater and Stormwater Infrastructure (“Assessment”) as part of the Plan released in April 2018. This Assessment summarized observed climate trends using the most current climate science and projections, to provide an overall assessment and recommendations for wastewater and stormwater infrastructure resilience through 2040. This Assessment included identifying existing facilities impacted by climate risk to incorporate upgrades as well as planning to integrate climate resiliency into existing wastewater and stormwater facility repair and replacements programs. The analysis from this Assessment is used to further develop strategies for climate risk and resiliency into the CIP business case and all Bureau of Sanitation programs including development of a climate risk and resilience adaptation planning tool. Additionally pursuant to NPDES Permit #: CA0109991, Order # R4-2023-0033, the Bureau developed and submitted a new Climate Change Plan for HWRP to the Regional Board in April 2024. The new Climate Change Plan expands on the completed 2018 Assessment to provide an updated assessment on key elements including but not limited to HWRP Emergency Plan Operational Resilience procedures to address climate risks, projected

upgrades of HWRP infrastructure and assets, at-risk pumping plant adaptive measures, and collection system adaptive measures.

The City's Clean Water program is an important part of addressing water scarcity with planned enhancements of water purification capability at each of the City's water reclamation plants, such enhancements eventually will provide a continuous source of local water for local groundwater augmentation while reducing the greenhouse gas footprint associated with the City's imported water supply. The City is also contributing to climate resilience related to the System by mitigating climate-related risks with investments that increase its operational energy efficiency and renewable energy use at its plants. Through enhanced plant operations and processes, the Bureau of Sanitation recovers energy from wastewater, and converts biosolids into carbon-sequestering crops, compost and mulch to restore soils and ecosystems throughout the City. As climate resiliency is being integrated into existing projects and programs, further analyses of the projected costs (to be expended and to be avoided) will be performed.

In 2018 and 2019, the California State Legislature enacted, and the respective Governors signed, three long-term water use efficiency bills, Senate Bill 606 (2018), Assembly Bill 1668 (2018) and Assembly Bill 1414 (2019), to establish a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts in California. The legislation sets standards for indoor residential use and requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt efficiency standards for outdoor residential use, water losses, and commercial, industrial and institutional outdoor landscape areas with dedicated irrigation meters. All new requirements for urban water use objectives are effective after June 2022 when the State Water Resources Control Board adopts urban water use efficiency standards, performance measures, and variances.

The State's and City's recent drought conditions have prompted various actions to reduce water consumption. The City has approved a series of rate increases through Fiscal Year 2028-29. These rates and future rates and charges are predicated on assumptions of expected volume of wastewater operation. If the water supply decreases significantly, whether by operation of mandatory supply restrictions, prohibitively high water costs or otherwise, flow within the System will diminish and Revenues may be adversely affected. In the past, the City reduced funding for CIP projects in response to the expected reduction in wastewater volume and Revenues, and although the funding has since been restored because of continued rate increases, implementation of reduced funding for CIP projects may be required again in the future. See APPENDIX A — "CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM — Water Usage and Wastewater Volume — *General*" herein.

**Earthquakes.** The City is subject to unpredictable and significant seismic activity. A number of known faults run through the City, and the City lies near the San Andreas Fault, which is the boundary between the Pacific and North American tectonic plates. The complex Los Angeles fault system interacts with the alluvial soils and other geologic conditions in the hills and basins of the area. This interaction poses a potential seismic threat for every part of the City, regardless of the underlying geologic and soils conditions. In addition, there are likely to be unmapped faults throughout the City.

The System is located above or near a number of geological faults capable of generating significant earthquakes. The area is characterized by a number of geotechnical conditions which represent potential safety hazards, including expansive soils and areas of potential liquefaction and landslide. In anticipation of such potential disasters, the City designs and constructs System facilities to the seismic codes in effect at the time of design of the project.

In January 1994, an earthquake of magnitude 6.7 on the Richter Scale occurred in the northwest San Fernando Valley on a previously unmapped fault. It caused widespread damage to commercial and residential structures. Significant damage occurred to the System however sewer service was not interrupted. Pipe fractures were detected using closed circuit television cameras and some portions of the pipe collapsed. The City estimates

that repairs to the System in connection with this earthquake cost approximately \$213 million at the time (not adjusted for inflation).

Although the City has implemented disaster preparedness plans, there can be no assurance that these or any additional measures will be adequate in the event that a natural disaster occurs, nor that costs of preparedness measures will be as currently anticipated. Further, damage to components of the System could cause a material increase in costs for repairs or a corresponding material adverse impact on Revenues. The City is not obligated under the Resolutions to maintain earthquake insurance on the System, and the City does not now and does not plan to maintain earthquake insurance on the System.

**Wildfires.** Water conveyance facilities generally consist of pipelines and connections, flow control facilities, and pumping stations, which are not typically vulnerable to damage by wildfires. The above ground facilities within the System are designed to be tolerant to damage by wildfires through the use of fire resistant material where possible, such as concrete and masonry blocks. The System's four water reclamation plants are not located in historically fire prone areas. In addition, the Bureau of Sanitation works closely with the City's fire department to ensure that proper vegetative clearances are maintained in and around the properties and facilities of the System.

The City is still assessing all of the damage to the System as a result of the January 2025 windstorm and wildfire event; however, it does not appear that any of the System facilities or operations were significantly impacted by the event. See the caption "INTRODUCTION — Los Angeles 2025 Wildfire Event — *January 2025 Wildfire Impacts on the System*" for information regarding the impacts of the January 2025 windstorm and wildfire event.

**Sewer Failure.** The System is subject to potential failures of its collection and conveyance sewers that can result in unexpected repair costs, litigation expenses and regulatory fines. See, for example, APPENDIX A "CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM — Wastewater Overflows" herein. Although the CIP includes projects to rehabilitate major conveyance sewers, no assurance can be given that future sewer failures will not occur. The City's current commercial insurance policy does not cover loss resulting from flood and back-up of sewers and drains. See, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS — Insurance and Condemnation" herein.

## **Statutory and Regulatory Compliance**

Changes in the scope and standards for public agency wastewater systems, such as the System, may lead to increasingly stringent operating requirements and the imposition of administrative orders issued by Federal or State regulators. Future compliance with such requirements and orders can impose substantial additional costs on the SCM Fund. See APPENDIX A — "CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM" herein. In addition, claims against the System for failure to comply with applicable laws and regulations could be significant. Such claims are payable from assets of the System or from other legally available sources. No assurance can be given that the cost of compliance with such existing or future laws, regulations and orders would not adversely affect the ability of the System to generate Revenues sufficient to pay debt service on the Senior Lien Bonds, including the Series 2025A Senior Bonds.

## **Utility Costs**

No assurance can be given that any future significant reduction or loss of power would not materially adversely affect the operations of the System. The volume of wastewater conveyed and treated in the System on a daily basis requires a significant amount of electrical and thermal power. Electricity is needed to run pumps, lights, computers, mechanical valves and other machinery. Thermal energy, usually generated by electrical power or by burning natural gas, provides heat and cooling necessary for both buildings and the wastewater

treatment process. Prices for electricity or gas may increase, which could adversely affect the System's financial condition.

### **Impact of Economic Conditions on System Revenues**

Past recessions and major economic disruptions, including disruptions caused by the COVID-19 pandemic, have adversely affected economic activity of the region in general, in particular resulting in decreased economic activity and increased unemployment. Reduction in System users' ability to pay rates and charges, and reduction in the rate at which new customers are added to the System, can adversely impact System revenues.

### **Potential Impacts of Infectious Disease Outbreaks**

The operations and financial results of the Wastewater System could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, including potential future outbreaks of COVID-19. The City cannot predict any costs associated with the potential response to an infectious disease outbreak.

### **Acceleration; Limitations on Remedies**

The Senior General Resolution and the Subordinate General Resolution provide that, upon and during the continuance of an Event of Default, the principal of and interest accrued on all Senior Lien Bonds and Subordinate Bonds, respectively, subject to certain conditions, may be declared to be due and payable immediately. The foregoing notwithstanding, the remedy of acceleration is subject to the limitations on legal remedies against public entities in the State, including a limitation on enforcement obligations against funds needed to serve the public welfare and interest. Also, any remedies available to the Owners of the Series 2025A Senior Bonds upon the occurrence of an Event of Default under the respective Resolutions are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Further, enforceability of the rights and remedies of the Owners of the Series 2025A Senior Bonds may become subject to (i) the Federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, (ii) equity principles which may limit the specific enforcement of certain remedies, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the exercise of the state police powers. Remedies available to the Owners of the Series 2025A Senior Bonds are in many respects dependent upon judicial action which is often subject to discretion and delay and could prove both expensive and time consuming to obtain.

### **Security of the System**

The System is subject to safety and security inspections on a continuing basis by the City. However, damage to the System resulting from vandalism, sabotage, or terrorist activities may adversely impact the operations and finances of the System. There can be no assurance that the City's security, emergency preparedness and response plans will be adequate to prevent or mitigate such damage, or that the costs of maintaining such security measures will not be greater than currently anticipated. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS — Insurance and Condemnation" herein for a description of insurance for the System.

### **Effect of City Bankruptcy**

Pursuant to State law, the City is authorized to file for bankruptcy protection under certain circumstances. Should the City file for bankruptcy protection, the assets of the SCM Fund would in all likelihood be initially subject to the bankruptcy proceedings and, therefore, there could be adverse effects on the Holders of the Series 2025A Senior Bonds. An involuntary bankruptcy petition cannot be filed against the City.



The rights and remedies available to the Holders of Senior Lien Bonds under the Senior General Resolution may become subject to, including through a City bankruptcy, among other things: (i) the United States Bankruptcy Code (the “Bankruptcy Code”), (ii) other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors’ rights generally, now or hereinafter in effect; (iii) equity principles; (iv) limitations on the specific enforcement of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; (vi) the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and (vii) regulatory and judicial actions that are subject to discretion and delay.

To the extent that Revenues are determined to be “special revenues” under the Bankruptcy Code, the Revenues collected after the date of a bankruptcy filing should continue to be subject to the liens of the Senior General Resolution. However, if any or all of the Revenues were determined not to be “special revenues,” then any such amounts collected after the commencement of the bankruptcy case will likely not be subject to the liens of the Senior General Resolution. “Special revenues” are defined to include, among other things, revenues derived from the ownership or operation of projects or systems that are primarily used to provide transportation or utility services. No assurance can be given that a court would hold that any or all Revenues are special revenues.

In a case arising from the insolvency proceedings of Commonwealth of Puerto Rico, the United States Court of Appeals for the First Circuit concluded that while a debtor has the right to voluntarily apply special revenues to the payment of debt service during the pendency of a bankruptcy case, the debtor is not obligated to do so, even though the special revenues are subject to the lien of the bond documents. The Holders of the Series 2025A Senior Bonds may not be able to assert a claim against any property of the City other than the Revenues, and if any or all of the Revenues are no longer subject to the lien of the Senior General Resolution, then there may be limited, if any, funds from which the holders of the Senior Lien Bonds are entitled to be paid.

Furthermore, although Section 922(d) of the Bankruptcy Code provides that the automatic stay arising upon the filing of a bankruptcy petition under Chapter 9 does not apply to the collection and application of pledged special revenues to payment of bonds secured by such special revenues (which was confirmed by the United States Court of Appeals for the First Circuit in the insolvency proceedings of Commonwealth of Puerto Rico referred to above), if the City were to become a debtor in a proceeding under Chapter 9, the bankruptcy court could find that the automatic stay exception for pledged special revenues does not apply, and the parties to the proceeding may thus be prohibited from taking any action to collect Revenues, or to enforce any related obligation connected with the Senior Lien Bonds without the bankruptcy court's permission.

The Bankruptcy Code provides that “special revenues” can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. It is not clear precisely which expenses would constitute necessary operating expenses, and a court may define necessary operating expenses more broadly than comparable terms are defined under the Senior General Resolution.

In addition, if the City has possession of Revenues (whether collected before or after commencement of the bankruptcy) and if the City does not voluntarily turn over such Revenues to the Holders of the Senior Lien Bonds for the payment of debt service due and payable under the Senior General Resolution and the, it is not entirely clear what procedures the Holders of the Senior Lien Bonds would have to follow to attempt to obtain possession of such Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. The United States Court of Appeals for the First Circuit, in another case involving the insolvency proceedings of Commonwealth of Puerto Rico, concluded that a bankruptcy court does not have the power to order a debtor to comply with state law.

The results of the foregoing, including but not limited to matters that may arise in proceedings under the Bankruptcy Code, are difficult to predict. The foregoing could subject the owners of the Senior Lien Bonds

to, among other things: (i) judicial discretion and interpretation of rights; (ii) the automatic stay provisions of the Bankruptcy Code, which among other things, could operate to cause a delay or prohibition in debt service payments to the owners of Senior Lien Bonds; (iii) rejection of significant agreements; (iv) avoidance of certain payments to the owners of the Senior Lien Bonds as preferential payments; (v) assignments of certain obligations, including those in favor of the owners of the Senior Lien Bonds; (vi) significant delays, reductions in payments and other losses to the owners of the Senior Lien Bonds; (vii) an adverse effect on the liquidity and/or market values of the Senior Lien Bonds; (viii) additional borrowing, which borrowing may have priority over the lien of the Senior General Resolution; (ix) alterations to the priority, interest rate, payment terms, collateral, maturity dates, payment sources and terms, covenants (including tax-related covenants) and other terms or provisions of the Senior General Resolution or the Senior Lien Bonds, and other obligations, including treating the owners of the Senior Lien Bonds as general unsecured creditors of the City; and (x) the release of all or a portion of Revenues, free and clear of the lien of the Senior General Resolution.

The City Treasurer holds and invests all moneys in the SCM Fund. Should the City initiate a bankruptcy proceeding, the Bankruptcy Court could hold that Holders of the Senior Lien Bonds do not have a valid lien on the portion of the Revenues which are invested as part of the City's investment program. In the event of such a holding, Holders of the Senior Lien Bonds could be treated as unsecured creditors of the City with respect to such portion of the Revenues.

Legal opinions to be delivered concurrently with the delivery of the Series 2025A Senior Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2025A Senior Bonds may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, as well as limitations on legal remedies against cities in the State.

## **Cybersecurity**

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the City and its departments face multiple cyber threats including hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attack disruptions on the City's computer system to date. For example, in 2019, the City experienced a cyber-attack that impacted a cloud-hosted system at a City department. The attack potentially involved certain personal information of about 20,000 applicants who went through the Los Angeles Police Department recruitment process. The City mitigated the attack and notified all the affected individuals immediately. Following this incident, certain City personnel attended security awareness training. The City installed a web application firewall and an endpoint protection system to quickly identify and respond to cyber-attacks targeted at its web application systems.

In 2013, the City created the Cyber Intrusion Command Center (the "CICC") under a Mayoral Executive Directive to coordinate cybersecurity preparation and response across City departments. The CICC is composed of key City departments, cybersecurity professionals, and local and federal law enforcement experts. The CICC has assisted the City in establishing policies for data classification, information handling, and cybersecurity prevention and response protocols. In 2015, the City established an Integrated Security Operations Center (the "ISOC") with cybersecurity professionals for cyber-attack monitoring and response. In addition, the City has identified critical data assets and applied additional cyber defenses through its Critical Asset Protection program. The City regularly conducts cyber security awareness training for all City employees with computer access, conducts phishing email tests, and provides periodic cybersecurity newsletters and workshops to its employees. In 2017, the City consolidated and distributed a comprehensive Information Security Policy Manual with sections dedicated to City employees, City managers, and City technology professionals. Also, the City conducts annual "penetration tests" to identify and remediate any potential weaknesses in its networks and weekly cyber vulnerability scanning on City servers and websites accessible by the Internet. In 2020, the ISOC enabled secure remote access for approximately 18,000 City workers during the COVID-19 pandemic. The City implemented

Multi-Factor Authentication and a single sign-on service, retiring outdated infrastructure and introducing a “Cybersecurity Risk Score” system for departments, providing general managers with a way to determine the level of Cybersecurity preparedness within their respective departments. In 2022, the City adopted Attack Surface Management (“ASM”) to identify and remediate vulnerabilities and potential attack vectors to the City’s public-facing digital assets. It established a comprehensive Cybersecurity Asset Management system, Critical Asset Protection, and the Cyber Watchlist for robust cybersecurity measures. In 2023, the City focused on the principle of “Zero Trust” - a modern security strategy based on the principle of never trust, always verify. To align with this strategy, the City has focused on identifying applications throughout the City to see that they are fully protected. To help achieve this verification, the City has been an active participant in multiple tabletop exercises conducted in partnership with the Department of Homeland Security, California Cybersecurity Integration Center, Joint Regional Intelligence Center, and the County of Los Angeles.

No assurances can be given that the City’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City’s computer and information technology systems could impact its operations and damage the City’s digital networks and systems, and the costs of remedying any such damage could be substantial.

In addition to the City cybersecurity preparations, the Bureau of Sanitation Wastewater Industrial Control Systems (“ICS”) network is firewalled from the rest of the City’s business network. This design is consistent with the Department of Homeland Security’s (DHS) recommended secure network architecture and provides the Bureau of Sanitation with extra layers of protection against possible cyber threats that may impact ICS. The Bureau of Sanitation is an active member of the City’s CICC, conducts regular employee cybersecurity awareness training, and makes on-going investments through the CIP to improve the Bureau of Sanitation information technology and cybersecurity infrastructures including but not limited to replacing end-of-life equipment to ensure that security patches are available, deploying/upgrading intrusion prevention/detection systems, installing endpoint protection software, implementing security information and [event management system] . The Bureau of Sanitation’s cybersecurity team ensures that critical fixes and patches are deployed in a timely manner and systems are up-to-date. In addition, the Bureau of Sanitation’s cybersecurity team engages directly with the DHS Industrial Control Systems Cyber Emergency Response Team, and conducts assessments and mitigation strategies as appropriate. The Bureau of Sanitation also actively participates in the annual cybersecurity tabletop exercise facilitated by the DHS to test and enhance cyber incident response capabilities.

The Bureau of Sanitation is actively working on improving its cybersecurity posture. The Bureau of Sanitation completed a Cybersecurity Performance Goals Assessment in November 2024 with the DHS - Cybersecurity and Infrastructure Security Agency (CISA) to evaluate the it’s cybersecurity preparedness and prevention. The completion of this assessment will allow the Bureau of Sanitation to access other services that CISA can provide such as risk and vulnerabilities assessment, penetration testing, and vulnerability scans. Part of the overall cybersecurity strategy is to have annual assessments and improve on areas of vulnerability and mitigate any types of risks.

The Bureau of Sanitation is involved in the Citywide Incident Response Plan that is being developed for the City with the Mayor’s Office of Public Safety, the City’s Information Technology Agency, CISA, DHS, and other City departments. The Bureau of Sanitation is also working on an internal Incident Response Plan with Cisco to be prepared in case of a cyber incident. There are also plans to improve the physical security surrounding the Bureau of Sanitation’s four water reclamation plants. The Bureau of Sanitation has identified areas that need improvement and there are plans to continually improve cyber and physical security to improve the Bureau of Sanitation’s defenses against potential future attacks.

### **Loss of Tax Exemption**

As discussed under “TAX MATTERS,” interest on the Series 2025A Senior Bonds could fail to be excluded from the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of the issuance of the Series 2025A Senior Bonds as a result of future acts or omissions of the City in

violation of its covenants to comply with requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Should such an event of taxability occur, the Series 2025A Senior Bonds are not subject to redemption or any increase in interest rate as a result of such event of taxability.

### **Change in Tax Law**

As discussed under “TAX MATTERS,” current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025A Senior Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

### **Additional Senior Lien Bonds**

As described in “SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2025A SENIOR BONDS — Additional Senior Lien Bonds” above, if certain conditions are met, the Senior General Resolution permits the City to incur obligations which would be payable on parity with the Series 2025A Senior Bonds. In the event of a decline in Net Revenues, the existence of the parity and senior obligations could adversely affect the City’s ability to make debt service payments with respect to the Series 2025A Senior Bonds.

### **Uncertainties of Projections, Forecasts and Assumptions**

Certain information contained in this Official Statement is based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance, and the City assumes no responsibility for the accuracy of such projections. See the caption “INTRODUCTION — Forward-Looking Statements.”

## **TAX MATTERS**

### **Federal Income Taxes**

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025A Senior Bonds (the “Tax-Exempt Bonds”) for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Tax-Exempt Bonds. Pursuant to the Twenty-Ninth Supplemental Resolution and Tax Certificate, the City has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the City has made certain representations and certifications in the Twenty-Ninth Supplemental Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the City described above, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Interest on the Tax-Exempt Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

## **State Taxes**

Bond Counsel is also of the opinion that interest on the Tax-Exempt Bonds is exempt from personal income taxes of the State of California (the “State”) under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Tax-Exempt Bonds nor as to the taxability of the Tax-Exempt Bonds or the income therefrom under the laws of any state other than the State of California.

## **Original Issue Discount**

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Tax-Exempt Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Tax-Exempt Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Tax-Exempt Discount Bond” and collectively, the “Tax-Exempt Discount Bonds”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Tax-Exempt Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Tax-Exempt Discount Bond and the basis of each Tax-Exempt Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Tax-Exempt Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Tax-Exempt Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Discount Bonds.

## **Original Issue Premium**

Tax-Exempt Bonds sold at prices in excess of their principal amounts are “Tax-Exempt Premium Bonds”. An initial purchaser with an initial adjusted basis in a Tax-Exempt Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Tax-Exempt Premium Bond based on the purchaser’s yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Tax-Exempt Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Tax-Exempt Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Tax-Exempt Bonds. Owners of the Tax-Exempt Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Premium Bonds.

## **Ancillary Tax Matters**

Ownership of the Tax-Exempt Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Tax-Exempt Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Tax-Exempt Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Tax-Exempt Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX F. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Tax-Exempt Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Changes in Law and Post-Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal or state income tax purposes, and thus on the value or marketability of the Tax-Exempt Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Tax-Exempt Bonds may occur. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the impact of any change in law on the Tax-Exempt Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Tax-Exempt Bonds may affect the tax status of interest on the Tax-Exempt Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Tax-Exempt Bonds, or the interest thereon, if any action is taken with respect to the Tax-Exempt Bonds or the proceeds thereof upon the advice or approval of other counsel.

### **CONTINUING DISCLOSURE**

In order to provide certain continuing disclosure with respect to the Series 2025A Senior Bonds in accordance with the Rule, the City has executed a Continuing Disclosure Certificate (“Disclosure Certificate”) for the benefit of the Owners of the Series 2025A Senior Bonds, pursuant to which Digital Assurance Certification, L.L.C. will serve as the initial dissemination agent. The form of Disclosure Certificate is attached hereto as APPENDIX H.

Under the Disclosure Certificate, the City will covenant for the benefit of Owners and Beneficial Owners of the Series 2025A Senior Bonds to provide certain annual financial information and operating data, including its audited financial statements for the SCM Fund, relating to the System by not later than June 30 of each Fiscal Year, commencing on June 30, [2026] for the report for Fiscal Year [2024-25], or if the fiscal year-end changes from June 30, not later than 365 days after the end of the City’s Fiscal Year (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and notices of Listed Events will be filed pursuant to the Rule with the Electronic Municipal Market Access (“EMMA”) database. These covenants will be made in order to assist the Underwriters of the Series 2025A Senior Bonds in complying with the Rule.

The City and its related entities issue a variety of bonds, notes and obligations (“Obligations”), including Obligations issued through its proprietary enterprise programs and for its housing program and other conduit borrowers, as well as Obligations secured by special taxes and special assessments. The representations made by the City in this section regarding its previous continuing disclosure undertakings relate only to those Obligations which are managed by the City Administrative Officer and its staff, including Obligations secured

by the City's general fund (including the lease revenue bonds and notes issued through the Municipal Improvement Corporation of Los Angeles), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds. The City's Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

In continuing disclosure undertakings that the City has executed with respect to prior issuances of Senior Lien Bonds and Subordinate Bonds, the City agreed to update tabular information in its official statements. In preparing this Official Statement, the City has modified several of the tables that it has historically presented in its official statements for the Wastewater System. Accordingly, the City plans to provide continuing disclosure annual updates to the financial and operating data of the Wastewater System in the manner consistent with the tabular information in this Official Statement. This impacts the following financial and operating information:

- In past official statements, the City provided historical capital improvement program expenditure data and some projected capital improvement program expenditure data which the City has decided to replace with the projected information presented in Table 5 in Appendix A in of this Official Statement. In its continuing disclosure annual reports in the future, the City will plan to provide an update of the Capital Improvement Plan expenditures for the most recently completed fiscal year.
- The historical revenues, expenses and debt service coverage ratio contained in Table 15 in Appendix A in this Official Statement. Table 15 was prepared in past final official statements on a cash basis rather than an accrual (GAAP) basis. The City has prepared Table 15 in Appendix A in this Official Statement on a GAAP basis according to the SCM Audited Financial Statements and the Debt Service Coverage Ratio Compliance Report prepared by the independent auditors of the SCM Fund, which is the format it will use in its continuing disclosure annual reports in the future.

Notwithstanding any provision of the Senior General Resolution, the failure of the City to comply with the Disclosure Certificate is not considered an event of default under the Senior General Resolution. However, any Owner of Series 2025A Senior Bonds may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate.

## **LITIGATION**

There is no controversy of any nature now pending against the City or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2025A Senior Bonds or in any way contesting or affecting the validity of the Series 2025A Senior Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2025A Senior Bonds or the use of the proceeds of the Series 2025A Senior Bonds. There are no pending lawsuits that in the opinion of the City Attorney challenge the validity of the Series 2025A Senior Bonds, the corporate existence of the City, or the title of the executive officers to their respective offices.

A discussion of certain claims against the SCM Fund is set forth under the caption in APPENDIX A — "CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION — Certain Claims Against the SCM Fund."

## LEGAL OPINION

The validity of the Series 2025A Senior Bonds and certain other matters are subject to the approval of legality by Nixon Peabody LLP, Bond Counsel to the City. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, and by Hydee Feldstein Soto, City Attorney, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP.

## RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Fitch Ratings ("Fitch") have assigned the Series 2025A Senior Bonds their ratings of "\_\_\_" and "\_\_\_," respectively. [S&P has assigned the Series 2025A Senior Bonds a negative outlook.] Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, New York, New York 10004. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025A Senior Bonds.

## UNDERWRITING

The Series 2025A Senior Bonds are being purchased by Jefferies LLC, Barclays Capital, Morgan Stanley, TD Securities (USA) LLC, and Cabrera Capital Markets LLC (collectively, the "Underwriters") at a price of \$ \_\_\_\_\_ (which amount represents the principal amount of the Series 2025A Senior Bonds of \$ \_\_\_\_\_, plus [net] original issue premium of \$ \_\_\_\_\_, and less an underwriters' discount of \$ \_\_\_\_\_). The Underwriters may offer and sell the Series 2025A Senior Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

The following paragraphs have been provided by the Underwriters:

TD Securities (USA) LLC ("TD Securities"), one of the Underwriters of the Series 2025A Senior Bonds, has entered into two negotiated dealer agreements (the "TD Dealer Agreements") with Charles Schwab & Co., Inc. ("CS&Co.") and InvestorLink Capital Markets, LLC ("ICM"). These agreements allow CS&Co. and ICM to provide for the retail distribution of certain securities offerings, including the offered Series 2025A Senior Bonds at the original issue prices. Pursuant to the TD Dealer Agreements, CS&Co. and ICM may purchase offered Series 2025A Senior Bonds from TD Securities at the original issue prices less a negotiated portion of the selling concession applicable to any of the offered Series 2025A Senior Bonds ICM or CS&Co. sells.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various advisory and investment banking services for the City, for which they received or will receive customary fees and expenses.



In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **MUNICIPAL ADVISORS**

Public Resources Advisory Group, Inc. and Omnicap Group LLC have served as Municipal Advisors to the City in connection with the issuance of the Series 2025A Senior Bonds. The Municipal Advisors have assisted the City in matters relating to the planning, structuring, issuance and sale of the Series 2025A Senior Bonds. The Municipal Advisors have not audited, authenticated or otherwise independently verified the information set forth in the Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisors make no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement.

### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The Verification Agent, Precision Analytics Inc., Morristown, New Jersey, will verify as to [the 2010 Bonds Escrow Fund,] the 2015 Bonds Escrow Fund, [and the 2017-C Bonds Escrow Fund], the mathematical accuracy as of the date of issuance of the Series 2025A Senior Bonds of the computations contained in the provided schedules to determine that the anticipated receipts from the investment of cash and Government Obligations will be sufficient to pay in full, when due, the redemption price of the applicable Refunded Bonds. The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

### **FINANCIAL STATEMENTS AND DEBT SERVICE COMPLIANCE REPORTS**

The SCM Fund Financial Statements and Required Supplementary Information for the Fiscal Years ended June 30, 2024 and 2023 (With Independent Auditor's Report Thereon) and the SCM Fund Debt Service Compliance Report for the Fiscal Year ended June 30, 2024 (With Independent Auditor's Report Thereon) are included as APPENDIX E. The financial statements of the SCM Fund for the Fiscal Year ended June 30, 2024 and the SCM Fund Debt Service Compliance Report for the Fiscal Year ended June 30, 2024 have been audited by Macias Gini & O'Connell LLP ("Macias"), independent certified public accountants, as stated in their report. Macias has not consented to the inclusion of its reports in APPENDIX E and Macias has not undertaken to update its reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias with respect to any event subsequent to the date of its reports.

### **MISCELLANEOUS**

This Official Statement has been duly approved, executed and delivered by the City.

There are appended to this Official Statement a summary of certain provisions of the Resolutions, a glossary of defined terms, a glossary of System terms, Audited Financial Statements of the SCM Fund, the

proposed form of opinion of Bond Counsel, and a general description of the City and a description of the Book-Entry Only System. The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Series 2025A Senior Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All references to the City Charter and the Resolutions are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such laws and such documents for a full and complete statement of such provisions.

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Assistant City Administrative Officer

**APPENDIX A**

**CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES**

**WASTEWATER SYSTEM**

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## **THE WASTEWATER SYSTEM**

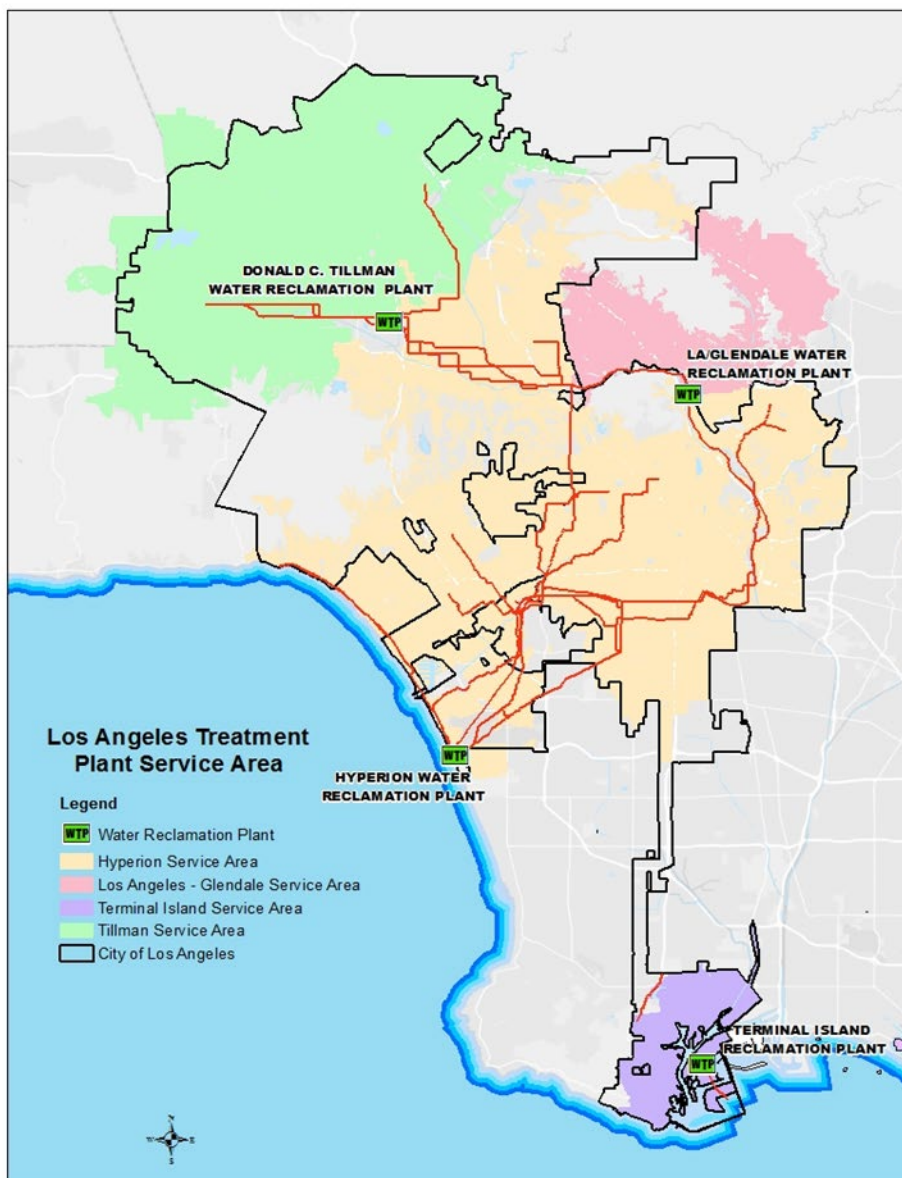
### **Service Area**

The System provides wastewater conveyance, treatment and disposal services for an area of approximately 600 square miles that includes most of the City and certain adjacent communities. The wastewater service area within the Los Angeles Basin is determined by natural drainage patterns and does not generally conform to political boundaries. Because of the economics associated with gravity flow, parts of the City are served by other agencies and the System provides wastewater service for communities outside the boundaries of the incorporated City. Areas within the City limits that are not served by the City are served by the Los Angeles County Sanitation Districts. A map of the System is provided on the next page of this Official Statement.

The System consists of two distinct service areas. Approximately 515 square miles of central, western and northern areas of the City are tributary to a coastal wastewater reclamation facility, the Hyperion Water Reclamation Plant ("HWRP"). The southern harbor area of the City, totaling 18 square miles, is tributary to the Terminal Island Water Reclamation Plant ("TIWRP"). For ease of reference, the two service areas are referred to herein as the Hyperion Service Area and the Terminal Island Service Area. The Hyperion Service Area serves approximately 96% of the City's wastewater flows.

The City's stormwater collection and conveyance system is separate from the wastewater collection and conveyance system. Stormwater is discharged into the Santa Monica Bay and Los Angeles Harbor through a series of storm drains and channels. Some dry weather urban runoff is diverted to the wastewater conveyance system for treatment at the HWRP.

**CITY OF  
LOS ANGELES, CALIFORNIA  
WASTEWATER SYSTEM**



## Existing Facilities

In addition to HWRP and TIWRP, the City operates two other water reclamation plants upstream in the Hyperion Service Area along the Los Angeles River: the Donald C. Tillman Water Reclamation Plant (“DCTWRP”) and the Los Angeles-Glendale Water Reclamation Plant (“LAGWRP”).

The wastewater collection and conveyance system consists of more than 6,800 miles of mainline sewers, in excess of 150,000 maintenance holes, and other miscellaneous facilities. Seventy-nine percent of the sewers have been in service for 50 years or more with the oldest pipes installed over 130 years ago. The seven main interceptor sewers in the Hyperion Service Area are the Central Outfall Sewer, the Coastal Interceptor Sewer, the East Central Interceptor Sewer, the Northeast Interceptor Sewer, the North Central Outfall Sewer, the North Outfall Sewer (“NOS”), and the North Outfall Replacement Sewer.

While a large portion of the System is gravity fed, the City maintains 24 pumping plants in the Hyperion Service Area and 20 pumping plants in the Terminal Island Service Area. The conveyance system is designed with redundancy in the form of standby pumps and backup power supplies. Certain plants are provided with storage retention basins or emergency bypass lines to address potential conveyance failures.

The wastewater reclamation facilities and the collection and conveyance systems are subject to ongoing capital improvements. See “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM – Current Major Projects of the Wastewater System Capital Improvement Program” herein.

The City currently reuses biosolids, a byproduct and residual of wastewater treatment, as a soil amendment at the City-owned Green Acres Farm in Kern County. The City also composts a portion of its biosolids at its Griffith Park compost facility for application in City parks and in giveaways to City residents.

**Water Reclamation Plants.** The following table sets forth the approximate first year of operation, the current design capacities and the influent flows of the Hyperion Service Area reclamation facilities and the Terminal Island Service Area reclamation facilities:

**TABLE 1**  
**WATER RECLAMATION FACILITIES**  
**AVERAGE FLOWS FOR FISCAL YEAR 2023-24**

<i>Reclamation Facility</i>	<i>Approximate First Year of Operation</i>	<i>Current Design Capacity (mgd)<sup>(1)</sup></i>	<i>Average Flow (mgd)</i>
<b>HYPERION SERVICE AREA</b>			
HWRP <sup>(2)</sup> (Secondary Treatment)	1923	450	267
LAGWRP (Tertiary Treatment)	1976	20	15
DCTWRP (Tertiary Treatment)	1984	<u>80</u>	<u>44</u>
Total Hyperion System		<u>550</u>	<u>326</u>
<b>TERMINAL ISLAND SERVICE AREA</b>			
TIWRP (Tertiary Treatment)	1935	<u>30</u>	<u>15</u>
TOTAL BOTH SYSTEMS <sup>(3)</sup>		<u>580</u>	<u>341</u>

(1) “mgd” means million gallons per day.

(2) Includes treated outflow from upstream plants.

(3) Totals may not add due to rounding.

Source: Bureau of Sanitation.

***Hyperion Water Reclamation Plant.*** HWRP was first constructed in 1923, with full secondary treatment of effluent beginning in 1950. Capacity issues required that the City discharge sludge in the ocean, beginning the City's major wastewater capital improvement program. By 1998, the facility could provide full secondary treatment; in 2002 production of Class A Exceptional Quality Biosolids began; and in 2017 biogas produced at the plant began being used to generate electricity to fully power HWRP's processes.

The existing HWRP, designed for an average flow of 450 mgd, currently treats an average flow of approximately 267 mgd. The HWRP has a maximum wet weather flow capacity of 850 mgd. The HWRP provides secondary treatment utilizing the pure oxygen activated sludge process.

On July 11 and into July 12, 2021, HWRP experienced a major sewage spill resulting in the flooding of the plant and discharge of over 17 million gallons of untreated sewage into the HWRP NPDES Permit Discharge Point 001. This is an emergency discharge point commonly known as the "1-Mile Outfall" that discharges approximately one mile offshore into the Santa Monica Bay. For reference, under normal conditions, the primary discharge point for treated wastewater under the HWRP NPDES permit is commonly known as the "5-Mile Outfall," which discharges approximately five miles offshore. Out of the 17 million gallons, 4.5 million gallons of the untreated sewage was still contained within the 1-Mile Outfall, and was subsequently pumped back to the plant for treatment. Therefore, 12.5 million gallons were discharged into the Santa Monica Bay. The spill caused severe damage at HWRP to critical equipment and vehicles, and several lawsuits were filed against the City in connection with the incident. See "REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM —NPDES Permits" and "—Wastewater Overflows" herein for further discussion of the incident involving HWRP and "LITIGATION—Certain Claims Against the SCM Fund—*Hyperion Water Reclamation Plant Incident.*"

During February 2024, HWRP experienced an extraordinary atmospheric river storm event that caused high sewage inflow which exceeded the effluent pumping plant's capacity. It resulted in flooding of the plant and necessitated the discharge of approximately 13 million gallons of disinfected secondary effluent through the 1-Mile Outfall. While some sewage spilled out of the Headworks Facility despite the opening of the Emergency Bypass Channel, it was contained within the plant and returned to the treatment process. See "REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM—Wastewater Overflows."

***Donald C. Tillman and Los Angeles-Glendale Water Reclamation Plants.*** The DCTWRP first opened in 1984 and expanded in 1991. One of its key features is a 6.5-acre Japanese Garden which includes a 2.75-acre lake that is filled with treated water from DCTWRP. It is designed to provide tertiary treatment for an average dry weather flow of 80 mgd and a peak wet weather flow of 160 mgd. The purpose of the DCTWRP is to treat all of the wastewater flow from the Additional Valley Outfall Relief Sewer and the East Valley Interceptor Sewer, providing flow relief for downstream reaches of the interceptor system.

The LAGWRP, which began service in 1976, is designed to provide tertiary treatment for an average dry weather flow of 20 mgd and a peak wet weather flow of 30 mgd. This plant is able to provide flow relief for the NOS interceptor system by treating a portion of the flow from the eastern section of the San Fernando Valley and the cities of Burbank and Glendale.

Sludge produced by the two water reclamation plants is returned to the interceptor system for treatment at the HWRP. In Fiscal Year 2023-24, the DCTWRP and the LAGWRP returned a total of 8.0 mgd of sludge to the HWRP for treatment.

***Terminal Island Water Reclamation Plant.*** The service area for the TIWRP consists of the Harbor area of the City located approximately 20 miles south of downtown Los Angeles. This area includes the communities of Wilmington and San Pedro, Terminal Island, and a portion of Harbor City. As it is geographically isolated from the rest of the City, this area requires a separate conveyance, treatment and disposal system. TIWRP was originally opened in 1935, converted to full secondary treatment in 1977, and completed



its conversion to tertiary treatment in 1997. In 2017, an advanced water purification facility (“AWPF”) was completed.

The TIWRP is designed to treat an average dry weather flow of 30 mgd and a peak wet weather flow of 55 mgd. The TIWRP has provided tertiary treatment since December 1997. TIWRP also contains an AWPf that uses microfiltration, reverse osmosis and an ultraviolet - advanced oxidation process. The AWPf has the capacity to produce 12 mgd of recycled water.

### System Wastewater Flow

The following table sets forth the System wastewater flows for Fiscal Years 2014-15 through 2023-24 for each wastewater reclamation facility.

**TABLE 2**  
**AVERAGE HISTORIC WASTEWATER FLOW**  
**(Amounts in Million Gallons Per Day)**

<i>Fiscal Year Ended June 30</i>	<i>HWRP</i>	<i>LAGWRP</i>	<i>DCTWRP</i>	<i>TIWRP</i>	<i>TOTAL<sup>(1)</sup></i>
2015	265	18	43	16	342
2016	252	17	46	14	329
2017	258	17	50	13	338
2018	259	17	47	12	335
2019	265	18	43	12	338
2020	261	17	41	12	333
2021	248	17	39	12	315
2022	251	17	43	14	325
2023	262	16	43	15	336
2024	267	15	44	15	341

<sup>(1)</sup> Totals may not add due to rounding.

Source: Bureau of Sanitation.

### Subscribing Agencies

**Universal Terms Contracts.** The City currently provides wastewater conveyance, treatment and disposal services on a wholesale basis to 22 agencies (each, an “Agency” and collectively the “Agencies”), pursuant to Universal Terms Contracts. The Agencies include the cities of Beverly Hills, Burbank, Culver City, El Segundo, Glendale, La Cañada Flintridge, Long Beach, San Fernando, Santa Monica, the Crescenta Valley Water District, the Las Virgenes Municipal Water District, several Los Angeles County Sanitation Districts, and the unincorporated communities of Marina Del Rey and Universal City. Service charges to the Agencies are based on the costs of the City’s wastewater facilities, including the costs of the four water reclamation plants, the costs of sewers with diameters of 36 inches or larger and of pumping stations and appurtenances connected to those sewers, and half the costs of sewers with diameters that are 30 to 36 inches and of the pump stations and appurtenances connected to those sewers. The Agencies represent over 99% of the total average flow under the Wastewater Service Contracts (defined below) in Fiscal Year 2023-24.

The Universal Terms Contracts include the following key provisions: (i) the Agencies will pay shares of the costs of the City’s wastewater system facilities regardless of which facilities actually treat and convey their wastewater, (ii) the Agencies’ shares of treatment costs will reflect the flow and quality of their wastewater, (iii) the Agencies’ shares of conveyance costs will reflect their flows and distances to the wastewater reclamation facilities, (iv) the Agencies’ charges will be based on their actual wastewater flow and quality, (v) there will be no limitation on the wastewater that an Agency can discharge into the System, (vi) the Agencies and the City

will share the connection fee income paid by new customers discharging to the System, (vii) interest and penalties will be added to late payments by the Agencies, (viii) each Agency may have access to a share of the reusable water produced by the City's water reclamation plants, and (ix) the contract will have a thirty-year term, except that the parties may initiate renegotiations after ten years for certain changed conditions. All of the Universal Terms Contracts are in effect through 2029. The City expects that wastewater service to the Agencies will be extended beyond 2029 pursuant to renegotiated contracts in part because of the large economies of scale available in the System, the difficulty associated with siting and permitting smaller wastewater reclamation facilities serving just the Agencies, and the high cost of connecting the Agencies' sewer systems to other regional wastewater systems.

***Older Sewage Disposal Contracts.*** The City also serves seven other agencies (each, an "SDC Entity" and together with the Agencies, the "Entities") on a wholesale basis pursuant to the older Sewage Disposal Contracts ("SDCs" which, together with the Universal Terms Contracts, are referred to herein as the "Wastewater Service Contracts" or "WSC"). However, two of these Agencies, "Veterans Administration" and "West Los Angeles Community College", currently operate under the Universal Terms, despite not having signed Universal Terms contracts. The nine SDC Entities operating under the older SDCs account for 0.28 mgd, which is 0.7% of the 29 Entities' total average flow in Fiscal Year 2023-24. These customers include the Federal Office Building and several small SDC Entities. Although each SDC varies somewhat as to its terms and conditions, in general each SDC requires payment of operation and maintenance expenses and capital costs attributable to those components of the sewer system used by the SDC Entity. See "FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM—Existing Sewer Rates and Charges—Wastewater Service Contracts" herein for a description of Revenues relating thereto.

***Flow Contributed by the Entities.*** The Entities contributed approximately 12.5% of the System flow in Fiscal Year 2023-24. The five largest Entities (Glendale, Santa Monica, Beverly Hills, Los Angeles County Sanitation District No. 4, and Culver City) accounted for approximately 76.7% of the 29 Entities' total flow. The next five largest Entities accounted for approximately 16.5% of the Entities' total flow. The following table sets forth the largest Entities and the flow contributed by each.

**TABLE 3**  
**MAJOR SUBSCRIBING ENTITIES AND FLOW CONTRIBUTED**  
**Fiscal Year 2023-24**

<i>Entities</i>	<i>Actual Flow (mgd)</i>
Glendale	12.93
Santa Monica	9.00
Beverly Hills	4.46
Los Angeles County Sanitation District No. 4	3.95
Culver City	2.47
San Fernando	1.67
Marina Del Rey	1.57
Crescenta Valley Water District	1.36
Burbank <sup>(1)</sup>	1.23
El Segundo	1.21
Universal City	0.68
Los Angeles County Sanitation District No.5	0.61
Las Virgenes Municipal Water District	0.42
Los Angeles County Sanitation District No. 16	0.38
Veterans Administration	0.22
Los Angeles County Sanitation District No. 9	0.22
All Others	<u>0.38</u>
Total	42.76

<sup>(1)</sup> Reflects the flow that was used in billing the City of Burbank for its wastewater service. However, this amount may be revised due to a dispute between the City and the City of Burbank over flow monitoring issues.

Source: Bureau of Sanitation.

**Other Facilities.** The City of Burbank independently owns and operates a wastewater treatment facility capable of treating up to nine mgd of wastewater flow. The remaining flow and the sludge from the City of Burbank's plant are deposited into the System. The City of Burbank could expand its facilities to treat all of the wastewater now produced in the City of Burbank. However, any biosolids generated by the City of Burbank could still be discharged to the System for treatment and disposal.

The City operates the LAGWRP and is a co-owner of the facility, with the City owning half of the facility, and the City of Glendale owning the other half. The City of Glendale is responsible for 50% of the operation and maintenance expenses and 50% of the costs for capital improvements not related to expanding the LAGWRP's wastewater treatment capacity beyond current design flows. The City is responsible for the remainder of the operation and maintenance expenses, the remainder of the cost for capital improvement not related to expanding the LAGWRP's wastewater treatment capacity beyond current design flows, and 100% of the costs for capital improvement related to expanding the LAGWRP's wastewater treatment capacity beyond current design flows.

**Contract Receipts.** The following table sets forth Wastewater Service Contract cash receipts from the 29 Entities for Fiscal Years 2019-20 through 2023-24. Under the terms of the Senior General Resolution and the Subordinate General Resolution, the receipts from the capital component of Wastewater Service Contracts are excluded from the definition of Revenues.

**TABLE 4**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**CONTRACTUAL WASTEWATER SERVICES RECEIPTS (UNAUDITED)**  
**Fiscal Year Ending June 30**  
**(in thousands)**

	<b>2020</b>	<b>2021</b>	<b>2022<sup>(1)</sup></b>	<b>2023</b>	<b>2024<sup>(2)</sup></b>
Operation and Maintenance	\$26,608	\$29,461	\$23,850	\$20,542	\$ 34,936
Capital <sup>(3)</sup>	<u>18,833</u>	<u>14,836</u>	<u>15,262</u>	<u>6,830</u>	<u>15,925</u>
Total <sup>(4)</sup>	\$45,441	\$44,298	\$39,112	\$27,373	\$ 50,861

(1) Operation and Maintenance receipts declined from previous year in Fiscal Year 2021-22 due to items under dispute by the City of Burbank and the City of Glendale that are being discussed. See the caption “FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM—Billing and Collection—*Wastewater Service Contract Charges*.”

(2) The annual adopted budget of the Bureau of Sanitation, as well as the amount of wastewater flow from the Entities, are major factors affecting the Operations and Maintenance billings that are sent to the Entities. Both the annual adopted budget and the wastewater flows from the agencies increased from Fiscal Year 2022-23 to Fiscal Year 2023-24, which led to the increase in receipts received for Operation and Maintenance.

(3) Capital charges to the Entities are based on the costs of the City’s wastewater facilities, including the costs of the four water reclamation plants, with the costs of the conveyance facilities being the sum of the costs for sewers 30 inches in diameter and greater and the pumping plants and appurtenances connected to sewers 30 inches in diameter and greater, and the costs for sewers 36 inches in diameter and greater and the pumping plants and appurtenances connected to sewers 36 inches and greater, divided by two. As such, the capital costs attributable to the Entities will fluctuate depending on the priorities of the CIP (defined below) and types of capital projects in any given year. Capital receipts from the Entities do not constitute Revenues pledged to the Series 2025 Subordinate Bonds. Capital receipts for Fiscal Year 2022-23 included billings that incorporated project costs from Fiscal Year 2020-21, a period during which there were less capital improvement projects and thus less project costs due to the COVID-19 pandemic. The increase in receipts from Fiscal Year 2022-23 to Fiscal Year 2023-24 reflects the return of the CIP to a more typical level.

(4) Totals may not equal the sum of components due to individual rounding.

Source: Office of Accounting.

## **ORGANIZATION AND MANAGEMENT OF THE SYSTEM**

### **General**

The City is the planning agency, owner, and operator of the System. The governing body consists of the Mayor, who is chief executive of the City, and a 15-member full-time City Council, which is the legislative body. The Mayor, the members of the City Council, the City Controller, and City Attorney are elected officials.

The Board of Public Works manages the Department of Public Works, which administers the City’s water pollution control policy and is responsible for operation of the following bureaus: Contract Administration, Engineering, Sanitation, Street Lighting, and Street Services. The Board of Public Works is composed of five full-time salaried members appointed by the Mayor for a term of five years.

The Board of Public Works advertises and invites proposals for bids, awards contracts for the construction of public facilities, and coordinates the issuance of certain activity permits for use of City-owned property.

### **Office of Accounting**

The Office of Accounting of the Board of Public Works (the “Office of Accounting”) provides accounting and financial services to the Department of Public Works for all of its funds and programs, including the Sewer Construction and Maintenance Fund and the wastewater program. The Sewer Construction and Maintenance Fund is composed of three funds: the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund, and the Sewer Capital Fund (collectively, the “SCM Fund”). The Office of

Accounting also prepares SCM Fund financial reports and statements, and operates systems to provide general ledger and cost data to departmental users.

### **Bureau of Engineering**

The Bureau of Engineering prepares environmental assessments, preliminary designs, final plans, specifications, and estimates for storm drains, sewers, water reclamation plants, bridges, service yards, and other public improvements. The Bureau of Engineering handles contract documents and certain contractual relationships for the aforementioned items during construction. The Bureau of Engineering acquires rights of way and easements required for the various City projects. For major design projects, such as the rehabilitation of the NOS, the Bureau of Engineering's staff is augmented through the use of engineering consultants.

### **Bureau of Sanitation**

The Bureau of Sanitation (sometimes referred to herein as the "Bureau") is responsible for the operation and maintenance of all facilities required for the conveyance, treatment, and recycling of wastewater, including various technical services related to wastewater. The Bureau is also responsible for the collection and disposal of all solid materials and waste in the City. Additionally, through its Watershed Protection Program, the Bureau protects the beneficial uses of receiving waters while complying with all flood control and pollution abandonment mandates. The Bureau has 25 divisions with over 3,500 employees.

A number of the Bureau's divisions are responsible for operating the System. The water reclamation plants are each responsible for their own operations and maintenance activities. Separate divisions are responsible for operating the separate sanitary sewer and local storm drain conveyance systems for both wastewater and stormwater. The Wastewater Engineering Service Division is responsible for integrated planning and engineering services for the System.

A number of technical services are provided to the System by other divisions within the Bureau: the Environmental Monitoring Division, the Industrial Waste Management Division, the Information and Control Systems Division, and the Industrial Safety and Compliance Division.

The Financial Management Division is responsible for budget, cost recovery, customer services, and other financial matters, including developing and recommending rates and charges for the System. The Administration Division handles activities related to contracts, purchasing, payroll, and human resources.

### **Bureau of Contract Administration**

The Bureau of Contract Administration is responsible for administering contracts and permits for construction of all public works projects, including providing inspection services at construction sites, preparing statements of payments due on contracts, recommending acceptance of public improvement projects, and reviewing contractor compliance with affirmative action and minority business enterprise requirements on City projects.

## **WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM**

### **General**

The City's capital planning process reflects several levels of decision making. The long-range planning is contained in the *One Water LA 2040 Plan* (which replaced the previously known *Integrated Resources Plan* and is now commonly referred to as *the Zero Wasted Water Plan*) (the "Plan"). The purpose of the Plan is to increase sustainable water management for the City to develop a vision and implementation strategy, to more sustainably and cost-effectively manage water and identify ways for City departments and regional agencies to integrate their water management strategies. The Bureau of Sanitation and the Los Angeles Department of Water

and Power (“LADWP”) led the Plan’s development, partnering with other City departments, regional agencies, academia, the business community, and other stakeholders. Among the resources addressed were stormwater pollution abatement, increased capture of stormwater and expanded uses of recycled wastewater. The latter goal is addressed in a chapter of the Plan titled the Wastewater Facilities Plan.

The Wastewater Facilities Plan informs the development of the Clean Water Capital Improvement Program (the “CIP”), an ongoing, ten-year, capital expenditure program. The general objectives of the CIP are to meet federal and State requirements and City policy regarding water pollution control, to provide satisfactory levels of service to users of the System, and to maintain the integrity of the System. The projects included in CIP have been approved by the Program Review Committee (the “PRC”), which is a working group composed of Assistant Directors of the Bureau of Sanitation and a Deputy City Engineer. The administration, coordination, and implementation of the projects in the CIP are assigned to various divisions of the Bureau of Sanitation and the Bureau of Engineering in the Department of Public Works. The CIP includes replacement, rehabilitation, water recycling and expansion of the City’s water reclamation and collection system facilities. Starting with Fiscal Year 2024-25, the 10-year estimated total cost of the CIP is approximately \$8.7 billion.

The CIP currently includes such improvements to the System as the installation of major interceptor sewers, the renovation or replacement of other major sewers and pumping stations, and the modernization and upgrading of wastewater treatment and water recycling facilities to, among other things, provide for the expanded availability and use of recycled water.

The Bureau of Sanitation is responsible for final decisions relating to the CIP costs and priorities. The PRC evaluates the CIP annually, and meets monthly to consider any changes affecting scope, cost, schedule, and overall implementation of CIP components. The City funds CIP projects either with existing funds on hand or by issuing debt.

The City annually prepares a Wastewater System Capital Improvement Expenditure Program budget for the System to appropriate funds for capital projects, which is included for funding in the City’s annual budget.

### **Current Major Projects of the Wastewater System Capital Improvement Program**

***Current Projects.*** The following projects are currently included in the CIP; some of the projects are expected to be funded or refinanced in whole or in part from proceeds of the Series 2025 Subordinate Bonds. The cost estimates for the projects that are set forth below may increase and the expected dates of completion for these projects may be delayed due to unexpected events, circumstances or conditions.

Central Business District Sewer Rehabilitation Unit 13 and 14 - Griffith to Grand. This project is rehabilitating approximately 5,040 linear feet of existing 40-inch, 45-inch, and 48-inch brick sewers. The estimated cost for the construction phase of this project is approximately \$36 million. Completion of the project is estimated to be in Fiscal Year 2027-28.

TIWRP Digester Insulation Replacement. This project is replacing the interior insulation of four digesters at TIWRP as well as removing the existing asbestos tiles, and replacing the exterior cladding system. The estimated cost for the construction phase of this project is approximately \$26 million, of which approximately \$13 million remains to be spent. Completion of the project is estimated to be in Fiscal Year 2025-26.

NOS/Large Diameter Sewer Pipe CCTV and Emergency Repairs. In Fiscal Year 2023-24, the Bureau of Sanitation completed 5 miles of Closed Circuit Television (“CCTV”) inspection of the NOS and 9.2 miles of primary sewers (sewers 16-inch and greater). The rehabilitation of the NOS and other large diameter sewers is ongoing. As the City continues the CCTV program, there will be a need for planned and emergency repairs to other sections of the NOS and other large diameter sewers, as these corrode due to an aging system. The City plans to spend approximately \$434 million for NOS and large diameter projects from Fiscal Years 2024-25

through 2028-29. The CIP also includes many major sewers that require rehabilitation and repairs. However, there are no guarantees that future sewer failures will not occur.

**Additional Projects.** In addition to the projects described above, the City plans to spend approximately \$3.1 billion from Fiscal Year 2024-25 through Fiscal Year 2028-29 to fund over 200 additional projects. These projects include collection system improvements (new sewers and rehabilitations) and pumping plants projected at \$633.5 million, reclamation plant process enhancements projected at \$770.3 million, and recycled water projects at the four wastewater reclamation facilities projected at \$623.1 million.

***Recycled Water Projects.*** The recycled water projects are currently in negotiation as joint projects between the Bureau and LADWP, wherein the Bureau anticipates that LADWP will agree to pay for the operation and maintenance costs (“O&M”) and capital costs required to produce recycled water above what is required by the National Pollutant Discharge Elimination System (“NPDES”) permit. The negotiated terms between the Bureau and LADWP with respect to recycled water projects are memorialized in Memorandums of Agreement (MOAs) that are approved by both the Board of Public Works and by the Board of Water and Power Commissioners.

The City is currently constructing an AWPf and other related facilities at the DCTWRP (the “DCTWRP AWPf”), which will produce up to 20 mgd of recycled water by Fiscal Year 2026-27 for groundwater replenishment. An MOA between the Bureau and LADWP for the DCTWRP AWPf project was approved by the Board of Public Works and the Board of Water and Power Commissioner in October 2024, and this MOA outlines LADWP’s agreement to pay for construction and startup costs associated with the DCTWRP AWPf. In addition, the Bureau and LADWP have also agreed to the Guaranteed Maximum Price of approximately \$464,560,013 for the DCTWRP AWPf construction from Jacobs Solutions, Inc.

A longer-term project is an AWPf at HWRP (“HWRP AWPf”), as part of the Pure Water Los Angeles Program (“Pure Water LA Program”). Under the Pure Water LA Program, the City set a goal of recycling all of the flow at the HWRP by 2035, although it is likely the timeline will be extended by an undetermined amount due to the disruption that was caused by the COVID-19 pandemic from Stay-At-Home orders, supply chain backlogs, decreased revenues due to the collections moratorium, and increases in the costs of parts and materials. The HWRP AWPf will produce up to 210 mgd of advanced water treatment processes at HWRP, with an approximate cost estimate exceeding \$4 billion over the next several decades.

While the majority of the construction for recycled water projects under the Pure Water LA Program is outside of the five-year horizon presented herein, several preliminary and pilot projects are underway, including the HWRP Advanced Water Purification Facility – Los Angeles International Airport (“HWRP AWPf LAX”) project (which is nearly complete) and the HWRP Membrane BioReactor Pilot (“HWRP MBR Pilot”) project.

The HWRP AWPf LAX project is a 1.5 mgd advanced water treatment process at HWRP that will serve the Los Angeles International Airport. The HWRP MBR Pilot project consists of a pilot study to determine the feasibility of utilizing the nitrification and denitrification membrane bioreactor at HWRP.

## Projected Capital Improvement Program Expenditures and Sources of Funding

The following table sets forth the projected expenditures and major funding sources for the CIP for Fiscal Years 2024-25 through 2028-29. The City is continually monitoring and evaluating its CIP and the levels of expenditures and sources of funding are regularly adjusted by the City.

**TABLE 5**  
**PROJECTED CAPITAL IMPROVEMENT PROGRAM EXPENDITURES**  
**AND SOURCES OF FUNDING<sup>(1)(2)</sup>**  
**Fiscal Year Ended June 30**  
**(in thousands)**

<i>Description</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>Total</i>
<b>PROJECTED CAPITAL IMPROVEMENT PROGRAM EXPENDITURES</b>						
System-Wide, Conveyance & Pumping	\$ 52,105	\$ 114,210	\$ 140,070	\$ 156,368	\$ 170,700	\$ 633,452
Hyperion Water Reclamation Plant	59,601	99,277	80,162	136,771	160,202	536,013
Other Water Reclamation Plants	30,788	60,318	44,805	59,145	39,264	234,319
Recycled Water Projects	<u>62,721</u>	<u>316,930</u>	<u>173,907</u>	<u>69,541</u>	<u>0</u>	<u>623,098</u>
Construction Projects Subtotal	205,214	590,734	438,944	421,824	370,165	2,026,883
Non-Construction Capital Expenditures	<u>167,773</u>	<u>249,471</u>	<u>227,651</u>	<u>231,845</u>	<u>220,981</u>	<u>1,097,721</u>
<b>Projected Capital Improvement Program Expenditures</b>	<b><u>\$ 372,987</u></b>	<b><u>\$ 840,206</u></b>	<b><u>\$ 666,595</u></b>	<b><u>\$ 653,669</u></b>	<b><u>\$ 591,146</u></b>	<b><u>\$ 3,124,603</u></b>
<b>PROJECTED SOURCES OF FUNDING FOR CAPITAL IMPROVEMENT PROGRAM</b>						
Recycled Water Capital Contributions						
DCTWRP AWP <sup>(3)</sup>	\$ 690	\$ 182,745	\$ 162,081	\$ 70,157	\$ 10,144	\$ 425,817
HWRP AWP LAX <sup>(4)</sup>	2,030	0	0	0	0	2,030
TIWRP AWP Capital Equipment & Backup Power Project <sup>(5)</sup>	<u>0</u>	<u>100</u>	<u>2,000</u>	<u>4,000</u>	<u>0</u>	<u>6,100</u>
Projected Recycled Water Capital Contributions	\$ 2,720	\$ 182,845	\$ 164,081	\$ 74,157	\$ 10,144	\$ 433,947
Debt Proceeds <sup>(6)</sup>	\$ 200,714	\$ 560,734	\$ 398,944	\$ 34,880	\$ 169,070	\$ 1,364,343
System Revenues <sup>(7)</sup>	143,133	88,889	88,389	530,322	399,509	1,250,242
Wastewater Service Contract Capital Payments	17,000	4,600	12,883	11,839	10,067	56,390
Interest Income <sup>(8)</sup>	4,920	3,137	2,297	2,471	2,356	15,181
Proceeds from Insurance	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,500</u>
<b>Projected Revenues Available to Fund Capital Improvement Program</b>	<b><u>\$ 372,987</u></b>	<b><u>\$ 840,206</u></b>	<b><u>\$ 666,595</u></b>	<b><u>\$ 653,669</u></b>	<b><u>\$ 591,146</u></b>	<b><u>\$ 3,124,603</u></b>

(1) Totals may not equal the sum of components due to individual rounding.

(2) These estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions “INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*” and “RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*.”

(3) The DCTWRP AWP Project currently consists of the construction of an AWP that can produce up to 20 mgd of recycled water for groundwater replenishment. The MOA with LADWP was approved by both the Board of Public Works and the LADWP Board. Construction began in the second quarter of Fiscal Year 2024-25.

(4) The HWRP AWP LAX project consists of the construction of a 1.5 mgd advanced water treatment process at HWRP that will serve the Los Angeles International Airport. There are two active agreements between the Bureau and LADWP for the design and construction of the project. A third agreement for the long-term operation and maintenance of the facility is currently being negotiated.

(5) The TIWRP AWP Capital Equipment & Backup Power Project will replace capital equipment and provide backup power for the TIWRP AWP. The reimbursement MOA is complete and awaiting approval from both the Public Works Board and LADWP Board.

(6) Reflects use of proceeds from bonds, Wastewater System Commercial Paper Notes, the WIFIA Loan, and/or other indebtedness in the indicated fiscal year and the use of released Debt Service Reserve Funds restricted for construction costs.

(7) System Revenues includes sources of funding that are not included as “Revenues” under the Resolution, such as grant funding.

(8) Includes estimated interest earned on construction funds and retained debt proceeds.

Source: Bureau of Sanitation.



## Major Sources of Funding

There are five primary funding sources available for the CIP: (i) System revenues, (ii) Wastewater Service Contracts, (iii) proceeds of debt issuances, (iv) recycled water capital contributions, and (v) federal and State grants and other reimbursements.

System Revenues derived from user fees will continue to directly finance a portion of capital improvements. Wastewater Service Contract capital payments made under agreements or contracts with the 29 Entities include reimbursement for certain capital improvements and related engineering and contract administration costs. Debt financing (primarily commercial paper, revenue bonds, and State and federal loans) and System revenues will provide the largest share of funds required by the CIP. Also see the caption “—Current Major Projects of the Wastewater System Capital Improvement Program—*Recycled Water Projects*.” The City estimates that a total of approximately \$1.4 billion of the CIP expenditures from Fiscal Years 2024-25 through 2028-29 will be financed through the issuance of bonds, notes or other forms of indebtedness.

On September 23, 2021, the City incurred a loan in the original principal amount of up to \$223,921,010, amended on October 17, 2024 to reflect a new final maturity date (as amended, the “WIFIA Loan”) from the United States Environmental Protection Agency (“US EPA”) under the Water Infrastructure Finance and Innovation Act for the DCTWRP AWPf project. The DCTWRP AWPf project, anticipated to be substantially completed by September 30, 2027, will provide high quality recycled water for groundwater replenishment. The City received the first drawdown of the WIFIA Loan in January 2025 after the beginning of the construction phase of the DCTWRP AWPf project which started in the second quarter of Fiscal Year 2024-25. The WIFIA Loan is secured on parity with the Subordinate Bonds. See Table 19 under the caption “FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM—Outstanding Indebtedness.”

In addition to the WIFIA Loan, in Fiscal Year 2023-24 the DCTWRP AWPf Project was awarded approximately \$318,000 from the United States Bureau of Reclamation (BOR) WaterSMART Water Recycling and Desalination Planning Grant. The City also expects to execute in Fiscal Year 2024-25 a grant agreement for a \$3 million Water Recycling Funding Program grant from the California State Water Resources Control Board (“SWRCB”) for the DCTWRP AWPf project as specified in their Fiscal Year 2024-25 Intended Use Plan.

In Fiscal Year 2023-24 the City was also awarded a \$5 million grant from the BOR WaterSMART Water Recycling and Desalination Planning Grant for the Pure Water Los Angeles Program. Additionally, in September 2024, the City was awarded a \$3,452,972 grant from the US EPA Community Grants Program (federal earmark) for a modernization project at HWRP. This HWRP Stormwater Discharge Piping Separation project would reroute contaminated stormwater collected within the plant into the wastewater treatment process to be properly treated.

## FINANCIAL OPERATIONS OF THE WASTEWATER SYSTEM

### Rate Setting Process

The City is required by the Senior General Resolution to establish rates and charges for the use of the System to produce Net Revenues in each year at least equal to 125% of actual debt service on all Senior Lien Bonds in such year, and by the Subordinate General Resolution to establish rates and charges to produce Net Revenues in each year at least equal to 110% of actual debt service on Senior Lien Bonds and Subordinate Bonds, in such year. The Bureau of Sanitation annually reviews the System’s rates and charges as part of the budgetary process. Upon recommendation by the Bureau of Sanitation and City Administrative Officer, the Mayor and City Council may enact rate increases as part of the budgetary process or at any other time, subject to compliance with Proposition 218. See “PROPOSITION 218” below.

The sewer service charge (“SSC”), the sewer facilities charge (“SFC”), Industrial Waste Inspection and Control Fees, Bonded Sewer Fees and other miscellaneous fees and charges are established by City ordinance. The Quality Surcharge Fee (“QSF”) is established by the Board of Public Works and becomes effective after a waiting period of 30 days (absent objection by City Council). The SSC is subject to the notification requirements of Proposition 218, which details the amount and the duration of the proposed rate adjustment. Approval of the City Council is required for the issuance of the Proposition 218 notice. Proposition 218 then requires a public hearing to be held by City Council 45 days following the posting of the Proposition 218 notice, and, with the concurrence of the Mayor, the enabling ordinance may be posted. Following a thirty-day public review period, the enabling ordinance becomes effective. The City Council recently adopted a series of SSC rate increases starting on October 19, 2024 through July 1, 2028 pursuant to the Proposition 218 process described above. See Table 6 for the resulting SSC rates. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

### Existing Sewer Rates and Charges

**General.** System user fees and charges consist of the SSC, industrial wastewater fees (which include the QSF and fees for industrial users), the SFC, Wastewater Service Contracts, and miscellaneous fees, as summarized below. In addition to the foregoing fees and charges, the City finances operations and capital expenditures through interest earnings and other miscellaneous revenues. For Fiscal Year 2023-24, as reflected on the SCM Audited Financial Statements, operating revenues were approximately \$704.2 million. See APPENDIX F—“CITY OF LOS ANGELES SEWER CONSTRUCTION AND MAINTENANCE FUND FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (WITH INDEPENDENT AUDITOR’S REPORT THEREON) AND DEBT SERVICE COMPLIANCE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH INDEPENDENT AUDITOR’S REPORT THEREON).”

- *Sewer Service Charge:* The SSC is the primary user fee for the System. As reflected in the SCM Audited Financial Statements, revenues from the SSC constitute the largest component of the System’s total operating revenues, having comprised approximately 89.9% of total operating revenues of the System annually from Fiscal Years 2019-20 through 2023-24. Revenues from the SSC were approximately 89.2% of operating revenues for Fiscal Year 2023-24.
- *Wastewater Service Contracts:* The Wastewater Service Contracts with the Entities provide for cost reimbursement of capital and operation and maintenance expenses. Revenues from WSC operation and maintenance payments were approximately 4.9% of operating revenues for Fiscal Year 2023-24. The capital component of WSC payments is used for pay-go capital projects and does not constitute Revenues under the Senior General Resolution or the Subordinate General Resolution.
- *Industrial Wastewater Fees:* Industrial Wastewater fees are charged to industrial users to account for the higher strength of wastewater discharged by them into the conveyance system, and these fees include the Quality Surcharge Fee (QSF), the Industrial Wastewater Permit Application fees, Inspection and Control fees, and Significant Industrial User fees. The QSF is designed to recover the costs related to suspended solids and biochemical oxygen demand strengths above normal or domestic strength values as well as costs for administering and maintaining the surcharge program. Industrial Wastewater Permit Application Fees are designed to recover the cost required to process permit applications for applicable users. Inspection and Control Fees are designed to recover the costs of necessary inspections of permitted users. Significant Industrial User fees recover a portion of additional costs incurred in the monitoring and inspection of certain industrial users subject to US EPA categorical pretreatment requirements. Revenues from industrial wastewater fees were approximately 2.9% of operating revenues for Fiscal Year 2023-24.

- *Sewerage Facilities Charge:* The SFC is designed to recover the cost of the System capacity required by new sewer connections and increases in capacity required by current System users. Revenues from SFC were approximately 1.8% of operating revenues for Fiscal Year 2023-24.
- *Miscellaneous Fees:* These fees include bonded sewer fees, septage fees, sewer tap fees, and other miscellaneous revenue sources. Revenues from miscellaneous fees were approximately 1.2% of operating revenues for Fiscal Year 2023-24.

Pursuant to the City Municipal Code, all monies derived from these user fees and charges are deposited into the SCM Fund and expended “only for sewer and sewage-related purposes, including but not limited to industrial waste control and water reclamation purposes.” All interest earnings on monies held in the SCM Fund are retained in the SCM Fund. The methodology for developing the fee schedules for the above outlined charges and fees is governed in part by the City Municipal Code and the SWRCB, acting on behalf of the US EPA.

Specific revenue calculation requirements and policies for specific components of the City’s sewer charges and fees are described below.

***Sewer Service Charge.*** The City imposes an SSC based on a dollar rate per 100 cubic feet of wastewater discharged into the System. The City Council recently adopted the following SSC rate increases from the prior dollar rate of \$5.80. The rate increases have been challenged in the case *Shapiro v. City of Los Angeles*. If the challenge is successful, the rate increases could be invalidated, in which case the City may be required to adopt new rate increases in accordance with Proposition 218, and during that time, the City may be required to charge the prior SSC rate (of \$5.80) until new rate increases can be implemented. Further, if the challenge is successful, the City could be required to refund or credit a portion of the collected SSC fees to ratepayers. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

Current dollar rates and increases through July 1, 2028 are set forth in the following table. For Fiscal Year 2023-24, SSC cash receipts are estimated to be approximately \$649.8 million.

**TABLE 6  
SEWER SERVICE CHARGE RATES**

<i>Effective Date</i>	<i>Sewer Service Charge Rates (\$/hcf)<sup>(1)</sup></i>	<i>Percentage (%) Change</i>
October 19, 2024	\$ 7.08	22.1% <sup>(2)</sup>
March 1, 2025	7.56	6.8
July 1, 2025	8.48	12.2
January 1, 2026	9.28	9.4
July 1, 2026	10.13	9.2
July 1, 2027	11.01	8.7
July 1, 2028	11.96	8.6

<sup>(1)</sup> \$/hcf = Cost (rate) per hundred cubic feet of water used. 1 hcf is equal to 748 gallons.

<sup>(2)</sup> Increase from prior dollar rate of \$5.80.

Source: Bureau of Sanitation.

While the SSC is based on the amount of wastewater discharged into the System, the City calculates how much users discharge into the System based on water usage. How the City calculates a user’s discharge is different for residential customers than commercial customers. The determination of the SSC for residential customers, including multiple family dwellings up to four units, is based on winter water usage, which is established annually to determine each residential customer’s minimum average daily water consumption. Once established, each residential customer’s minimum average daily water consumption is multiplied by a dry winter compensation factor which compensates for a rainy season with insufficient rainfall to exclude outdoor

irrigation. The adjusted amount is presumed to closely approximate the sewer discharge and will be used to compute the SSC for the ensuing Fiscal Year. For example, a residential customer's winter water usage during the winter of Fiscal Year 2023-24 will be used to determine that customer's wastewater discharge for Fiscal Year 2024-25. The SSC shall be reduced by 31% for qualified low-income residential users who pay such charges for the first 18 hcf of water use during each two-month billing period. Low-income discounts are offset by the City's General Fund.

The winter water use method does not apply to commercial customers, including multiple family dwellings of five or more units, industrial, governmental and other non-residential users, who are billed monthly at the current effective rate per 100 cubic feet of 93% of total metered water usage. Based upon City Ordinance, the Board of Public Works may adjust the default percentage discharge within a range of 90% to 96%.

The ten largest customers of the System for Fiscal Year 2023-24 provided approximately 6.4% of the total SSC billings in that year. The following table sets forth the SSC billed for each of the ten largest customers:

**TABLE 7**  
**SEWER SERVICE CHARGE BILLED TO**  
**TEN LARGEST CUSTOMERS**  
**Fiscal Year 2023-24**

<i>User</i>	<i>Customer Type</i>	<i>SSC Billed</i>
City of Los Angeles	Government	\$ 9,049,996
Los Angeles Unified School District	School district	6,812,257
Phillips 66 Company <sup>(1)</sup>	Petroleum product refinery	5,973,170
County of Los Angeles	Government	5,392,137
University of California - Los Angeles	Education	4,224,629
University of Southern California	Education	2,566,809
Anheuser-Busch, LLC	Brewing company	2,003,349
Air Products & Chemicals, Inc	Chemical industry company	1,860,482
ERP Operating, LP	Property maintenance, real estate	1,823,877
Geoff Palmer	Property maintenance, real estate	<u>1,666,940</u>
Total <sup>(2)</sup>		<u>\$41,373,647</u>

(1) On October 16, 2024, Phillips 66 announced their plan to cease operations at their Los Angeles refinery in the fourth calendar quarter of 2025.

(2) Totals may not equal the sum of components due to individual rounding. Total SSC cash receipts for Fiscal Year 2023-24 were \$649.8 million.

Source: Bureau of Sanitation.

***Quality Surcharge Fees, Inspection and Control Fees, Industrial Wastewater Permit Application Fees and Significant Industrial User Fees.*** The City assesses a QSF on users of the wastewater system whose wastewater discharge strength, as measured by suspended solids ("SS") and biochemical oxygen demand ("BOD"), is higher than 350 milligrams per liter of BOD and/or 310 milligrams per liter of SS (domestic strength). Treatment of "high strength" wastewater results in additional operating costs, such as the cost of additional chemicals, power and solids storage capacity and final disposal. As of November 1, 2024, the QSF rates are \$0.73 per pound for BOD and \$0.64 per pound for SS. The QSF is important for purposes of compliance with Proposition 218 to ensure that users that impose larger cost burdens on the System appropriately share the cost of that burden. See "PROPOSITION 218" below.

The wastewater strength unit costs applied to QSF customers are also applied to users who participate in the low-strength SSC and "zero-based" QSF program. Under this program, users with one or both wastewater strength parameters below domestic strength values can petition for a "low-strength" SSC rate that includes only the flow component of the unit SSC. These low-strength customers are then billed for the strength component

of the SSC by paying a “zero-based” QSF equal to the treatment cost for the actual concentrations of BOD and SS in their discharge. The current “low-strength” SSC rate is \$4.15 per hcf.

In addition to the strength charges, when applicable, the City charges three other industrial waste related fees, including an Inspection and Control (“I&C”) Fee for each industrial user (“IU”) in possession of a valid Industrial Wastewater Permit. This fee is designed to recover costs related to inspecting and monitoring IUs and is set by ordinance. The I&C Fee currently ranges from \$85 to \$5,070 per permit per year based on the IU’s industrial classification. The City administers the Industrial Waste Source Control Program to reduce the introduction of all regulated pollutants and prevent the discharge of all prohibited pollutants into the sewer system. All IUs must obtain permits to discharge into the System. For Fiscal Year 2023-24, there are 15,170 local IUs with 5,221 active permits granting them permission to discharge to the System. Permit Application Fees are currently \$616. The City also has established a Significant Industrial User (“SIU”) program for IUs with discharges in excess of 25,000 gallons per day of processed wastewater, and all IUs that are subject to the Federal Categorical Pretreatment Standards established by the US EPA regardless of their discharge amounts. There are 149 SIUs currently regulated by the City. Existing SIU fees range from \$3,843 to \$7,257 per permit per year, depending on the SIU classification. The City estimates that the cost recovered from the industrial wastewater fees through permit application fee, QSF, I&C, and SIU fees for Fiscal Year 2023-24 is approximately \$19.0 million.

The City has implemented a commercial and industrial grease control ordinance, known as the Fats, Oils and Grease Control Program (“FOG Control Program”). The goal of this program is to reduce the amount of grease that accumulates in sewers, leading to blockages and potential overflows. As of June 30, 2024, approximately 7,134 food service establishments (“FSEs”) were regulated under the FOG Control Program. These businesses are required to obtain an Industrial Wastewater Permit, pay a one-time application fee of \$616 and pay an annual Inspection and Control Fee of \$423. As of June 2024, the City also permits and regulates approximately 1,751 dental offices in the City to control the potential discharge of certain heavy metals into the sewer system. These offices must obtain an Industrial Wastewater Permit and follow best management practices (“BMPs”) for capture of certain elements. Dental offices meeting the BMPs are inspected every five years and businesses not complying with the BMPs are inspected every year and are subject to higher fees.

***Sewerage Facilities Charge.*** The SFC is a fee collected when a customer is initially connected to the City’s sewer system. The “System Buy-In Approach” is used to determine SFCs for new connections and increased usage of the System. The parameters used to calculate the SFC are set forth in an ordinance adopted by the City Council. These parameters permit charges for wastewater strength to be determined separately. A customer’s SFC is based on two measures of wastewater strength, BOD and SS, in addition to the customer’s flow. This approach determines the SFC based on flow and strength proportionate to shares of the equity of the wastewater system, as originally contributed by the existing system customers. The SFC is based on the reproduction cost, less depreciation value of the existing facilities, and the applicable portion of wastewater system reserve funds, minus the outstanding debt of the wastewater system. Revenue from the SFC is dependent on growth and new construction within the City. The City estimates that it has collected approximately \$12.4 million for the SFC for fiscal year 2023-24.

The SFC base rates are currently \$344 per 100 gallons per day of flow, \$159 per pound per day of BOD, and \$147 per pound per day of SS. Applying the base rates to the sewage generation factors for typical three and four-bedroom single-family residences results in SFCs of \$950 and \$1,136, respectively.

Pursuant to the City Municipal Code, the Board of Public Works is authorized to issue refund credits to qualifying SIUs for unused capacity if: (1) the SFC payment was made and the current occupant of the property for which the SFC payment was made is an SIU, (2) the SIU is also an owner of the property for which the payment was made, (3) the flow from the property is less than the amount for which SFC payment was made, (4) the SIU can demonstrate that the reduced amount of flow was caused by the use of water conservation practices, pretreatment of discharge, or use of environmentally responsible practices and (5) the SIU, at the time of submission of the written claim, is not delinquent in payment of any monies owed with respect to sewer, water

course and drains charges, including SSCs. The City issued no refund credits for Fiscal Year 2023-24 and, as of August 2024, has no authorized future credits. However, future credits are possible if additional SIUs are granted refund credits.

**Wastewater Service Contracts.** The City provides wastewater conveyance, treatment, and disposal services to the 29 Entities pursuant to Wastewater Service Contracts executed and in force with each Entity. The capital charge component of Wastewater Service Contracts payments is not treated as Revenue to the SCM Fund and is not available to pay debt service on the Senior Lien Bonds or the Subordinate Bonds, including the Series 2025 Subordinate Bonds.

## Historical Sewer Rates and Charges

The following table sets forth the City's SSC, QSF and SFC charges and fees from Fiscal Years 2019-20 through 2023-24.

**TABLE 8**  
**SYSTEM RATES AND CHARGES**  
**Fiscal Years 2019-20 through 2023-24**

<i><b>Fiscal Year Ended June 30</b></i>	<i><b>Sewer Service Charge<sup>(1)</sup></b></i>	<i><b>Quality Surcharge Fees<sup>(2)</sup></b></i>		<i><b>Sewerage Facilities Charge (per 100 gal. avg. flow)<sup>(3)</sup></b></i>	<i><b>Typical Monthly Single Family Residential SSC<sup>(4)</sup></b></i>
		<i><b>BOD</b></i>	<i><b>SS</b></i>		
2020	\$5.44	\$0.567	\$0.571	\$413.00	\$39.71 <sup>(5)</sup>
2021	5.80	0.604	0.608	413.00	42.92
2022	5.80	0.604	0.608	413.00	43.50
2023	5.80	0.604	0.608	413.00	40.02
2024	5.80	0.604	0.608	413.00	40.02

(1) This charge was based on a dollar rate per 100 cubic feet (hcf or hundred cubic feet) of billable wastewater volume. For residential customers, including multiple-family dwellings up to four units, this charge was applied to each customer's minimum daily average water usage during the winter water use period from the prior winter, further reduced by a dry winter compensation factor. For commercial customers, including multiple family dwellings of five or more units, this charge was applied to 93% of total metered water usage.

(2) The surcharge was based on a rate per pound of biochemical oxygen demand (BOD) or suspended solids (SS) in excess of domestic strength wastewater 265 mg/L BOD and 275 mg/L SS (applicable prior to the rate increases adopted by the City Council in October 2024).

(3) SFC includes strength charges.

(4) These figures do not reflect the effects of the low-income assistance program. Typical Monthly Single Family Residential SSC is based on the adopted rate multiplied by average billable wastewater volume for that fiscal year, as provided below:

Fiscal Year 2019-20 - 7.3 hcf/month

Fiscal Year 2020-21 - 7.4 hcf/month

Fiscal Year 2021-22 - 7.5 hcf/month

Fiscal Year 2022-23 - 6.9 hcf/month

Fiscal Year 2023-24 - 6.9 hcf/month

(5) Typical Monthly Single Family Residential SSC for Fiscal Year 2019-20 has been corrected to \$39.71 (previously reported at \$39.41).

Source: Bureau of Sanitation.

## Water Usage and Wastewater Volume

**General.** Usage of the System is correlated to the amount of water consumed within its service area. Within the boundaries of the System's service area, almost all water is provided by LADWP. The ability of LADWP to operate effectively is affected by the water supply for the City. LADWP's Los Angeles Aqueduct supply deliveries have, over the years, been reduced to fulfill environmental restoration commitments in the Mono Basin and Owens Valley. As a result, LADWP has increased its purchase of water from The Metropolitan

Water District of Southern California (“MWD”), a wholesale water supplier for the Southern California region. LADWP is working with MWD to develop supply reliability for the City and all of MWD’s service area. The adequacy of MWD’s overall future supply reliability is dependent upon maintaining the supply of water available to MWD from the Colorado River and northern California through the State Water Project’s California Aqueduct operated by the State of California Department of Water Resources (“DWR”), and various projects relating to water conservation, recycled water, conjunctive use, water transfers and exchanges, groundwater recovery and seawater desalination.

The adequacy of LADWP’s water supply is affected by many factors, including but not limited to annual snowpack and rainfall, population growth, water use, groundwater basin quality and recharge trends, federal and State environmental rules and regulations, environmental restoration commitments, water quality, climate change, and area of origin issues. Sustained drought conditions or low water levels could adversely affect LADWP’s water supply, water rates and demand for water services. Additionally, any natural disaster or other physical calamity, including acts of terrorism, earthquake, earth movements, floods, extreme weather or gradual climate change, may have the effect of reducing water availability, quality and/or distribution capabilities of LADWP, impair the financial stability of LADWP, affect infrastructure and other public improvements and private improvements and the continued habitability and enjoyment of such private improvements thus affecting revenues of LADWP through damage to its water system and to the economy of the surrounding area. See “RISK FACTORS – Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System” in the Official Statement.

In recent years the State has experienced serious drought conditions. On January 17, 2014, Governor Edmund G. Brown, Jr. declared a drought state of emergency, asked residents to reduce their water consumption by 20% and directed State agencies to take certain actions to ameliorate the shortage of water. On May 9, 2016, as a result of persistent severe drought conditions in many areas of the State, Governor Brown issued an executive order (the “2016 Executive Order”) that, among other things, made permanent many of the temporary conservation measures set forth in the Governor’s previous executive orders relating to the drought conditions. On April 7, 2017, as a result of the record rain and snowfall that have occurred in the State between November 2016 and March 2017, Governor Brown declared an end to the drought emergency in California (except with respect to four counties mostly located in the State’s agricultural Central Valley). However, the conservation measures put in place by the 2016 Executive Order during the drought are expected to continue.

On October 14, 2014, then-Los Angeles Mayor Eric Garcetti issued Executive Directive No. 5 setting a goal of reducing per-capita water use by 20% in the City, directing City departments to take certain actions to meet the goal, and asking City residents to take certain voluntary actions. At this time, the City’s drought control efforts are expected to continue regardless of whether a drought is ongoing in California.

Beginning in early 2021, the State again began suffering from another drought. The 2021 Water Year (October 2020 through September 2021) was the second driest water year on record. On October 19, 2021, Governor Newsom declared a drought emergency for the entire State. On September 4, 2024, Governor Newsom terminated the drought state of emergency in 19 of the State’s most populous counties including Los Angeles County. However, the mandate does remain in effect for all other California counties from which some of the City’s water emanates. Given that the hotter, drier conditions could result in a 10% reduction in the State’s water supply by 2040, the State is implementing several programs and policies, leveraging historic State and federal funding, to safeguard and boost water supplies as outlined in the California Water Plan, Water Supply Strategy and Water Resilience Portfolio.

Wastewater flow contributed by the City’s customers was reduced by 3.32% from Fiscal Year 2019-20 to 2023-24. Fiscal Year 2020-21 saw a reduction of wastewater flow due to indoor water conservation, at a rate of 0.21%. Wastewater flow continued to decrease with the following Fiscal Year 2021-22 seeing a reduction in wastewater flow of 1.08%. Wastewater flow in Fiscal Year 2022-23 was reduced by 3.64% and Fiscal Year 2023-24 saw a 1.64% increase. Future wastewater flow will be affected by water conservation and changes in population in the City. The projected billable wastewater volume presented in Table 10 is based on a 3-year

rolling average of net billable wastewater volume data for each customer class provided by LADWP. No additional significant drought-related impacts are assumed in projected wastewater volumes due in part to the majority of permanent indoor water conservation measures already having been implemented in previous drought cycles. No assurance can be provided that the State and the City will not once again experience prolonged drought conditions, that mandatory conservation measures will not be imposed on the City, or that the City's population will not decrease. See "RISK FACTORS — Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System" herein.

**City Water Supply Plan.** The Urban Water Management Plan (UWMP), updated every five years, is the City's plan for water supply and guides the decision-making process to secure a reliable water supply for the City. The 2020 UWMP update provides a comprehensive strategy consisting of new project, program and policy opportunities to manage water in a more integrated, collaborative, and sustainable manner. Both the 2015 and 2020 plans support the overall City goals for 50% reduction of purchased imported water by 2025, and 50% local water supply by 2035, with the City having already achieved 50% reduction of purchased imported water from the MWD. However, the goal of achieving 50% local water supply by 2035 is still being evaluated, as it is dependent on the Pure Water Los Angeles Master Plan currently in development by LADWP and anticipated to be released in calendar year 2025, which would assess the impact that the construction of City recycled water facilities would have on the augmentation of the City's water supply.

The following table sets forth the number of wastewater system service points that were billed and the billable wastewater volume subject to SSC during the past five fiscal years. A service point is a location where wastewater service is provided. There are more accounts than service points because a service point can have more than one account as customers discontinue and establish service during a year. In addition, there can be multiple service points per account, such as a college campus.



**TABLE 9**  
**WASTEWATER SYSTEM SERVICE POINTS AND**  
**BILLABLE WASTEWATER VOLUME**  
**Fiscal Year Ending June 30**

<i>Customer Class</i>	<i>Number of Service Points</i>				
	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Single Family	487,605	490,384	491,763	489,865	492,694
Small Multi-family	70,073	70,494	71,229	71,853	72,993
Large Multi-family	40,656	40,623	40,702	40,907	41,350
Commercial/Industrial	51,907	51,519	51,838	51,143	51,621
All Others	<u>3,891</u>	<u>3,869</u>	<u>3,876</u>	<u>3,901</u>	<u>4,020</u>
Total Customers	654,132	656,889	659,408	657,669	662,678

<i>Customer Class</i>	<i>Billable Wastewater Volume<sup>(1)</sup></i>				
	<i>2020<sup>(5)</sup></i>	<i>2021<sup>(5)</sup></i>	<i>2022</i>	<i>2023<sup>(6)</sup></i>	<i>2024</i>
Single Family <sup>(2)</sup>	42,827	43,392	44,012	40,710	40,822
Small Multi-family <sup>(2)</sup>	12,234	11,339	10,616	10,696	12,644
Large Multi-family <sup>(3)</sup>	40,061	41,489	40,187	38,908	38,533
Commercial/Industrial <sup>(3)</sup>	28,757	26,434	28,428	27,712	27,820
All Others	<u>5,508</u>	<u>6,469</u>	<u>4,485</u>	<u>5,050</u>	<u>5,277</u>
Total Billable Wastewater Volume <sup>(4)</sup>	129,389	129,122	127,728	123,075	125,096

(1) In thousands of hcf (hundred cubic feet).

(2) Billable wastewater volume for single family and multi-family dwellings of up to four units for any Fiscal Year was based on each residential customer's minimum average daily water consumption during the winter water use from the prior winter, further reduced by a dry winter compensation factor.

(3) Billable wastewater volume for large multi-family, commercial industrial and other customers was, for each month, generally equal to 93% of total water sales volume for that month. All customers demonstrating that the billable wastewater volume was less than 74% of annual water sales were billed at the lower estimate.

(4) Totals may not equal the sum of components due to individual rounding.

(5) In Fiscal Years 2019-20 and 2020-21, the System experienced some reduction in business and government volumes and increases to small multi-family volumes as a result of the Governor's stay-at-home orders implemented in March 2020 in response to the COVID-19 pandemic.

(6) Beginning in Fiscal Year 2022-23, the Bureau of Sanitation, as a condition of the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*, changed the method to calculate the dry winter compensation factor. This ongoing change has decreased the billable volume for Single Family and Small Multi-family customers.

Source: Bureau of Sanitation.

The following table sets forth the projected number of service points and billable wastewater volume subject to SSC for Fiscal Years 2024-25 through 2028-29 that the City has developed for budgetary purposes. Actual number of service points and billable wastewater depends on numerous factors which are outside of the control of the City, including annual rainfall, State and local conservation measures and other economic and demographic factors.

**TABLE 10**  
**PROJECTED WASTEWATER SYSTEM SERVICE POINTS AND**  
**BILLABLE WASTEWATER VOLUME<sup>(1)</sup>**  
**Fiscal Year Ending June 30**

<i>Customer Class</i>	<i>Number of Service Points</i>				
	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
Single Family	493,475	494,054	495,464	496,391	497,367
Small Multi-family	73,847	74,742	75,731	76,666	77,630
Large Multi-family	41,595	41,897	42,232	42,530	42,846
Commercial/Industrial	51,720	51,724	51,920	52,022	52,125
All Others	<u>4,072</u>	<u>4,140</u>	<u>4,222</u>	<u>4,292</u>	<u>4,368</u>
Total Customers	664,708	666,556	669,569	671,901	674,336

<i>Customer Class</i>	<i>Billable Wastewater Volume<sup>(2)</sup></i>				
	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
Single Family <sup>(3)</sup>	40,097	38,919	38,418	37,650	36,868
Small Multi-family <sup>(3)</sup>	13,329	14,532	16,203	17,604	19,316
Large Multi-family <sup>(4)</sup>	37,821	37,261	36,861	36,320	35,833
Commercial/Industrial <sup>(4)</sup>	28,402	28,400	28,724	29,034	29,250
All Others <sup>(4)</sup>	<u>5,103</u>	<u>5,405</u>	<u>5,589</u>	<u>5,701</u>	<u>5,917</u>
Total Billable Wastewater Volume <sup>(5)</sup>	124,752	124,516	125,795	126,309	127,184

(1) These estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions “INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*” and “RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*.”

(2) In thousands of hcf (hundred cubic feet).

(3) Billable wastewater volume for single family and small multi-family dwellings of up to four units are based on each residential customer’s minimum average daily water consumption during the winter water use from the prior winter, as adjusted by a dry winter compensation factor.

(4) Billable wastewater volume for Large Multi-family and Commercial/Industrial is based upon usage of metered water multiplied by the default percent discharge factor as approved by the Board of Public Works. The range of the default percent discharge factor as set by City Ordinance is 90% to 96%. The current effective default percent discharge factor approved by the Board of Public Works is 93%. See “— Existing Sewer Rates and Charges” for a description of adjustments to the default percentage discharge for commercial customers. All customers who can demonstrate that their billable wastewater volume is less than 74% of annual water sales are billed at the lower estimate.

(5) Totals may not equal the sum of components due to individual rounding.

Source: Bureau of Sanitation.

## **Billing and Collection**

***Sewer Service Charge.*** Billing and collection services for the SSC are provided by LADWP. With some limited exceptions, LADWP currently bills residential customers on a bimonthly basis and commercial and industrial customers on a monthly basis. LADWP prepares bills covering water and electric charges and non-LADWP charges (such as sewer services, solid resources fee and State and local taxes).

Payments are posted in the following order: overdue receivables, customer deposits, water charges, electric charges, State and local taxes, sewer service charges, solid resources fees and bulky item fees. LADWP transfers funds to the SCM Fund on a weekly basis based on expected SSC revenues. The last payment of the month is adjusted for the actual revenues received for the prior month. A monthly billing and collection fee of \$248,400 is also subtracted from one of the weekly payments.

If a customer pays less than the amount billed for a billing period, then the payment is credited to the various utility services in the order set forth in the preceding paragraph. Payments received for the next billing period are credited first to the services in arrears, in the following order: (1) any required deposits, (2) water and electric charges, which are credited proportionally, and (3) the SSC, solid resources fee and bulky item fee, which are also credited proportionally. Remaining payments are then credited to the current services in the order set forth in the preceding paragraph. This procedure in effect brings any customer's delinquent sewer service charges current, prior to applying payments against current charges, including water and electric.

In response to the increase in arrearages that were the result of the shutoff moratorium for non-payment established during the COVID-19 pandemic, LADWP has continued the implementation of a number of measures intended to mitigate operational and financial impacts, and to assist its customers, including: (i) LADWP is widely promoting its existing payment plans and extended payment options; and (ii) the LADWP Board issued Resolution No. 023 251 to discontinue collection-based water and power shutoffs for non-payment aimed at residential customers enrolled in LADWP EZ-SAVE and Lifeline assistance programs. LADWP resumed collection/severance for non-residential customers in June 2023, and for residential customers in June 2024.

Certain LADWP customers receive water and electric service by means of a master meter which may serve multiple dwelling units. Water and electrical service to multiple dwelling unit residences served by a master meter may be disconnected for non-payment. In February 1998, LADWP implemented the Utility Maintenance Program as an alternative to the termination of master-metered service. This program is an extension of the existing Rent Escrow Accounts Program. Tenants who participate in the program have the option of putting their rent into an escrow trust fund established by the Los Angeles Housing Department to maintain utility services until such time as the delinquent bill is paid in full.

**SSC Revenues.** LADWP is the billing agent of the SCM Fund for its SSC revenues. As such, LADWP maintains the records of all SSC accounts receivable, both collectible and uncollectible.

The total SSC accounts receivable were \$159.1 million as of June 30, 2023 and \$133.9 million as of June 30, 2024. The following table sets forth the SSC budgeted, billed, and collected amounts for Fiscal Years 2019-20 through 2023-24:

**TABLE 11**  
**SSC REVENUE**  
**BUDGET, BILLINGS, AND CASH REMITTANCE**  
**Fiscal Year Ending June 30**  
**(in thousands)**

<i>Fiscal Year</i>	<i>Budgeted</i>	<i>Billed</i>	<i>Remitted</i>	<i>Billed as a Percent of Budget</i>	<i>Remitted as a Percent of Billed<sup>(1)</sup></i>
2020	\$665,533	\$675,639	\$660,495	101.5%	97.8%
2021 <sup>(2)(3)</sup>	709,501	718,894	668,421	101.3	93.0
2022	725,100	715,638	700,752	98.7	97.9
2023 <sup>(4)</sup>	671,372	688,496	657,328	102.6	95.5
2024 <sup>(5)</sup>	636,682	697,732	649,792	109.6	93.1

(1) LADWP's remittance rate of SSC revenue varies from year to year and may exceed 100% because of differences in average time taken by customers to pay their bills and differences in the estimation used to calculate expected revenue versus actual revenue.

(2) In response to the COVID-19 pandemic, LADWP implemented a number of temporary measures to assist its customers, including a moratorium on disconnection due to nonpayment. LADWP has resumed normal billing and collection processes. The budget for Fiscal Year 2020-21 was not adjusted to reflect the impact of the disconnection moratorium.

(3) Billed SSC for Fiscal Year 2020-21 was previously reported as \$718,921. This clerical error has been corrected to \$718,894.

(4) The decline in Fiscal Year 2022-23 budgeted revenue was due to the assumption that the collection moratorium was still going to be in place during this fiscal year.

(5) The decline in Fiscal Year 2023-24 budgeted revenue is related to the change in the calculation of the dry winter compensation factor as a condition of the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*.

Source: Bureau of Sanitation.

***Sewerage Facilities Charge.*** The SFC is collected along with Bonded Sewer Fees and Tapping Fees as part of the building permit and sewer connection permit application procedures. Permits are not granted until the SFC payment has been received. The SFC, Bonded Sewer Fees, and Tapping Fees are deposited by the Department of Public Works directly into the SCM Fund as received by the City.

***Industrial Wastewater Fees.*** Billings for QSF, Inspection and Control Fees and SIU Fees are prepared by the Bureau of Sanitation, Industrial Waste Management Division. All customers are billed quarterly in arrears except for dental offices that are billed annually in advance. Payments are remitted to the Department of Public Works and deposited directly into the SCM Fund. All fees that are not paid by the end of the month in which they are due become delinquent and a delinquency charge of 2.5% (minimum \$10) of the principal balance owed is added to the amount due. The delinquent dates are February 1, May 1, August 1 and November 1. Delinquent accounts are referred to a collection agency or to the Office of Finance for collection activities within 45 days of the delinquent date.

**TABLE 12**  
**INDUSTRIAL WASTEWATER FEES (QSF, INSPECTION AND CONTROL FEES, SIU FEES)**  
**BUDGET, BILLINGS, AND REMITTANCE**  
**Fiscal Year Ending June 30**  
**(in thousands)**

<i>Fiscal Year</i>	<i>Budgeted</i>	<i>Billed</i>	<i>Remitted</i>	<i>Billed as a Percent of Budget</i>	<i>Remitted as a Percent of Billed<sup>(1)</sup></i>
2020	\$18,600	\$20,499	\$20,185	110.2%	98.5%
2021	20,885	19,457	19,738	93.2	101.4
2022	20,900	19,389	19,943	92.8	102.9
2023	20,808	19,993	19,420	96.1	97.1
2024	19,680	19,678	19,030	100.0	96.7

<sup>(1)</sup> Remitted as Percent of Billed may be over 100% because the amount billed and remitted may be higher due to various reasons such as payment adjustments and penalty payments.

Source: Bureau of Sanitation.

**Wastewater Service Contract Charges.** Billings under the Universal Terms Contracts and the older Sewage Disposal Contracts are prepared annually by the Department of Public Works according to the contractual obligation of each Agency or Entity (as described in “THE WASTEWATER SYSTEM — Subscribing Agencies” herein) to pay its contractual share of O&M and capital costs of the System. Allocations of O&M and capital costs are prepared by the Bureau of Sanitation. Under contractual provisions, O&M and capital bills for those Agencies with Universal Terms Contracts are payable bimonthly during the year in which they receive service, with a later reconciled bill to adjust for actual costs. For other Entities, O&M and capital bills are payable in arrears. Some of the Sewage Disposal Contracts do not specify the timing of capital bills and, in nearly all such cases, they are billed semi-annually in arrears.

The City has certain billed accounts receivable with respect to these charges. The Universal Terms Contracts between the City and most Agencies allow the City to collect late payment charges. Late payment charges are not authorized under the older contracts, which provide less than 1% of the total billings to the Agencies and other Entities. If payment is not made by the contractual due date, overdue notices are sent and telephone contact is made to determine why payment was not made. The City has not terminated service when an Entity failed to pay these charges because of the essential nature of the service provided to the Entities by the System. In those cases where late payments do occur, the City has imposed late charges sufficient to offset any lost revenues as a result of such delinquencies.

Disagreements over flow and strength monitoring of the City of Burbank’s wastewater are currently being addressed and negotiated. The remaining unpaid balances and estimated billings total approximately \$22.4 million. Burbank has indicated that it will continue to pay the City based on Burbank’s own calculation of the flow and strength of its wastewater discharged to the System. The City continues to work with Burbank to resolve the remaining disputed amount. At this time, the City does not have sufficient data to determine when the issue will be resolved or what may be the longer-term impact to the SCM Fund.

The City of Glendale and the City are partners in the LAGWRP and, though the City operates the plant, each is responsible to pay half the cost of capital projects at the plant, pursuant to cost-sharing agreements between the two cities. The construction costs for the projects proposed by the Bureau and provided to the City of Glendale in January 2018 have increased from an estimated \$43.1 million to an estimated \$235.05 million as of September 2024. The agreement requires that the City of Glendale approve the capital expenditures proposed by the City or they may decline to pay their share. The City of Glendale has objected to paying its portion of the estimated cost increases for nine projects, which accounts for substantially all of the estimated costs. Communication between the two cities has improved after meeting on a monthly basis since March 2024. The

cities have discussed cost sharing of projects and have proceeded with the billing of non-disputed O&M and capital projects to bring billings current and to negotiate the cost sharing of the disputed projects.

## **Labor and Employment**

Several City departments and bureaus contribute labor to the operations of the System. See “ORGANIZATION AND MANAGEMENT OF THE SYSTEM” herein. The primary labor for the System is from the Bureau of Sanitation, whose authorized workforce is as shown in the following table:

**TABLE 13**  
**BUREAU OF SANITATION AUTHORIZED POSITIONS<sup>(1)</sup>**

<i><b>Fiscal Year Ending June 30</b></i>	<i><b>Authorized Number of Positions</b></i>
2021	1,412
2022	1,416
2023	1,407
2024	1,410
2025	1,371

<sup>(1)</sup> As authorized in the Adopted Budget. This figure represents permanent (“regular”) positions, funded by the SCM Fund, and excludes temporary personnel (also referred to as “resolution authority positions”).

Source: Office of the City Administrative Officer.

Bureau of Sanitation’s workforce is 99% unionized under a number of separate labor organizations that collectively refer to themselves as the Coalition of Los Angeles City Unions as well as the non-coalition Engineers and Architects Association. The City has memoranda of understanding that are effective through either Fiscal Year 2027-28 or 2028-29 with all unions that are part of Bureau of Sanitation. The System has not experienced any work stoppage over the past five years and does not currently anticipate any work stoppage. See APPENDIX B—“CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES—Budget and Financial Operations—Labor Relations.”

## **Retirement and Other Postemployment Benefits Contributions**

The City’s annual required contribution to the Los Angeles City Employees’ Retirement System (“LACERS”) includes amounts related to the retirement benefits and other postemployment healthcare benefits (“OPEB”) of City employees who work on the System, which are attributable to the SCM Fund. See APPENDIX B—“CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES—Budget and Financial Operations—Labor Relations.” Such System-related expenses are first paid from the City’s General Fund and subsequently reimbursed from the SCM Fund through application of a Cost Allocation Plan (“CAP”), which is subject to approval each year by the Federal government in connection with on-going grant compliance procedures. Annual OPEB amounts attributable to the SCM Fund are included in these CAP rates.

The System’s percentage share of such costs may increase or decrease from year to year depending on, among other things, the number of covered employees attributable to the SCM Fund, the overall number of City employees and the retirement benefits accruing to the respective employees. The following table sets forth retirement and OPEB contributions from the SCM Fund for Fiscal Years 2020-21 through 2024-25.

**TABLE 14**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**RETIREMENT AND OPEB CONTRIBUTIONS**  
**(\$ in thousands)**

<i><b>Fiscal Year Ending June 30</b></i>	<i><b>Total City Contribution<sup>(1)</sup></b></i>	<i><b>Wastewater System Contribution<sup>(2)</sup></b></i>	<i><b>Wastewater System Percentage</b></i>
2021	\$532,833	\$56,216	10.6%
2022	601,450	56,869	9.5
2023	636,523	65,000	10.2
2024	675,824	64,376	9.5
2025	706,025	65,498	9.3

(1) Total City Contribution represents amounts paid to the Los Angeles City Employees' Retirement System for City Council controlled departments only.

(2) Wastewater System Contribution reflects the costs attributable to the Bureau of Sanitation and other City departments that support the System.

Source: Office of the City Administrative Officer.

The City is generally projecting increases to the amount it will contribute to LACERS over the next three years. See APPENDIX B — "CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES — Budget and Financial Operations — Los Angeles City Employees' Retirement System ("LACERS")" for a description of the City's historical and current projected pension and OPEB contributions. The System's projected share of the City's projected contributions to LACERS are included in the pro forma projection of financial operations included herein

The City's current retirement contribution projections, as set forth in Appendix B, are based on, among other things, information provided by LACERS' actuary and LACERS' current actuarial assumptions, which are based on the results of LACERS' most recent triennial experience study. Actual retirement and OPEB costs attributable to the SCM Fund may be more or less than and may vary materially from the amounts included in the projections for the System. The System has experienced similar fluctuations in expenditures in the past and will make adjustments to revenues and expenditures as necessary to address any such changes in expenditures. There can be no assurance that the retirement and OPEB costs attributable to the SCM Fund will not materially increase.

### **Summary of Operations and Debt Service Coverage**

The following table sets forth the revenues and expenses of the SCM Fund for Fiscal Years 2019-20 through 2023-24. Figures in the following table are audited and presented based on accruals. Other figures in this Appendix A are recorded on a cash basis, consistent with the City's budget practices, and therefore may differ from the audited figures presented in this table.

**TABLE 15**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**SUMMARY OF OPERATIONS AND DEBT SERVICE COVERAGE**  
**Fiscal Year Ending June 30**  
**(in thousands)**

	2020	2021	2022	2023	2024
<b>OPERATING REVENUES</b>					
Sewer Service Charge	\$ 681,164	\$ 713,013	\$ 670,488	\$ 686,674	\$ 628,138 <sup>(1)</sup>
Wastewater Service Contracts <sup>(2)</sup>	25,734	29,647	20,952	28,275	34,606
Industrial Wastewater Fees <sup>(3)</sup>	20,455	20,158	20,028	19,773	20,169
Sewerage Facilities Charge	15,779	14,583	16,542	17,196	12,550
Other Operating Revenues	<u>9,595</u>	<u>11,354</u>	<u>11,656</u>	<u>24,027</u>	<u>8,712</u>
Total Operating Receipts	\$ 752,727	\$ 788,755	\$ 739,666	\$ 775,945	\$ 704,175
<b>NON-OPERATING REVENUES</b>					
Gross Interest Income	9,870	48	(3,834) <sup>(4)</sup>	15,325	23,928
Other Non-Operating Revenues (Net)	2,289	20,119	102,405 <sup>(5)</sup>	(35,807) <sup>(6)</sup>	102,398 <sup>(7)</sup>
<b>ADJUSTMENTS<sup>(8)</sup></b>					
Interest on Construction Funds	(3,121)	(241)	(107)	(626)	(954)
Other Non-Operating Expenses (Revenues) <sup>(9)</sup>	<u>9,301</u>	<u>(11,527)</u>	<u>4,059</u>	<u>65,123<sup>(9)</sup></u>	<u>5,030</u>
<b>TOTAL REVENUES</b>	\$ 771,066	\$ 797,154	\$ 842,189	\$ 819,960	\$ 834,577
Less: Operating Expenses	<u>368,658</u>	<u>318,637</u>	<u>369,274</u>	<u>443,764<sup>(10)</sup></u>	<u>446,024<sup>(11)</sup></u>
<b>NET REVENUES</b>	<u>\$ 402,408</u>	<u>\$ 478,517</u>	<u>\$ 472,915</u>	<u>\$ 376,196</u>	<u>\$ 388,553</u>
Senior Debt Service <sup>(12)(13)</sup>	\$ 58,806	\$ 73,634	\$ 91,037	\$ 47,799	\$ 38,130
Senior Debt Service Coverage	6.84x	6.50x	5.19x	7.87x	10.19x
Subordinate Debt Service <sup>(12)</sup>	\$ 159,204	\$ 136,667	\$ 124,925	\$ 176,932	\$ 192,226
Aggregate Debt Service	\$ 218,010	\$ 210,301	\$ 215,962	\$ 224,731	\$ 230,356
Aggregate Debt Service Coverage	1.85x	2.28x	2.19x	1.67x	1.69x

<sup>(1)</sup> While there was a slight increase in billable volume, the decrease in SSC revenue is attributable to the revised methodology in billing computation following resolution of *Hoffman et al. v. City of Los Angeles* and decrease in accrual of accounts receivable. This reduction in receivables was also impacted by the receipt of the CWWAPP 2.0 funds and application of credits to customer accounts. The receipt of these funds offset the reduction of SSC revenues conversely increasing other non-operating revenues.

<sup>(2)</sup> Operations and maintenance portion of Wastewater Service Contracts payments (excluding capital charge component, which is not treated as Revenues).

<sup>(3)</sup> Includes Quality Surcharge Fees, Permit Application Fees, Inspection and Control Fees, and Significant Industrial User Fees.

<sup>(4)</sup> Interest earnings on construction funds is excluded, resulting in a negative number.

<sup>(5)</sup> The increase in Other Non-Operating Revenues (Net) from Fiscal Year 2020-21 to Fiscal Year 2021-22 is due to the receipt of a \$59.8 million grant for the California Water and Wastewater Arrearages Payment Program (CWWAPP) from the State Water Resources Control Board (SWRCB) for residential and commercial customers' arrearages during the COVID-19 pandemic. Additionally, the Fiscal Year 2021-22 amount includes an increase of \$22.2 million in damage and claims settlement revenues compared to the prior year.

<sup>(6)</sup> The decrease in Other Non-Operating Revenues (Net) in Fiscal Year 2022-23 is due to the one-time grant revenue associated with the CWWAPP from the SWRCB received in Fiscal Year 2021-22 referenced in footnote (5), a decrease of \$14.2 million in damage and claims settlement revenues compared to the prior year, and payment of \$57.5 million in litigation expenses related to the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*.

<sup>(7)</sup> Increase in Other-Non Operating Revenues is driven by the net receipt of \$59.8 million from the CWWAPP 2.0.

<sup>(8)</sup> Adjustments made in the annual Debt Service Compliance Report to calculate coverage in accordance with the Resolutions.

<sup>(9)</sup> Includes various adjustments to conform analysis to the definition of "Revenues" and "Expenses" in the Resolutions, primarily reversing items reported as non-operating expenses in the annual financial reports. The increase in Other Non-Operating Expenses (Revenues) in Fiscal Year 2022-23 is primarily due to the payment related to the settlement of the class action lawsuit, *Hoffman et al. v. City of Los Angeles*, referenced in footnote (6).

<sup>(10)</sup> The increase in Operating Expenses in Fiscal Year 2022-23 is primarily attributed to adjustments to prior year related costs, transfers to various City departments, and higher costs for Bureau of Sanitation expenses and equipment.

<sup>(11)</sup> In Fiscal year 2023-24 there was a decrease in Bureau of Sanitation expense and equipment, which was offset by an increase on Other O&M expenses resulting from a higher accrual of Contracts Payable.

<sup>(12)</sup> Derived from Debt Service Compliance Reports. Excludes debt service on the Existing State Revolving Fund ("SRF") Clean Water Loan, which is subordinate to the Senior Lien Bonds, the Subordinate Lien Bonds, and the Wastewater System Commercial Paper Notes. The Existing SRF Clean Water Loan was paid in full in Fiscal Year 2024-25.

<sup>(13)</sup> Net of interest subsidy from US Treasury.

Source: Office of Accounting. Sewer Construction and Maintenance Fund Financial Statements and Debt Service Compliance Reports.



## Sewer Construction and Maintenance Fund Cash Balances

The following table sets forth the cash balances of the SCM Fund's unrestricted and restricted funds.

**TABLE 16**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**CASH BALANCES IN ALL FUNDS (UNAUDITED)<sup>(1)(2)</sup>**  
**Fiscal Year Ending June 30**  
**(in thousands)**

	2020	2021	2022	2023	2024
UNRESTRICTED FUNDS <sup>(3)</sup>					
Sewer Construction and Maintenance <sup>(4)</sup>	\$ 29,455	\$ 101,245	\$ 204,721	\$ 211,678	\$ 221,348
Sewer Operation and Maintenance <sup>(5)</sup>	21,670	39,140	109,591	48,561	39,965
Sewer Capital <sup>(6)</sup>	<u>13,658</u>	<u>27,478</u>	<u>44,277</u>	<u>44,069</u>	<u>35,028</u>
Total Unrestricted Funds	\$ 64,783	\$ 167,863 <sup>(7)</sup>	\$ 358,589 <sup>(8)</sup>	\$ 304,308	\$ 296,341
RESTRICTED FUNDS <sup>(9)</sup>					
Operation and Maintenance Reserve <sup>(10)</sup>	\$ 47,255	\$ 48,968	\$ 63,325	\$ 51,639	\$ 54,893
Insurance Reserve <sup>(11)</sup>	3,000	3,000	3,000	3,000	3,000
Emergency Fund	5,008	5,008	5,004	5,117	5,010
Construction Funds <sup>(12)</sup>	93,274	45,853	37,999	30,302	25,270
Reserve Funds <sup>(13)</sup>	102,310	100,547	102,310	106,890	105,360
Debt Service Funds	20,826	26,052	19,342	21,960	26,885
Rebate Funds	<u>169</u>	<u>170</u>	<u>171</u>	<u>175</u>	<u>182</u>
Total Restricted Funds	\$ 271,842	\$ 229,598	\$ 231,151	\$ 219,083	\$ 220,599
TOTAL FUNDS	<u>\$ 336,625</u>	<u>\$ 397,461</u>	<u>\$ 589,740</u>	<u>\$ 523,391</u>	<u>\$ 516,941</u>
FUNDS AVAILABLE FOR O&M <sup>(14)</sup>	\$ 101,380	\$ 192,353	\$ 380,637	\$ 314,878	\$ 319,206

(1) All the funds listed under Unrestricted Funds are considered accounts of the SCM Fund pursuant to the Resolutions and the supplemental resolutions related thereto, and reported within a single SCM Fund in the City's audited financial statements.

(2) Totals may not equal the sum of components due to individual rounding.

(3) Reported under current assets as "unrestricted" cash and pooled investments held by the City Treasurer in the Statements of Net Position of the separately prepared audited financial statement of the SCM Fund and valued at market value rather than the original cost value shown in the table above.

(4) All receipts deposited into this fund are maintained in the City's Treasury for transfer to other funds and accounts of the SCM Fund.

(5) The fund established by the City to make payment of operations and maintenance expenses. The amounts reported above are residual after paying O&M expenses.

(6) The fund established by the City make payment of pay-as-you-go capital. Additionally, capital grant receipts and Wastewater Service Contract capital payments are deposited into this account. The amounts reported above are residual after paying pay-as-you-go capital.

(7) The increase in cash balance from Fiscal Year 2019-2020 to Fiscal Year 2020-21 is due to a decline in expenditures, such as salaries and other operating expenditures. Additionally, due to the COVID-19 pandemic, the City paused the award of some capital improvement projects for several months while evaluating the impact of the pandemic on revenues and the construction industry, which resulted in lower expenditures in such Fiscal Year.

(8) The increase in cash balance from Fiscal Year 2020-21 to Fiscal Year 2021-22 is due to the receipt of the CWWAPP grant from the SWRCB, the increase in damage and claims settlement revenues, and increased remittance of SSC revenues. Additionally, the Fiscal Year 2021-22 cash balance includes a one-time general fund reconciliation payment of \$85.7 million for prior year overpayments.

(9) Reported by the City Treasurer in the Statements of Net Position of the audited financial statement of the SCM Fund in current assets and noncurrent assets as "restricted" cash and pooled investments and at market value rather than the original cost value shown in the table above.

(10) Pursuant to the Resolutions, certain transfers from the SCM Funds are restricted if the City does not maintain an amount needed to provide for the System's operation and maintenance expenses for 45 days.

(11) Represents amounts reserved for self insurance purposes.

(12) These funds are funded with proceeds of the Senior Lien Bonds, Subordinate Lien Bonds, and Wastewater System Commercial Paper Notes.

(13) Funded with proceeds of the Senior Lien Bonds.

(14) Includes balances in the Sewer Construction and Maintenance Fund, the Sewer Operation and Maintenance Fund, the Operation and Maintenance Reserve, and the Insurance Reserve. Amounts in the Sewer Capital Fund may also be available for O&M; however, certain deposits to the Sewer Capital Fund are restricted for capital purposes.

Source: Office of Accounting.

## Property, Plant and Equipment

The following table sets forth the City's expenditures on property, plant and equipment and the balances in the total debt attributable thereto for the most recent five Fiscal Years for which the information is currently available.

**TABLE 17**  
**SEWER CONSTRUCTION AND MAINTENANCE FUND**  
**GROWTH IN PROPERTY, PLANT AND EQUIPMENT**  
**(in thousands)**

<i>Fiscal Year Ended June 30</i>	<i>Property, Plant and Equipment (at cost)</i>	<i>Net Property, Plant and Equipment (depreciated)</i>	<i>Long-Term Debt</i>	<i>Net Debt<sup>(1)(2)</sup></i>	<i>Net Debt as Percent of Net Plant</i>
2020 <sup>(3)</sup>	\$ 8,930,918	\$4,667,165	\$2,843,975	\$2,740,511	58.71%
2021 <sup>(4)</sup>	9,216,923	4,745,806	2,724,511	2,623,442	55.28
2022	9,452,711	4,803,962	2,763,378	2,661,720	55.41
2023	9,704,940	4,864,971	2,634,937	2,528,873	51.98
2024	10,024,692	4,981,629	2,502,767	2,397,808	48.13

(1) Total debt net of balances in debt service reserve funds.

(2) Totals may not equal the sum of components due to individual rounding.

(3) For Fiscal Year End 2020, Net Debt as a Percent of Net Plant was in error previously presented at 60.0%.

(4) For Fiscal Year End 2021, Property Plant and Equipment (at cost), Net Property Plant and Equipment (depreciated), and Net Debt as a Percent of Net Plant have been restated to account for the adoption of GASB Statement No. 87, Leases.

Source: Office of Accounting.

## Projected Statement of Revenues and Expenditures

The following table sets forth a projected operations statement based on revenue and expenditure projections developed by the Bureau of Sanitation for its budgetary purposes. In developing these projections, the Bureau of Sanitation uses many budgetary assumptions which, in many instances, reflect placeholder assumptions that it uses to develop its budgets but reflect factors which the Bureau of Sanitation is unable to assess the likelihood of the actual occurrence of such factors. The projected financial operations statement includes a number of assumptions, including the following:

- The five-year projection was developed using the Adopted Budget for Fiscal Year 2024-25, updated to reflect performance from the first and second quarter of the current fiscal year and various other revenue and expenditure assumptions related to the current and other future years. For example, SSC revenues were decreased for 2024-25 from the adopted budget to reflect:
  - \$11.9 million less due to implementation of the new dollar rate on October 19, 2024 rather than the budgeted assumption of October 1, 2024;
  - \$7.6 million less due to reimbursement of unspent California Water Arrearage Payment Program funding.
- Assumes Total Billable Wastewater Volume as reflected in Table 10.
- The projections assume a 22.1% rate increase effective on October 19, 2024 and subsequent rate increases on March 1, 2025, July 1, 2025, and January 1, 2026 followed by annual rate increases every July 1st from Fiscal Year 2026-27 to 2028-29. The City Council recently

adopted the aforementioned rate increases for the Wastewater System on September 10, 2024. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City*.”

- Projections and estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions “INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*” and “RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*.”
- The achievement of certain results or other expectations contained in the following table involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements reflected in the following table to be materially different from any future results, performance or achievements expressed or implied by such table. Although, in the opinion of the Bureau of Sanitation, such projections are reasonable, there can be no assurance that any or all of such projections will be realized or predictive of future results.

In addition, the following table does not take into consideration the impact of any litigation pending or threatened against the City other than the approximately \$5.4 million that the System budgets every year for liability claims. See “LITIGATION” below.

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**TABLE 18**  
**PRO FORMA STATEMENT OF FINANCIAL OPERATIONS, DEBT SERVICE, AND**  
**DEBT SERVICE COVERAGE UNDER INDICATED REVENUE LEVELS**  
**Fiscal Year Ending June 30**  
**(in thousands)<sup>(1)(2)</sup>**

<i>Description</i>	<i>2025</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>
<b>SOURCES OF FUNDS</b>					
<b>Projected Beginning Cash Balance<sup>(3)</sup></b>	\$ 354,234	\$ 377,960	\$ 485,562	\$ 643,111	\$ 447,450
<b>REVENUES</b>					
<b>Operating Revenues</b>					
Rates As of July 1, 2024	\$ 650,496	\$ 658,812	\$ 659,463	\$ 660,114	\$ 660,767
Increased Rates <sup>(4)</sup>	89,847	269,444	393,075	491,196	598,039
Total User Charges Revenues	740,342	928,255	1,052,538	1,151,310	1,258,806
Non-Rate Charges for Services and Other Operating Revenue <sup>(5)</sup>	92,293	96,887	132,099	137,833	176,595
<b>Subtotal Projected Operating Revenues</b>	\$ 832,635	\$ 1,025,142	\$ 1,184,637	\$ 1,289,143	\$ 1,435,401
Capital and Non-operating Revenues - Not Applicable to Coverage <sup>(6)</sup>	95,316	227,235	194,382	98,307	32,407
<b>TOTAL PROJECTED SOURCES OF FUNDS</b>	\$ 1,282,185	\$ 1,630,337	\$ 1,864,581	\$ 2,030,561	\$ 1,915,259
<b>USE OF FUNDS</b>					
<b>Operations and Maintenance (O&amp;M)<sup>(7)</sup></b>	\$ 486,516	\$ 595,503	\$ 654,197	\$ 666,642	\$ 685,702
<b>PROJECTED NET REVENUES</b>	\$ 346,119	\$ 429,639	\$ 530,440	\$ 622,501	\$ 749,700
<b>Debt Service</b>					
<u>Senior Lien Bonds</u>					
Existing Senior Lien Bonds <sup>(8)</sup>	\$ 55,398	\$ 43,833	\$ 55,655	\$ 65,683	\$ 59,839
Fiscal Year 2025 Issuance <sup>(9)</sup>					
2025A (Senior Lien)	0	0	0	0	0
Additional Senior Lien Bonds <sup>(10)</sup>	0	5,776	20,067	28,137	28,137
<b>Total Senior Lien Bonds Debt Service</b>	\$ 55,398	\$ 49,609	\$ 75,722	\$ 93,819	\$ 87,976
<u>Subordinate Bonds</u>					
Existing Subordinate Bonds <sup>(11)</sup>	\$ 164,953	\$ 177,866	\$ 167,113	\$ 138,415	\$ 141,983
Fiscal Year 2025 Issuance <sup>(12)</sup>					
2025A (Subordinate)	0	14,584	14,584	14,584	14,584
2025B (Subordinate)	0	11,635	11,635	11,635	11,635
2025C (Subordinate)	0	0	0	0	0
Additional Subordinate Bonds <sup>(13)</sup>	0	5,776	20,067	28,137	28,137
<b>Total Subordinate Bonds Lien Bonds Debt Service</b>	164,953	209,862	213,399	192,771	196,339
Commercial Paper Interest Expense <sup>(14)</sup>	11,000	7,167	6,649	945	6,323
WIFIA Loan <sup>(15)</sup>	479	3,163	3,851	10,144	10,144
<b>Subtotal Debt Service</b>	\$ 231,830	\$ 269,801	\$ 299,622	\$ 297,679	\$ 300,782
Projected Debt Service Coverage					
Total Senior Debt	6.25x	8.66x	7.01x	6.64x	8.52x
Total Senior and Subordinate Debt	1.49x	1.59x	1.77x	2.09x	2.49x
<b>Other Expenditures</b>					
Cash Financing of Construction <sup>(16)</sup>	\$ 167,773	\$ 279,471	\$ 267,651	\$ 618,789	\$422,076
Existing SRF Clean Water Loan <sup>(17)</sup>	13,605	0	0	0	0
Proceeds from Insurance and Other Sources <sup>(18)</sup>	4,500	0	0	0	0
<b>Subtotal Other Expenditures</b>	\$ 185,878	\$ 279,471	\$ 267,651	\$ 618,789	\$ 422,076
<b>TOTAL USES OF FUNDS</b>	\$ 904,225	\$ 1,144,775	\$ 1,221,470	\$ 1,583,110	\$ 1,408,560
<b>Projected Ending Cash Balance</b>	\$ 377,960	\$ 485,562	\$ 643,111	\$ 447,450	\$ 506,699

(1) These estimates do not assume any impact resulting from the windstorms and wildfires that occurred in the City in January 2025 or other subsequent related events. See the captions "INTRODUCTION—Los Angeles 2025 Wildfire Event—*January 2025 Wildfire Impacts on the System*" and "RISK FACTORS—Potential Impact of Climate Change, Natural Disasters and Other Risks Relating to the System—*Wildfires*."

(2) Totals may not equal the sum of components due to individual rounding.

(3) Cash balance includes restricted and unrestricted funds available for operations and maintenance.

(4) Assumes rates in effect as shown in Table 6 and service points and billable wastewater volume as shown in Table 10.

(5) Includes revenues from the O&M portion of wastewater service contract payments, industrial wastewater fees, the SFC, interest income on all funds except Construction Funds, bonded sewer fees, and miscellaneous revenue. Fiscal Year 2024-25 is based on the 2024-25 Adopted Budget. Fiscal Years 2025-26 through 2028-29 are projections based on historical revenue trends.

(6) Includes interest on construction funds and debt proceeds, Entities' capital contributions, recycled water capital reimbursements, federal and State grants, and other non-operating revenues and capital revenues.

[Footnotes continue on following page]

[Footnotes continue from previous page]

- (7) Fiscal Year 2024-25 O&M expense estimate is based on the 2024-25 Adopted Budget, which serves as the basis for subsequent year projections. Generally, actual O&M expenditures have been less than the amounts budgeted. O&M expenses include the System's projected share of the City's projected health and pension costs and includes an increase of 5% for Fiscal Year 2025-26, 3% for Fiscal Year 2026-27, 4.5% for Fiscal Year 2027-28, 2% for Fiscal Year 2028-29, and 3% for Fiscal Year 2029-30 for salary related costs.
  - (8) Represents principal and interest becoming due and payable on all Senior Lien Bonds issued and Outstanding in each Fiscal Year, net of federal interest subsidies.
  - (9) Does not reflect the refunding of the bonds to be refunded with proceeds of Additional Senior Lien Bonds.
  - (10) Assumes the issuance of additional Senior Bonds in Fiscal Year 2025-26 in the amount of \$229 million and \$199 million in Fiscal Year 2026-27, with amortization over 30-years structured on a level debt service basis at an interest rate of 5.00%. It is assumed that no Senior Bonds will be issued in Fiscal Years 2027-28, and 2028-29.
  - (11) Represents principal and interest becoming due and payable on all Existing Subordinate Bonds issued and Outstanding in each Fiscal Year.
  - (12) Does not reflect the refunding of the Refunded Bonds.
  - (13) Assumes the issuance of additional Subordinate Bonds in the amount of \$229 million in Fiscal Year 2025-26 and \$199 million in Fiscal Year 2026-27, with amortization over 30-years structured on a level debt service basis at an interest rate of 5.00%. It is assumed that no Subordinate Bonds will be issued in Fiscal Years 2027-28 and 2028-29.
  - (14) Reflects varying levels of issuance of Wastewater System Commercial Paper Notes to fund needs of capital projects. Fiscal Year 2024-25 is based upon the adopted budget. Assumes annual interest rate of 5%.
  - (15) Includes payments on the WIFIA Loan which are projected to begin in Fiscal Year 2024-25.
  - (16) Includes cash funding from user rates, grants, Entities' contributions, reimbursements from LADWP for recycled water projects, insurance, and other reimbursements. See table 5 for additional details of cash funding sources.
  - (17) Existing SRF Clean Water Loan debt service is subordinate to subordinate bonds and commercial paper, and is not included in debt service coverage calculations. The existing SRF Clean Water Loan was paid in full in the first quarter of Fiscal Year 2024-25.
  - (18) Accounts for transfer of revenues from insurance, reimbursements, settlements, etc. to debt proceeds funds, within the SCM family of funds.
- Source: City of Los Angeles, Bureau of Sanitation.

## Outstanding Indebtedness

Senior Lien Bonds and Subordinate Bonds have been heretofore issued pursuant to the City Charter of the City of Los Angeles, and the authority of elections held in the City in 1987, 1988 and 1992, under which the voters of the City authorized the issuance of wastewater system revenue bonds and notes in an aggregate principal amount of \$3,500,000,000 (collectively, the "Authorizations"). Pursuant to the amended and restated charter approved by the voters of the City, additional revenue bonds and notes of the City in excess of the aggregate principal amount approved pursuant to the Authorizations may be issued upon adoption of a procedural ordinance and without any further authorization by the voters of the City. The Series 2025 Subordinate Bonds are being issued pursuant to the City Charter and the Procedural Ordinance.

As of January 1, 2025, the City had \$869,190,000 aggregate principal amount of Existing Senior Lien Bonds Outstanding and \$1,456,730,000 aggregate principal amount of Existing Subordinate Bonds Outstanding, excluding Wastewater System Commercial Paper Notes Outstanding.

In addition, the City has also authorized a maximum of \$400 million aggregate principal amount of Subordinate Bonds in the form of Wastewater System Commercial Paper Notes. The Wastewater System Commercial Paper Notes are currently supported by Letters of Credit issued by Barclays Bank PLC and TD Bank, N.A. The maximum amount of Wastewater System Commercial Paper Notes that may be Outstanding at any particular time under the existing Letters of Credit for the Wastewater System Commercial Paper Notes is \$400 million. As of March 1, 2025, there was approximately \$360 million in aggregate principal amount of Wastewater System Commercial Paper Notes Outstanding, all or a portion of which will be paid at their respective maturity dates from proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds. See "PLAN OF FINANCE" herein.

The City incurred the WIFIA Loan from the US EPA under the Water Infrastructure Finance and Innovation Act for the DCTWRP AWPf project. Absent an event of default, amounts outstanding under the WIFIA Loan bear interest at a fixed rate of 1.72% per annum, calculated on the basis of a 360-day year of twelve 30-day months. Repayment of principal of the WIFIA Loan shall commence on June 1, 2028. Repayment of the WIFIA Loan is secured by a pledge of all Revenues, Revenues held in the SCM Fund (including earnings thereon) and all moneys and securities held in funds and accounts created under the WIFIA Loan documents. The lien on the collateral securing the WIFIA Loan is *pari passu* in right of payment and right of security to the lien of the Subordinate Bonds. The final maturity for the WIFIA Loan will be the earlier of (a) June 1, 2055 or

(b) the principal payment date immediately preceding the date that is thirty-five (35) years following the substantial completion date. See the caption “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM—Major Sources of Funding” for the current anticipated timing of draws on the WIFIA Loan.

The following table sets forth the Outstanding Wastewater System Revenue Bonds and Wastewater System Commercial Paper Notes. **[To be updated prior to posting]**

**TABLE 19**  
**CITY OF LOS ANGELES OUTSTANDING WASTEWATER SYSTEM**  
**REVENUE BONDS AND COMMERCIAL PAPER REVENUE NOTES**  
**(in thousands) (as of [March] 1, 2025)**

<i>Issue</i>	<i>Amount Issued</i>	<i>Amount Outstanding</i>	<i>Final Maturity</i>
Series 2010-A (Senior) (Taxable)	\$ 177,420	\$ 177,420	6/1/2039
Series 2010-B (Senior) (Taxable)	89,600	89,600	6/1/2040
Series 2013-A (Senior) <sup>(1)</sup>	149,980	149,980	6/1/2043
Series 2013-B (Senior Refunding) <sup>(1)</sup>	143,880	49,705	6/1/2035
Series 2013-A (Subordinate Refunding) <sup>(2)</sup>	349,505	229,575	6/1/2035
Series 2015-A (Senior) <sup>(3)</sup>	188,755	188,755	6/1/2045
Series 2015-B (Senior Refunding) <sup>(3)</sup>	41,175	41,175	6/1/2035
Series 2015-C (Senior) <sup>(3)</sup>	100,835	100,835	6/1/2045
Series 2015-D (Senior Refunding) <sup>(3)</sup>	108,860	71,720	6/1/2034
Series 2017-A (Subordinate)	227,540	227,540	6/1/2047
Series 2017-B (Subordinate Refunding)	107,155	90,185	6/1/2039
Series 2017-C (Subordinate Refunding) (Taxable) <sup>(2)</sup>	115,455	94,805	6/1/2039
Series 2018-A (Subordinate)	219,790	213,175	6/1/2048
Series 2018-B (Subordinate)	139,880	139,880	6/1/2028
Series 2022-C (Subordinate Refunding)	380,570	292,245	6/1/2032
Series 2022-A (Subordinate)	99,025	99,025	6/1/2052
Series 2022-B (Subordinate)(Taxable)	70,300	70,300	6/1/2040
WIFIA Loan (Subordinate) <sup>(4)</sup>	223,921	[36,753]	6/1/2055
Wastewater System Commercial Paper Notes	<u>400,000</u>	<u>359,024<sup>(5)</sup></u>	
Total:	\$ 3,333,646	\$ [2,721,697]	

(1) Some or all of these bonds may be included as Refunded Senior Bonds.

(2) Some or all of these bonds may be included as Refunded Subordinate Bonds.

(3) Some or all of these bonds may be refunded by Additional Senior Lien Bonds.

(4) See the caption “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM—Major Sources of Funding” for the current anticipated timing of draws on the WIFIA Loan.

(5) Includes \$[TBD] of outstanding Wastewater System Commercial Paper Notes that will be refunded with the proceeds of the Series 2025-A Subordinate Bonds and the Series 2025-B Subordinate Bonds.

Source: Office of the City Administrative Officer.

## Annual Debt Service Requirements

The following table sets forth the amounts required in each Fiscal Year ending June 30 for the payment of principal and interest on all Outstanding Senior Lien Bonds and Subordinate Bonds.

**TABLE 20**  
**CITY OF LOS ANGELES**  
**WASTEWATER SYSTEM REVENUE BONDS**  
**DEBT SERVICE ON ALL SENIOR LIEN BONDS AND SUBORDINATE BONDS**

<i>Fiscal Year Ending June 30</i>	<i>Series 2025 Subordinate Bonds*</i>			<i>Debt Service on Other Subordinate Bonds</i>	<i>Debt Service on All Subordinate Bonds*</i>	<i>Debt Service on All Senior Lien Bonds<sup>(1)*</sup></i>	<i>Total Debt Service on All Bonds<sup>(1)(2)*</sup></i>
	<i>Principal</i>	<i>Interest</i>	<i>Total Principal and Interest</i>				
2025				\$ 164,953,046	\$ 164,953,046	\$ 61,289,853	\$ 226,242,899
2026				177,866,433	177,866,433	49,724,603	227,591,036
2027				167,113,397	167,113,397	61,546,853	228,660,250
2028				138,415,210	138,415,210	71,574,103	209,989,313
2029				141,982,924	141,982,924	65,730,853	207,713,776
2030				134,262,633	134,262,633	71,863,353	206,125,986
2031				132,606,189	132,606,189	71,863,853	204,470,042
2032				131,091,142	131,091,142	71,865,603	202,956,745
2033				98,543,011	98,543,011	71,869,603	170,412,613
2034				98,544,686	98,544,686	71,866,603	170,411,289
2035				106,891,425	106,891,425	63,237,603	170,129,027
2036				61,223,729	61,223,729	79,709,353	140,933,081
2037				61,225,644	61,225,644	78,714,848	139,940,492
2038				61,228,090	61,228,090	77,685,224	138,913,313
2039				61,224,108	61,224,108	76,621,481	137,845,589
2040				42,126,046	42,126,046	103,806,971	145,933,017
2041				41,525,513	41,525,513	63,260,150	104,785,663
2042				41,525,713	41,525,713	63,263,400	104,789,113
2043				41,526,063	41,526,063	63,261,650	104,787,713
2044				41,523,200	41,523,200	63,228,900	104,752,100
2045				41,526,863	41,526,863	63,230,150	104,757,013
2046				41,532,725	41,532,725	-	41,532,725
2047				41,531,450	41,531,450	-	41,531,450
2048				27,003,950	27,003,950	-	27,003,950
2049				10,756,600	10,756,600	-	10,756,600
2050				10,753,800	10,753,800	-	10,753,800
2051				10,756,400	10,756,400	-	10,756,400
2052				10,753,600	10,753,600	-	10,753,600
2053				-	-	-	-
2054				-	-	-	-
Total <sup>(3)</sup>	\$	\$	\$	\$ 2,321,739,698	\$ 2,321,739,698	\$ 1,510,199,857	\$ 3,831,939,555

\* Preliminary, subject to change.

(1) [Does not reflect any offset for the Refundable Credits. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS—Pledge of Revenues."]

(2) Excludes debt service on the Existing SRF Clean Water Loan, which was paid in full in Fiscal Year 2024-25, and the WIFIA Loan. See Table 19 for outstanding principal amount of WIFIA Loan.

(3) Totals may not add due to rounding.

Source: Office of the City Administrative Officer.

## Anticipated Financings

The City anticipates issuing additional Senior Lien Bonds and Subordinate Bonds (including Wastewater System Commercial Paper Notes) from time to time to finance capital improvement projects. See “WASTEWATER SYSTEM CAPITAL IMPROVEMENT PROGRAM — Projected Capital Improvement Program Expenditures and Sources of Funding” and “— Major Sources of Funding,” and Table 18, titled “PRO FORMA STATEMENT OF FINANCIAL OPERATIONS, DEBT SERVICE, AND DEBT SERVICE COVERAGE UNDER INDICATED REVENUE LEVELS,” herein. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025 SUBORDINATE BONDS — Additional Senior Lien Bonds” in the front part of this Official Statement for information regarding the City’s plans to issue Additional Senior Lien Bonds in Fiscal Year 2024-25.

## PROPOSITION 218

On November 5, 1996, California voters approved an initiative known as the Right to Vote on Taxes Act (“Proposition 218”) that added Articles XIIC and XIID to the California Constitution. Proposition 218 limits the application of property-related fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing. Proposition 218 also extended the initiative power to reducing or repealing local property-related fees and charges, regardless of the date such fees and charges were imposed. Fees and charges for sewer, water and refuse collection services are excepted from the voter approval provisions of Proposition 218 pursuant to Article XIID. Because water and sewer charges are similarly treated under Article XIID, the City believes that the judicial determinations with respect to water charges, as described below, would also apply to sewer charges.

Section 1 of Article XIIC requires majority voter approval for the imposition, extension or increase of general taxes and Section 2 thereof requires two thirds voter approval for the imposition, extension or increase of special taxes. Section 3 of Article XIIC expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. Section 3 expands the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power.

“Fees” and “charges” are not expressly defined in Article XIIC or in SB 919, the Proposition 218 Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Article XIIC and Article XIID (“SB 919”). However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil (Kelley)* (the “*Bighorn Decision*”) that charges for ongoing water delivery are property-related fees and charges within the meaning of Article XIID and are also fees or charges within the meaning of Section 3 of Article XIIC. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIIC.

In the *Bighorn Decision*, the California Supreme Court did state that nothing in Section 3 of Article XIIC authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The California Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge. The Supreme Court further stated in the *Bighorn Decision* that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to requirements that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after [the effective date of Proposition 218] assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an



impairment of contractual rights” protected by the United States Constitution. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s SSC, which are a significant source of Revenues pledged to the payment of debt service on the Series 2025 Subordinate Bonds.

Notwithstanding the fact that the SSC may be subject to reduction or repeal by voter initiative undertaken pursuant to Section 3 of Article XIIC, the City has covenanted to establish, fix, prescribe and collect rates, fees and charges in connection with the use of the System which meet the requirements of the Resolutions and in accordance with applicable law. The City Council recently adopted a series of SSC rate increases starting on October 19, 2024 through July 1, 2028 pursuant to the Proposition 218 process described above. See Table 6 for the resulting SSC rates. See the caption “LITIGATION—Certain Claims Against the SCM Fund—*Shapiro v. City.*”

Article XIID defines a “fee” or “charge” as any levy other than an *ad valorem* tax, special tax, or assessment imposed upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property-related service. A “property-related service” is defined as “a public service having a direct relationship to a property ownership.” In the *Bighorn Decision*, the California Supreme Court held that a public water agency’s charges for ongoing water delivery are fees and charges within the meaning of Article XIID. Article XIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, the local government’s ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIID also includes a number of limitations applicable to existing fees and charges including provisions to the effect that (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Further, pursuant to *Capistrano Taxpayers Association v. City of San Juan Capistrano*, tiered rates charged to different classes of customers must be calculated based on the actual costs of providing the service. In *Capistrano Taxpayers Association*, the Court of Appeal held that Proposition 218 requires public water agencies to calculate the actual costs of providing water at various levels of usage and that Article XIID, section 6, subdivision (b)(3) of the California Constitution, as interpreted by the California Supreme Court in the *Bighorn Decision* provides that water rates must reflect the “cost of service attributable” to a given parcel. The Court of Appeal further stated that “[w]hile tiered, or inclined rates that go up progressively in relation to usage are perfectly consonant with [A]rticle XIID, section 6, subdivision (b)(3) and Bighorn, the tiers must still correspond to the actual cost of providing service at a given level of usage.”

If the City increases the sewer fees and charges above current levels, the City would be required to comply with the requirements of Article XIID in connection with such proposed increase. No assurance can be given that the voters of the City will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of assessments, fees or charges, including the City’s fees and charges related to the System. The City’s sewer rates and charges may be subject to litigation from time to time under Proposition 218.

Implementing legislation pertaining to Proposition 218 may be introduced in the State legislature from time to time. Moreover, Proposition 218 was adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted to modify Proposition 218. No assurance may be given as to the terms of such legislation or initiatives or their potential

impact on the various fees and charges that constitute Revenues of the System, however, there could be a material negative impact on the City's ability to collect such Revenues.

On November 2, 2010, voters of the State approved Proposition 26 ("Proposition 26"), which amended Article XIII C of the State Constitution to expand the definition of a "tax" so that certain fees and charges imposed by governmental entities are subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 lists several exceptions to such definition of "tax", including property-related fees imposed in accordance with Article XIII D (Proposition 218), reasonable regulatory costs of performing investigations and inspections, and charges imposed as a condition of property development. The City believes that Proposition 26 does not apply to any of the user fees imposed by the City because such fees are within various exceptions to Proposition 26.

## **REGULATORY REQUIREMENTS AFFECTING OPERATION OF THE SYSTEM**

### **General**

The City's wastewater operations are subject to regulatory requirements relating to the Federal Water Pollution Control Act, as amended (the "Clean Water Act"). The regulatory requirements are administered by the US EPA through the SWRCB and the Los Angeles Regional Water Quality Control Board ("LARWQCB"). Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the four water reclamation facilities, the recycling of residual solids generated by the water reclamation facilities, the reuse of reclaimed water for irrigation and industrial uses to conserve potable water, and the nature of waste material (particularly industrial waste) discharged into the conveyance system. As a condition of having received federal US EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the City is subject to additional requirements. Among the grant-related requirements are guidelines which must be followed concerning planning methodologies, design criteria, procurement, construction activities, and financing of facilities.

To comply with federally mandated effluent quality and disposal criteria, the City must operate its water reclamation facilities according to discharge limitations and reporting requirements set forth in NPDES discharge permits. All wastewater reclamation facilities currently comply with the requirements of their respective NPDES permits.

To comply with other federal regulations concerning the discharge of waste materials into the sewer system, the City must administer and enforce industrial pretreatment limitation standards upon users of the system. The City has had an industrial waste program in effect since the early 1940s. The City has been approved by the State and the US EPA to administer its own industrial pretreatment program.

The City's industrial waste ordinance sets forth the water quality standards that industrial users must meet and provides enforcement procedures for violators. The Industrial Waste Management Division of the Bureau of Sanitation is currently responsible for monitoring industrial sites, food service establishments, and dental offices located in the City. In addition, each Entity is required to permit and monitor all industries within its respective service area. The contractual agreements require the Entities to ensure compliance with federal, State, and local regulations, including pretreatment regulations. The Industrial Waste Management Division oversees each Entity's compliance with federal pretreatment requirements and works with the Entity on a regular basis ensuring their continued compliance.

In addition to federal requirements, the City must comply with State requirements which are generally more stringent. The primary State law concerned with the control of water quality is the Porter-Cologne Water Quality Control Act of 1969, as amended (the "Porter-Cologne Act"). The basic tenor of that act was set by the policy that the waters of the State must be protected for use and enjoyment by the people of the State. The Porter-Cologne Act directly addresses the issue of water reclamation and reuse. A declared policy of the law is that the people of the State have a primary interest in the development of facilities to reclaim wastewater to

supplement existing surface and underground water supplies in order to meet their water requirements. The legislative intent was to undertake all possible development of water reclamation facilities to make reclaimed water available for use. The law requires the State Department of Health Services to establish statewide reclamation criteria for each type of use where such use involves public health.

**Industry Associations.** The City is a member of several industry associations that support the Bureau of Sanitation's efforts in addressing federal and state regulations that impact its Clean Water, Solid Resources, and Watershed Protection programs. The associations advocate on behalf of the Bureau of Sanitation interests on a broad spectrum of issues, including those pertaining to air quality and climate change, and include:

- California Association of Sanitation Agencies ("CASA")
- National Association of Clean Water Agencies ("NACWA")
- Clean Water SoCal ("CWSC"- previously known as the Southern California Alliance of Publicly Owned Treatment Works or SCAP)
- The Water Environment Federation ("WEF")
- WaterReuse Association

No assurance can be given that the cost of compliance with future laws, regulations and orders relating to climate change, GHGs and/or renewable energy would not adversely affect the ability of the System to generate Revenues sufficient to pay debt service on the Series 2025 Subordinate Bonds.

### **Biosolids Management**

The City currently reuses biosolids, a byproduct and residual of wastewater treatment, as a soil amendment at the City-owned Green Acres Farm ("Farm") in Kern County. The biosolids are used as a soil conditioner and fertilizer to help promote growth on sites where chemical fertilizers would otherwise have to be used to produce crops. Farm activities produce non-food chain crops such as wheat, corn, alfalfa, oats, milo, and sudan grass. After crops are harvested, they are sold as feedstock to local dairies.

The Farm must comply with the Salt and Nitrate Control Programs (Central Valley Salinity Alternatives for Long-Term Sustainability or CV-SALTS) being implemented by the Central Valley Regional Water Quality Control Board ("Central Valley Water Board"), which adopted Resolution R5-2018-0034 in May 2018 (the "Salt Control Program"). The Salt Control Program imposes new requirements on permittees to protect surface waters and groundwater from salts in wastewater; it offers two new salinity permitting options - the Conservative Salinity Permitting Approach and the Alternative Salinity Permitting Approach. On January 22, 2021, the Farm received a Notice to Comply for the Salt Control Program issued by the Central Valley Water Board. On April 5, 2021, the City submitted its Notice of Intent and selection of the Alternative Salinity Permitting Approach. Under this approach, permittees must participate in the Prioritization & Optimization ("P&O") Study and are required to pay an annual fee. The City has paid fees of approximately \$25,667 since 2021. The P&O Study will run from 10-15 years, and the future fees may change depending on the need and complexity of the study, and if other funding is available. Permittees can maintain current permit performance levels and will be allowed to defer more stringent and costly permitting requirements, if applicable, until such requirements are reevaluated after completion of Phase 1 of the P&O Study and Phase 2 is implemented. At this time, the P&O Study is not expected to impact Farm operations.

The Farm is currently irrigated with treated effluent supplied at no cost by a City of Bakersfield water reclamation plant. The City of Bakersfield has informed the City that it will stop providing this water supply after December 2026. Thereafter, the Farm will have to purchase water from other suppliers in order to continue its operations. The associated costs are unknown at this time.

The City continues to investigate and evaluate a new beneficial use option for its biosolids called the Terminal Island Renewable Energy ("TIRE") demonstration project. The TIRE Project applies innovative technology to convert biosolids into clean energy by deep well placement and geothermal biodegradation. The

TIRE project is currently injecting about 200 tons of bio-slurry material per day into the deep subsurface. The third demonstration permit was issued on July 28, 2022 and effective as of August 31, 2022. This third permit was issued for a period of ten years.

## **Air Quality**

***South Coast Air Quality Management District.*** The air quality issues relating to wastewater reclamation facilities have been the subject of increased federal, State and local regulation. The US EPA has delegated most enforcement responsibilities of the federal Clean Air Act, as amended (“CAA”) to the South Coast Air Quality Management District (“SCAQMD”). The Bureau of Engineering and Sanitation obtain SCAQMD permits to construct many System capital improvement projects. The Bureau of Sanitation tracks federal and State air quality legislation and proposed federal, State and regional regulations, prepares responses to issues that may impact System operations and future development and coordinates SCAQMD permits to construct larger System projects such as the Hyperion Bioenergy Facility (“HBEF”) at HWRP.

***Pollutant and Air Toxics Emissions.*** All of the City’s water reclamation facilities monitor and report on criteria air pollutant emissions and certain toxic air contaminants (“TAC”) pursuant to SCAQMD requirements, which are based on requirements of AB 2588 Air Toxics “Hot Spots” (1987). Emission Inventory Criteria Guidelines Regulation (“EICG”) requires Annual Emissions Reports (“AERs”) of air contaminants and has designated HWRP and TIWRP as high priority emitters also requiring a health risk assessment (“HRA”) from each facility every four years, or as requested by SCAQMD. An HRA is a comprehensive analysis of the dispersion of hazardous substances into the environment, the potential for human exposure, and a quantitative assessment of both individual and population-wide health risks associated with those levels of exposure. Future HRA analyses will be based on the recently revised Exposure Assessment by the California Office of Environmental Health Hazard Assessment (“OEHHA”). Due to the 2016 revised Exposure Assessment Guidelines of the OEHHA, SCAQMD has amended Rules 1401, 1401.1, 1402, and 212, and has revised its Risk Assessment Procedures. It is expected that this may result in more public notices for future construction or operations at HWRP and potentially TIWRP. OEHHA and California Air Resources Board (“CARB”) recently proposed through AB 2588 updates and AB 617, Criteria Air Pollutant and Toxic Air Contaminant Regulation (sometimes referred to as a CTR or CTR Regulation), mandatory monitoring for up to 10,000 new compounds. During 15-day regulation modifications, waste handling facilities, such as wastewater facilities and landfills, were specifically allowed a 2-step, qualification and quantification study that would require these waste handling facilities to report a new small set of TACs in AERs starting in calendar year 2029. No additional issues are expected to arise from AERS, Hot Spots reports, or HRAs.

***SCAQMD Air Quality Management Plan and National Ambient Air Quality Standards.*** Every three (3) years, SCAQMD is required to review its Air Quality Management Plan (“AQMP”). The South Coast Air Basin is in extreme nonattainment for ozone, a federal criteria pollutant in accordance with the National Ambient Air Quality Standards (“NAAQSs”) of the CAA. To meet requirements of the CAA, the 2016 AQMP, adopted March 3, 2017, is focused on reducing nitric oxide and nitrogen dioxide (collectively, “NOx”) and volatile organic compounds (“VOCs”), which are precursors to ozone. Although emissions from stationary sources, SCAQMD’s primary area of jurisdiction, have been significantly reduced during the past few decades, further reduction of ozone from stationary sources is a priority for the SCAQMD, as are beneficial uses, in issuing air permits. Because the City consistently invests in beneficial uses and equipment that best reduce NOx, VOCs, particulate matter (“PM”) and other pollutants, SCAQMD rules should not impinge significantly on the City. SCAQMD is working with US EPA and CARB to reduce ozone from mobile sources sufficiently to meet attainment. An August 2018 development from the US EPA relative to car and light truck emissions would have made attainment more difficult, but was recently reversed. SCAQMD has started work on the 2022 AQMP, which will continue to work on reducing NOx and VOCs, and continues to work with CARB on reducing mobile sources.

***CARB.*** In December 2007, CARB adopted Mandatory Reporting Requirements (“MRRs”) requiring reporting of Greenhouse Gas (“GHG”) emissions from the largest sources, including refineries, general

stationary combustion facilities, and hydrogen plants that emit at least 25,000 metric tons of CO<sub>2</sub> equivalents (“MTCO<sub>2</sub>e”) per year. On December 16, 2011, CARB reduced the reporting threshold to 10,000 MTCO<sub>2</sub>e per year and removed cogeneration as a category subject to MRRs. If HBEF emissions cause HWRP to exceed 10,000 MTCO<sub>2</sub>e per year, then HWRP will report to CARB in accordance with the MRRs. HWRP also pays Cap and Trade fees of about \$450,000 each year.

The Cap and Trade program began on January 1, 2012, with enforceable limits on January 1, 2013. This CARB program requires a declining cap for stationary source combustion of fossil fuels above 25,000 MTCO<sub>2</sub>e per year.

AB 617 (2017) requires CARB and air districts, including SCAQMD, to prepare and deploy community air monitoring systems (CAMSs) every year, and develop a state-wide strategy to reduce TACs and criteria air pollutants in communities of high cumulative exposure burden. Air districts, including the SCAQMD, must adopt an expedited schedule to implement the best available retrofit control technology. In some cases, City facilities may be required to deploy a fence-line or other monitoring system.

AB 1216 mandates that by January 1, 2027, facilities located within 1,500 feet of residential areas and with a design capacity of 425 mgd or more must develop, install, operate, and maintain an approved fence-line monitoring system. This system must be capable of measuring pollutants such as Hydrogen Sulfide (“H<sub>2</sub>S”), ammonia, VOCs, and NO<sub>x</sub>, as deemed appropriate by the local air quality management district (SCAQMD in this case). HWRP, which already has systems to monitor H<sub>2</sub>S and ammonia, will need to upgrade to include additional constituents such as VOCs and NO<sub>x</sub>. The plant must budget for the capital and maintenance costs associated with upgrading and operating the enhanced monitoring systems, as well as cover any related expenses incurred by the air quality management district. The implementation of AB 1216 requires substantial upgrades to HWRP’s existing monitoring systems, which involves significant investment in new equipment and increased operational costs to comply with these stricter monitoring standards. This change will place financial and operational demands on the HWRP to meet these new obligations.

**US EPA.** On September 22, 2009, the US EPA finalized a rule for GHG MRRs, one in a series of regulatory changes, impacting only highly emitting Publicly Owned Treatment Works (“POTWs”), including HWRP. Through this series of changes, the regulation clarified that most POTWs, except HWRP and a few others, are impacted by the federal MRR, which require reporting only for stationary source combustion emissions of fossil fuels with emissions above 25,000 MTCO<sub>2</sub>e per year.

On August 2, 2018, the United States Department of Transportation and US EPA proposed withdrawing California’s waiver for regulating motor vehicles through proposing the SAFE Vehicle Rule, which relaxes Corporate average fuel economy standards for 2021-26 cars and light trucks; the Biden administration was moving to reverse the relaxation of these standards but it is unknown what the Trump administration will propose. On September 23, 2020, California Governor Newsom issued Executive Order N-79-20, which establishes goals to achieve 100% sales of zero-emission cars by 2035, 100% sales of zero-emission medium- and heavy-duty vehicles by 2045, and 100% sales of zero-emission off road vehicles and equipment by 2035. For at least the next few years, federal and State efforts will continue to focus on reducing NO<sub>x</sub>, VOC, and GHG emissions from both stationary and mobile sources. The City and the Bureau of Sanitation will continue its investments in vehicles, infrastructure, and equipment to support these efforts.

## **Water Quality**

**Total Maximum Daily Loads.** The LARWQCB is required to develop Total Maximum Daily Loads (“TMDLs”) for impaired waterbodies. Section 303(d) of the Clean Water Act requires every state to compile a list of waterbodies that are impaired with respect to water quality. Various watersheds in the Los Angeles area have water body segments that are listed as impaired due to a variety of pollutants. Currently, there are 22 TMDLs that apply to surface waters within the City. Additional TMDLs are expected to be developed in the future and compliance with both existing and new TMDLs will continue into the next decade. Some of these

TMDLs have significant potential cost implications to the System (in addition to the municipal separate storm sewer system (MS4) and General Industrial Permit discharges of various System facilities). Bacteria TMDLs have been established for all receiving waters of POTWs. Typically, the POTWs have no issues in meeting effluent limitations; however, if leaks are detected in the sewage conveyance systems, this could require costly repairs to the System. Furthermore, as more low flow diversion projects are implemented to divert urban runoff to the sanitary sewer system in order to protect receiving waters and/or increase water recycling, there could be significant costs associated with improving and maintaining these diversion systems, the sewer conveyance systems that bring this new source of water to the wastewater reclamation facilities, and wastewater reclamation facility processes.

At this time, it is difficult to predict the full impact of existing and future TMDLs on the NPDES effluent limits at the City's four water reclamation facilities. In addition, the Greater Los Angeles County MS4 permit, adopted by the LARWQCB in November 2012 and renewed in June 2021 as a regional permit that encompasses Los Angeles and Ventura counties, contains provisions that require compliance with all the adopted TMDLs. TMDLs have resulted in several discharge limits included in the City's NPDES permits (e.g., polychlorinated biphenyls, DDT, heavy metals, and bacteria). As discharge limits are developed for future TMDLs (e.g., mercury, arsenic, and nitrogen) they could result in the need for major plant upgrades to meet these new requirements (e.g., reverse osmosis and/or microfiltration systems). Improvements of this nature could cost in the billions of dollars to construct and operate/maintain.

### **NPDES Permits**

The City's four wastewater reclamation facilities are required to obtain five-year NPDES permits that are issued by the LARWQCB. The process of renewing a permit begins when the City files a Waste Discharge Requirements ("WDR") NPDES permit application with the LARWQCB no later than 180 days prior to the Order expiration date. Once a WDR application is complete, the LARWQCB initially issues a Tentative Order for review by the City and shall be open for public comments. If any changes are made following the review both by the City and/or the public, a Revised Tentative Order will be issued. The LARWQCB will issue the adoption of the new Order containing the new permit and becomes effective approximately two months after the permit adoption.

The latest NPDES permits obtained by the City's four water reclamation plants had new requirements. The LARWQCB requires water reclamation plants to submit a Climate Change Effects Vulnerability Assessment and Mitigation Plan as part of the NPDES requirements. It requires the plants to develop a plan to assess and manage climate related effects that may impact the water reclamation facility's operation, water supplies, collection system, and water quality including any projected changes to the influent water temperature and pollutant concentration and beneficial uses. Reports are due 12 months after the effective date of the permit. The overall climate-hazard risk assessment and recommendations described in the Climate Change Plan submitted by the City's water reclamation facilities may pose some changes to its operations and finances as a result of permit renewals. In addition, on September 18, 2024, the SWRCB adopted the 2024-2025 fee schedules for the waste discharge permit funds which included a 5.3% increase in WDR fees and 1.5% for wastewater NPDES fees. The status of the permits is summarized in the table below:

**TABLE 21**  
**STATUS OF NPDES PERMITS**

<i><b>WATER RECLAMATION PLANT (“WRP”)</b></i>	<i><b>Permit #</b></i>	<i><b>Order #</b></i>	<i><b>Adopted by LARWQCB</b></i>	<i><b>Expected Expiration</b></i>
Donald C. Tillman (“DCTWRP”)	CA0056227	R4-2022-0341	December 8, 2022	January 31, 2028
Los Angeles–Glendale (“LAGWRP”)	CA0053953	R4-2022-0343	December 8, 2022	January 31, 2028
Hyperion (“HWRP”)	CA0109991	R4-2023-0033	February 23, 2023	April 30, 2028
Terminal Island (“TIWRP”)	CA0053856	R4-2021-0095	June 10, 2021	July 31, 2026

**DCTWRP and LAGWRP.** DCTWRP’s 2023 permit contains new effluent limits for Carbon Tetrachloride, Pentachlorophenol, Benzo(a)pyrene, Benzo(b)fluoranthene, and Benzo(k)fluoranthene. LAGWRP’s 2023 permit imposes new effluent limits for Indeno(1,2,3-cd) pyrene as a result of the exceedances that occurred in December 2018 and February 2019.

In addition to the newly established effluent limits, LARWQCB, has newly interpreted the Water Quality Control Plan: Los Angeles Region Basin Plan for the Coastal Watersheds of Los Angeles and Ventura Counties (“Basin Plan”) 1 water quality objective (“WQO”) for temperature and, consequently, has lowered the effluent limits for temperature in the NPDES discharge permits issued to the DCTWRP and LAGWRP. The new effluent temperature limit is 80°F (86°F from the previous permits). In recognition that effluent temperatures from the DCTWRP and LAGWRP can, at times, exceed the new 80°F permit limit, the DCTWRP and LAGWRP requested and were granted an in-permit compliance schedule that includes the development and implementation of a special study that identifies the potential impacts of the effluent temperature and potential control measures that can be implemented to protect beneficial uses (the “LA River Temperature Special Study”). The LARWQCB provided a compliance schedule that describes efforts taken by the DCTWRP and LAGWRP toward achieving compliance with the final effluent limitations for temperature. This effort started on April 1, 2023 and should be completed by February 1, 2031 (8-year study). The estimated cost to complete the LA River Temperature Special Study is \$1.8 million.

**HWRP.** HWRP’s 2023 NPDES permit imposes a new Copper and Dioxin toxicity equivalency limits for the effluent based on the Reasonable Potential Analysis. The newly imposed limits could lead to potential compliance issues. In addition, annual effluent monitoring requirements for Per- and polyfluoroalkyl substances (“PFAS”) and Flame Retardants are also added in the NPDES 2023 permit. The Bureau of Sanitation is continuing its mandated PFAS sampling and monitoring efforts for HWRP and the TIWRP, and as directed by the City Council, the Bureau is also investigating prospective methods for treatment and removal of PFAS with the LADWP.

**TIWRP.** TIWRP’s NPDES permit was renewed in June 2021 and is in effect until July 2026. The permit required that the City stop the discharge of tertiary treated wastewater effluent from TIWRP into the Los Angeles Harbor by December 31, 2024, with the exception of the occasional discharge of tertiary-treated effluent and brine waste. The Bureau of Sanitation requested an extension which was granted up to August 11, 2025. Due to schedule delays for a distribution system construction project and an end-user internal improvement, the City may not be able to meet such requirements until 2026. The Bureau of Sanitation has communicated the delays to the LARWQCB; however, LARWQCB has yet to approve a further extension of the current deadline of August 11, 2025. New effluent limits for Nickel, Dibenzo (a,h) Anthracene, P,P-DDT, and P,P-DDD were also added to the new permit.

**TIWRP AWP.** In October 1994, the LARWQCB adopted Resolution No. 94-009 approving the City’s proposal to ultimately phase out the discharge of tertiary-treated wastewater effluent from TIWRP into Los Angeles Harbor at the earliest practicable date and to implement a Water Recycling Program with the goal of

achieving total recycled water reuse by 2020. TIWRP's NPDES permit acknowledges the City's intent to cease continuous discharge by 2020, but that there have been delays in LADWP obtaining recycled water customer agreements with the end users and in the completion of their recycled water distribution network of pipelines and pump stations, the completion of which is expected in Fiscal Year 2024-25.

**Industrial General Permit.** The federal Clean Water Act requires ten (10) broad categories of industrial storm water discharges, including from wastewater reclamation facilities, to be covered by the NPDES General Permit for Storm Water Discharges Associated with Industrial Activities or Industrial General Permit ("IGP"). The City's four water reclamation plants (DCTWRP, HWRP, LAGWRP, and TIWRP) are subject to the IGP. The IGP was amended in November 2018 and the adopted changes became effective on July 1, 2020. The changes include requirements to comply with receiving water limitations based on water quality standards and impose TMDL Numeric Effluent Limitations ("NEL") for stormwater discharges that are applicable DCTWRP and LAGWRP (Los Angeles River TMDLs for nitrogen compounds, cadmium, copper, lead, and zinc). Results from LAGWRP and DCTWRP stormwater sampling during the 2020-21, 2021-2022, 2022-23, and 2023-2024 rain years indicate NEL exceedances for zinc. These NEL exceedances are in violation of the IGP, triggering Water Quality Based Corrective Actions and an assessment of Mandatory Minimum Penalties ("MMPs"). MMPs of \$3,000 per violation are assessed when the monitoring results exceed the NEL by 20% or more. LAGWRP exceeded the NEL for zinc by 20% or more a total of 17 times from 2020 until 2024. Violations of NELs also expose the City to administrative civil liabilities (ACLs) and third-party lawsuits. Solutions to remediate NEL exceedances include discharging the stormwater to the sewer conveyance system and retaining stormwater on-site and pumping it to the headworks for subsequent treatment. Depending on a facility's layout, this could require structural improvements (e.g., tanks, pipes, pumps, catch basins, etc.).

If the plants cannot meet future permit requirements, it is possible that the City may be required to install new treatment processes at a substantial cost to the City. The City cannot currently estimate the cost of such permit requirements, and such permit requirements are not included in the current Capital Improvement Program. However, the expected cost of building treatment facilities for PFAS is currently estimated at over \$1 billion.

PFAS are constituents of emerging concern for the System. PFAS are fluorinated organic chemicals that have been extensively produced and studied in the United States and internationally. There are some accepted methods for accurately measuring and effectively removing PFAS contamination, but the science for both is still developing. Concurrently, calls to take corrective action are becoming more frequent and urgent, and numerous regulations and legislative measures are being proposed to limit the level of PFAS in the environment, including in the effluent from wastewater treatment plants. Consequently, future NPDES permits for the System's four water reclamation plants may include discharge limits for PFAS. HWRP's 2023 NPDES permit already requires an annual PFAS monitoring. On July 15, 2020, the SWRCB issued its PFAS Investigate Order to the System's four water reclamation facilities to conduct PFAS sampling and analysis and to submit the results of the sampling. The activities included in that order are part of a statewide effort to (a) evaluate PFAS groundwater and surface water impacts, and (b) conduct a preliminary investigation of the mass loading of PFAS entering POTW and then leaving the POTW in different media (treated wastewater, brine, biosolids).

The City tested for PFAS in influent, effluent, biosolids, landfill leachate, recycled water, and brine. At the City's four water reclamation plants, various PFAS compounds were detected in effluent at a higher concentration than in influent indicating the possible transformation of precursors and/or, at least in part, the recirculation of various treatment streams (e.g., waste activated sludge, centrate, filtrate) during wastewater treatment plant operations. Existing wastewater treatment facilities are not designed to remove PFAS. Several wastewater agencies including the Bureau of Sanitation and environmental groups have actively been seeking regulatory relief to some of the fundamental challenges that are being faced by POTWs, who do not manufacture PFAS but are nevertheless required, in some instances, to assume responsibility for various types of PFAS contamination.

The US EPA has broad discretion to exempt POTWs from PFAS regulations, but they are not exempt from legal action by private citizens or state governments. The US EPA's unofficial policy is to focus



enforcement on PFAS manufacturers and producers, but this could change. While the US EPA has broad enforcement discretion to exempt POTW facilities, the US EPA strongly encourages states and municipalities to identify known or suspected sources of PFAS using the most current sampling and analysis methods in their NPDES programs. PFAS clean-up and containment measures may pose significant financial challenges for wastewater operations. If found liable for PFAS contamination, operators may be required to pay for remediation activities, reimburse impacted parties, and/or invest in costly treatment technologies to reduce PFAS discharges.

PFAS testing is conducted quarterly for TIWRP's AWPf, pursuant to the California Department of Drinking Water permit. Furthermore, in May 2023, the Bureau of Sanitation established its own Bureau of Sanitation PFAS Task Force. The Task Force's ultimate goal is to address PFAS within the Bureau of Sanitation's operations and purview to protect the public from PFAS exposure and the environment from the effects of PFAS pollution. The Bureau of Sanitation PFAS Task Force has developed a set of action items that will aid in achieving this goal. The implementation of the action items will require continued collaboration of the Bureau of Sanitation divisions and PFAS Task Force groups, as well as continued research, monitoring, securing funding, and collaboration with other agencies, the public, and outside industries throughout the City of Los Angeles. The Bureau of Sanitation intends on making a proposal to the U.S. Bureau of Reclamation to investigate removal and destruction of PFAS in Reverse Osmosis concentrate at the HWRP's AWPf.

### **Wastewater Overflows**

The City continuously develops and implements new programs and projects and enhances existing programs in order to reduce sanitary sewer overflows ("SSOs"). Through Fiscal Year 2023-24, the combination of all of these efforts has helped the City achieve a 56% reduction in overflow incidents since Fiscal Year 2013-14 and an 89% reduction in overflow incidents since Fiscal Year 2000-01. Root-caused SSOs have been reduced by 61% since Fiscal Year 2013-14 as a result of focused chemical root-control and sewer cleaning programs. In addition, SSOs caused by fats, oils, and grease (FOG) have also been reduced by 45% since Fiscal Year 2013-14. Nevertheless, in Fiscal Year 2023-24, the City experienced 77 overflows and major overflows continue to be a challenge.

***HWRP Overflows.*** On July 26, 2022, the Regional Water Board issued a Notice of Violation Letter ("NOV") to the Bureau of Sanitation for the City of Los Angeles Hyperion Collection System, WDID 4SS010450, ORDER NOS. 2006-0003-DWQ AND 2013-0058-EXEC.

The NOV is associated with SSOs from the conveyance system that occurred between January 2, 2007 and April 27, 2022 and identified various potential penalties, including administrative penalties of up to \$5,000 for each day in which a violation occurs or \$10 for each gallon of waste discharged, or administrative civil liability of up to \$10,000 for each day in which a violation occurs plus \$10 multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons, beginning from the date that the violation first occurred. The Regional Water Board may also refer this matter to the Attorney General for judicial enforcement, which could result in civil penalties of \$15,000 per day or \$20 per gallon or \$25,000 per day and \$25 per gallon.

The Bureau of Sanitation responded to the NOV on September 30, 2022 refuting many of the alleged violations. No fines or penalties have been calculated or assessed to date.

On July 11, 2021, HWRP Headworks screening facility experienced a major sewage spill. HWRP's relief system was triggered and sewage flows were controlled through use of the plant's 1-Mile Outfall and the discharge of over 12 million gallons of untreated sewage into Santa Monica Bay. The plant suffered major damage to critical equipment and vehicles. Normal plant operations resumed in October 2021, following months of cleanup and restoration. The City's insurance carrier has informed the City that the City's policy will cover the reasonable and necessary costs associated with the restoration of the physically damaged real and personal property related to the incident, and any temporary repair or replacement thereof. As of December 9, 2024, the City has collected approximately \$46 million of insurance proceeds related to the incident. The City is still

seeking additional insurance proceeds and is in dialogue with the insurance company. Also, the City is seeking reimbursement from the Federal Emergency Management Agency in an amount yet to be determined.

Several lawsuits have been filed against the City in connection with the incident. See “LITIGATION — Certain Claims Against the SCM Fund—*Hyperion Water Reclamation Plant Incident*.” The City cannot determine at this time the full extent of the financial impact of this incident as the costs of repairs to the facility and equipment, the amount of resulting fees and fines by regulatory agencies, the costs resulting from any litigation related to the incident, and other incidental costs/damages are currently unknown but such amounts could be substantial.

As a result of an extraordinary atmospheric river storm event that occurred between February 3, 2024 and February 7, 2024, HWRP received a high continuous inflow of wastewater. The peak flow was estimated at 900 and 860 mgd on February 4 and February 5, respectively, exceeding the effluent pumping plant’s 720 mgd-capacity. The high flow necessitated the discharge of approximately 13 million gallons of disinfected secondary effluent through the 1-Mile Outfall on February 5, 2024. During the 1-Mile Outfall discharge, the 5-Mile Outfall discharge was still maintained with all five effluent pumps running at the maximum speed. The unplanned 1-Mile Outfall discharge was to prevent overflow of secondary effluent and flooding of plant facilities. While some sewage spilled out of the Headworks Facility despite the opening of the Emergency Bypass Channel, it was contained within the plant and returned to the treatment process.

## LITIGATION

### Certain Claims Against the SCM Fund

The City is routinely a party to a variety of pending and threatened lawsuits and administrative proceedings, including those that may affect the SCM Fund of the City. The Office of the City Attorney has prepared the following summary, as of [January 23, 2025], unless another date is indicated, of certain claims and lawsuits pending against the City (with service of process having been given to the City) and that affect the SCM Fund. The City makes no representation regarding the likely resolution of any specific litigation matter described below. There are other claims and lawsuits arising during the ordinary course of operations of the System that collectively seek damages in the tens of millions of dollars that the City is currently defending.

***Hyperion Water Reclamation Plant Incident.*** On July 11, 2021, the City’s largest wastewater treatment plant, the Hyperion Water Reclamation Plant (the “Plant”), experienced a flooding of wastewater (the “2021 Incident”). The flooded wastewater flowed into the Plant’s one-mile outfall, resulting in the discharge of approximately 12.5 million gallons of untreated wastewater into the Santa Monica Bay. The Plant suffered major damage to critical equipment and vehicles. The event was contained and, following months of cleanup and restoration, normal Plant operations resumed in October 2021.

Several civil lawsuits (*Mecklenburg v. Hyperion Water Reclamation Plant*, *Abdelnur, Katarina et al. v. City of Los Angeles*, *Konig, Joshua v. City of Los Angeles*, and *Ace American Insurance v. City of Los Angeles* (“Ace”)) have been filed against the City in connection with this incident, and have been determined to be related by the court. It is still too early in the litigation process to evaluate the likelihood of an unfavorable outcome to the City or the amount or range of potential liability. Ace, unlike the other civil matters, was an insurance subrogation action brought by the insurer for a City contractor who suffered equipment damage during the 2021 Incident. On August 26, 2024, the City approved a settlement in Ace for \$315,000.

In addition, the 2021 Incident resulted in federal and state agencies initiating investigations and proceedings against the City, several of which have been resolved through settlement. Certain of these matters are described below.

In March 2024, the City entered into a settlement with the U.S. EPA through an Administrative Order on Consent, under which the City has committed to spending up to \$30 million over the next two years on various

capital projects (“EPA Settlement”). Of that amount, approximately \$6.4 million remains to be expended as of October 2024.

In August 2024, the City and the U.S. Attorney’s Office also reached a settlement, in the form of a non-prosecution agreement, of certain threatened criminal claims (including alleged negligent unauthorized discharge of a pollutant into waters of the United States in violation of the Clean Water Act, 33 U.S.C. §1319(c)(1)(A)) (the “USAO Settlement”). In addition to requiring the City to complete the capital improvement projects required by the EPA Settlement, the USAO Settlement requires the City to complete a Droplet Digital PCR (ddPCR) testing study to determine appropriate protocols for rapid testing in the event of future spills into the Santa Monica Bay, conduct additional water quality monitoring, and implement a community outreach program through an agreement with a third party.

The capital projects required by the EPA Settlement and the USAO Settlement are included in the System’s capital improvement plan and most of these projects are either completed or currently underway.

On March 29, 2023, the Los Angeles Regional Water Quality Control Board (“LARWQCB”) filed an administrative civil complaint against the City seeking a penalty of over \$21.7 million relating to the 2021 Incident. The City is in the process of negotiating with the LARWQCB on this matter. The City is also aware of other potential penalties from LARWQCB and the South Coast Air Quality Management District (“SCAQMD”), currently estimated to be approximately \$30 million, including certain amounts related to the Plant but unrelated to the 2021 Incident. Discussions between the City and these authorities (LARWQCB and SCAQMD) are underway and the ultimate outcome is currently unknown. The City cannot at this time determine what the full financial or other impacts of this incident will be; however, cumulative costs are expected to be substantial, including costs resulting from any litigation, fees and fines, the settlements described above, and capital project investments.

***Dustin Bramell v. City.*** This is a putative class action challenging the Bureau’s surcharge to SSC ratepayers that funds a low-income program as violating Proposition 218. The case is in its early stages of litigation and the City cannot determine at this time the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

***Korf v. City.*** This is a putative class action alleging that the Bureau and LADWP violated the California Constitution and the California Public Records Act regarding the City’s application of the median winter water usage calculation relating to SSCs. The case is in its early stages of litigation and the City cannot determine at this time the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

***Shapiro v. City.*** This is a putative class action, filed February 14, 2025, alleging that in connection with the Bureau’s recent SSC rate increase, the City failed to comply with the California Public Records Act requests and Proposition 218 (alleging inadequate Proposition 218 notice and that rates exceed the cost of service), or in the alternative, that the rates constitute an unlawful tax in violation of Proposition 26. Plaintiffs seek a class-wide refund of all sewer fees collected since the rates took effect. The case is in its early stages of litigation and the City cannot determine at this time the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

***Lee, Jessica v. City.*** Plaintiff filed suit on behalf of herself and other hourly non-exempt employees (412 employees covered under this action) for recovery of shift differential for night and overnight shifts and meal period allowance for eligible shifts that she alleges were not paid in cash when due nor banked at the correct hourly rate when the amount was compensated with time-off in lieu of cash. The lawsuit asserts claims for relief for (1) violation of the Fair Labor Standards Act, (2) violation of Labor Code Section 222, and (3) violation of Labor Code Section 1126, for the time period from July 2, 2021 to present. The City is still gathering data to determine the number of qualifying shifts and the number of non-payments to estimate potential loss if plaintiff prevails.

***Vadnais Trenchless Services v. City.*** Vadnais Trenchless Services filed a lawsuit against the City related to Vadnais' work as a contractor on the City's Venice Dual Force Main and Venice Pumping Plant Replacement project. Vadnais alleges causes of action of Breach of Contract, Breach of Implied Covenant of Good Faith and Fair Dealing, Violation of Prompt Payment Statutes – Progress Payments, Declaratory Relief – Failure to Disclose, and Declaratory Relief – Prescriptive Specification. Vadnais claims damages in an amount in excess of \$54 million. On June 10, 2024, the City filed a cross-complaint seeking an estimated \$12 million in liquidated damages based on Vadnais' failure to complete the project on schedule. It is too early in the litigation to determine the likelihood of exposure or the range of potential liability resulting from an unfavorable outcome.

## APPENDIX B

### CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES

*The information contained in APPENDIX B is provided as general information regarding the City of Los Angeles. Investors are advised that no funds or other financial resources of the City discussed in APPENDIX B are pledged to the payment of the Series 2025A Senior Bonds. The Series 2025A Senior Bonds are limited obligations secured by and payable only from the sources of funds described in the Official Statement. See “Security and Sources of Payment for the Series 2025A Senior Bonds” in the forepart of this Official Statement.*

**APPENDIX C**  
**GLOSSARY OF DEFINED TERMS**

## **APPENDIX D**

### **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS**

## **APPENDIX E**

### **CITY OF LOS ANGELES SEWER CONSTRUCTION AND MAINTENANCE FUND FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023 (WITH INDEPENDENT AUDITOR'S REPORT THEREON) AND DEBT SERVICE COMPLIANCE REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH INDEPENDENT AUDITOR'S REPORT THEREON)**



**APPENDIX F**  
**FORM OF OPINION OF BOND COUNSEL**

## APPENDIX G

### BOOK-ENTRY ONLY SYSTEM

*The information in this APPENDIX G concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s Book-Entry system has been obtained from DTC and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2025A Senior Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2025A Senior Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2025A Senior Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The City, the Paying Agent and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2025A Senior Bonds or an error or delay relating thereto. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

The Depository Trust Company, New York, NY, will act as securities depository for the Series 2025A Senior Bonds. The Series 2025A Senior Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each Series of the Series 2025A Senior Bonds, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025A Senior Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025A Senior Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025A Senior Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf

of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2025A Senior Bonds, except in the event that use of the book-entry system for the Series 2025A Senior Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025A Senior Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025A Senior Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025A Senior Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025A Senior Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025A Senior Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025A Senior Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Series 2025A Senior Bonds may wish to ascertain that the nominee holding the Series 2025A Senior Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While the Series 2025A Senior Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Series 2025A Senior Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025A Senior Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025A Senior Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Interest on, principal and redemption price of, and other payments on the Series 2025A Senior Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the City or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Beneficial Owner shall give notice to elect to have its Series 2025A Senior Bonds purchased or tendered, through its Participant, to the City's designated agent, and shall effect delivery of such Series 2025A Senior Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2025A Senior Bonds, on DTC's records, to the City's designated agent. The requirement for physical delivery of Series 2025A Senior Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the

ownership rights in the Series 2025A Senior Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2025A Senior Bonds to the DTC account of the City's designated agent.

DTC may discontinue providing its services as depository with respect to the Series 2025A Senior Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Senior General Resolution with respect to certificated Series 2025A Senior Bonds will apply.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

*NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2025A SENIOR BONDS FOR REDEMPTION.*

## APPENDIX H

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Los Angeles, California (the “City”) in connection with the issuance by the City of its City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A (the “Bonds”). The Bonds are issued pursuant to the provisions of Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City on November 10, 1987, as amended and supplemented, including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8], 2025 (the “General Resolution”).

The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the General Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has or shares the power, directly, or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*DAC*” shall mean Digital Assurance Certificate L.L.C.

“*Dissemination Agent*” shall mean each of the City Administrative Officer of the City or any other person authorized to act on his behalf, acting in the capacity of Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. The initial Dissemination Agent hereunder shall be DAC.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate as Listed Events.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“*Official Statement*” shall mean the Official Statement dated \_\_\_\_\_, 2025, issued by the City in connection with the sale of the Bonds.

“*Owner*” shall mean the person in whose name any Bond shall be registered.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, [2026], for the report for the [2024-25] fiscal year, or if the fiscal year end changes from June 30, not later than 365 days after the end of the City’s fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the Fund (defined below) may be submitted separately from the balance of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the then-current procedures for submitting Annual Reports to the MSRB; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City of Los Angeles Sewer Construction and Maintenance Fund (the “Fund”) for the prior fiscal year, prepared in accordance with significant accounting policies of the City, with respect to the Fund. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update to the following tables set forth in Appendix A to the Official Statement for the prior fiscal year:

“WATER RECLAMATION FACILITIES AVERAGE FLOWS” table.

“SEWER SERVICE CHARGE BILLED TO TEN LARGEST CUSTOMERS” table.

“SYSTEM RATES AND CHARGES” table.

“WASTEWATER SYSTEM SERVICE POINTS AND BILLABLE WASTEWATER VOLUME” table.

“SSC REVENUE BUDGET, BILLINGS, AND CASH REMITTANCE” table.

“BUREAU OF SANITATION AUTHORIZED POSITIONS” table.

“SEWER CONSTRUCTION AND MAINTENANCE FUND RETIREMENT AND OPEB CONTRIBUTIONS” table.

“SEWER CONSTRUCTION AND MAINTENANCE FUND SUMMARY OF OPERATIONS AND DEBT SERVICE COVERAGE” table.

“SEWER CONSTRUCTION AND MAINTENANCE FUND CASH BALANCES IN ALL FUNDS (UNAUDITED)” table.

“CITY OF LOS ANGELES OUTSTANDING WASTEWATER SYSTEM REVENUE BONDS AND COMMERCIAL PAPER REVENUE NOTES” table.

(c) An update of the amount of expenditures of the Capital Improvement Program of the Wastewater System for the prior fiscal year.

(d) An update to the following Sections in the Official Statement: APPENDIX A — “CERTAIN INFORMATION REGARDING THE WASTEWATER SYSTEM — LITIGATION — Certain Claims Against the SCM Fund” and APPENDIX B — “CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES — BUDGET AND FINANCIAL OPERATIONS.”

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, available to the public on the MSRB’s Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents so incorporated by reference.

#### Section 5. Reporting of Significant Events.

(a) To the extent applicable and pursuant to provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each of which is a “Listed Event”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights to Owners, if material;
- (4) bond calls other than scheduled sinking fund redemptions, if material, and tender offers;
- (5) defeasances;
- (6) rating changes;

(7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570 1-TEB) or other material notices of determinations with respect to the tax status of the Bonds;

(8) unscheduled draws on the debt service reserves reflecting financial difficulties;

(9) unscheduled draws on credit enhancements reflecting financial difficulties;

(10) substitution of any credit or liquidity providers, or their failure to perform;

(11) release, substitution or sale of property securing repayment of the Bonds, if material;

(12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation, as defined in the Rule, of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) If the Dissemination Agent is other than the City, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the City and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (a) and promptly direct the Dissemination Agent whether or not to report such event to the owners of the Bonds. In the absence of such direction, the Dissemination Agent shall not report such event unless required to be reported by the Dissemination Agent to the owners of the Bonds under the General Resolution. The Dissemination Agent may conclusively rely upon such direction or lack thereof. For purposes of this Disclosure Certificate, actual knowledge of the occurrence of such Listed Events shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events. Notwithstanding the foregoing, notice of any Listed Event shall be filed with the MSRB through its EMMA system, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, but, in the case of a Listed Event described in subsection (2), (3), (4) (but only with respect to bond calls), (11), (13), (14) and (15)



of Section 5(a), only in the event the City determines that knowledge of occurrence of a Listed Event would be material under applicable federal securities laws, the City shall file or cause to be filed a notice of such occurrence with the MSRB through its EMMA system, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

Section 6. Termination of Reporting Obligations. The City's obligations under the Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent other than the original Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (other than the City or the City Administrative Officer) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions relating to the filing of an Annual Report or the giving of notice of a Listed Event as set forth in Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the General Resolution for amendments to the General Resolution with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall

have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Owners' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2025

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Assistant City Administrative Officer

**EXHIBIT A**

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD  
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: City of Los Angeles, California

Name of Bond Issue: \$\_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds,  
Refunding Series 2025-A

Date of Issuance: \_\_\_\_\_, 2025

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated \_\_\_\_\_, 2025. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, 20\_\_

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## **APPENDIX I**

### **PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION**

## **APPENDIX J**

### **PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION**

## **Attachment F – Form of the Bond Purchase Agreement for the 2025 Senior Bonds**

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System Revenue Bonds,**  
**Refunding Series 2025-A**

**CONTRACT OF PURCHASE**

May \_\_, 2025

City of Los Angeles  
Office of the City Administrative Officer  
200 North Main Street  
Room 1500, City Hall East  
Los Angeles, California 90012-4137

Ladies and Gentlemen:

The undersigned on behalf of itself and as representative of the underwriters named on the signature page hereto (hereinafter called the “Underwriters”) offers to enter into this agreement with the City of Los Angeles (the “City”), which, upon acceptance of this offer by the City, will be binding upon the City and the Underwriters. This offer is made subject to the written acceptance hereof by the City on or before 11:59 p.m., Los Angeles Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written or oral notice given to the City at any time prior to the acceptance hereof by the City. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Official Statement (defined herein).

1. Purchase and Sale.

(a) Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase, and the City hereby agrees to sell all (but not less than all) of \$\_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A (the “Series 2025-A Senior Bonds”).

The Series 2025-A Senior Bonds shall be dated the date of delivery thereof and shall be payable in the years and the amounts, and bear interest at the rates, set forth in Schedule I hereto, such interest being payable on June 1 and December 1 of each year, commencing [December 1, 2025] [June 1, 2026].

The purchase price for the Series 2025-A Senior Bonds shall be \$\_\_\_\_\_, which is equal to the aggregate principal amount of the Series 2025-A Senior Bonds, plus [net] original issue premium of \$\_\_\_\_\_, less the Underwriters’ discount of \$\_\_\_\_\_.

The Series 2025-A Senior Bonds shall be subject to redemption prior to their stated maturities, as set forth in Schedule I hereto.

(b) The City has delivered or caused to be delivered to the Underwriters the City’s preliminary official statement dated May \_\_, 2025 relating to the Series 2025-A Senior Bonds (said preliminary official statement, together with the cover page and any and all appendices thereto, being herein referred to as the “Preliminary Official Statement”). The City confirms that the Preliminary



Official Statement was “deemed final” as of the date thereof, for purposes of Securities and Exchange Commission Rule 15c2-12, as amended (“Rule 15c2-12”), except for certain information permitted to be omitted by said Rule. The Series 2025-A Senior Bonds are being offered pursuant to the City’s final official statement relating to the Series 2025-A Senior Bonds, dated May \_\_, 2025 (said final official statement, together with the cover page and any and all appendices thereto and including any amendments or supplements thereto prior to the Closing (as defined herein), being herein referred to as the “Official Statement”). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings given such terms in the Official Statement.

(c) The City acknowledges and agrees that (i) the primary role of the Underwriters, as underwriters, is to purchase the Series 2025-A Senior Bonds, for re-sale to investors pursuant to this Contract of Purchase in an arm’s-length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as the agent, financial advisor, municipal advisor or fiduciary of the City, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters) and the Underwriters have no obligation to the City with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase and (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

2. The Series 2025-A Senior Bonds. The Series 2025-A Senior Bonds are being issued by the City of Los Angeles (the “City”) pursuant to the Charter of the City of Los Angeles (the “City Charter”), Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and [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 (as amended, the “Refunding Law”)]. The Series 2025-A Senior Bonds are also issued pursuant to the Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on November 10, 1987, as amended and supplemented (the “Senior General Resolution”), including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8, 2025] (the “Thirty-First Supplemental Resolution”).

The proceeds of the Series 2025-A Senior Bonds, together with certain other amounts from the City, will be used to (i) [*details forthcoming – to match POS*], (ii) [pay all or a portion of outstanding Wastewater System Commercial Paper Notes (defined herein) at their respective maturity dates,] and (iii) pay the costs of issuance in connection with the issuance of the Series 2025-A Senior Bonds.

3. Authority. The Underwriters represent and warrant to the City that they are authorized to take any action under this Contract of Purchase required to be taken by them, that Jefferies LLC, (the “Representative”) is authorized to execute this Contract of Purchase on behalf of the Underwriters and it has been duly authorized by the Underwriters to act hereunder and, as the representative of the Underwriters, to take all actions, and waive any condition or requirement, required or permitted to be taken or waived hereunder by the Underwriters, and that this Contract of Purchase is a binding contract of the Underwriters enforceable in accordance with its terms.

4. Offering; Issue Price.

(a) The Underwriters agree to make a bona fide public offering of the Series 2025-A Senior Bonds at a price not in excess of the initial offering price or prices or yields not less than the yields set forth in the Official Statement, which prices may be changed from time to time by the Underwriters after such initial offering.

(b) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Series 2025-A Senior Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2025-A Senior Bonds.

(c) [Except as otherwise set forth in Schedule I attached hereto,] the City will treat the first price at which 10% of each maturity of the Series 2025-A Senior Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of the Series 2025-A Senior Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Series 2025-A Senior Bonds, the Representative agrees to promptly report to the City the prices at which Series 2025-A Senior Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined herein) has occurred, until either (i) all Series 2025-A Senior Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Series 2025-A Senior Bonds of that maturity, provided that, the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, the City or Bond Counsel.] For purposes of this section, if Series 2025-A Senior Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2025-A Senior Bonds. [Schedule I attached hereto sets forth the maturities of the Series 2025-A Senior Bonds for which the 10% test has been satisfied as of the date of this Contract of Purchase (the “10% Test Maturities”) and the prices at which the Underwriters have sold such 10% Test Maturities to the public. As shown in Schedule I, all of the maturities are 10% Test Maturities.]

(d) The Representative confirms that the Underwriters have offered the Series 2025-A Senior Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Series 2025-A Senior Bonds for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2025-A Senior Bonds, the Underwriters will neither offer nor sell unsold Series 2025-A Senior Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2025-A Senior Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) satisfied (the “10% Test Maturities”). [As shown in Schedule I, all of the maturities are 10% Test Maturities.]

(f) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2025-A Senior Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2025-A Senior Bonds of each maturity allotted or allocated to it, whether or not the Closing Date has occurred, until either all Series 2025-A Senior Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2025-A Senior Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of the Series 2025-A Senior Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2025-A Senior Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by an underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2025-A Senior Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2025-A Senior Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2025-A Senior Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2025-A Senior Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Series 2025-A Senior Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(g) The City acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Series 2025-A Senior Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Senior Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2025-A Senior Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2025-A Senior Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Senior Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2025-A Senior Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2025-A Senior Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Senior Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2025-A Senior Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Senior Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2025-A Senior Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Senior Bonds.

(h) The Underwriters acknowledge that sales of any Series 2025-A Senior Bonds to any person that is a related party to an underwriter (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025-A Senior Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025-A Senior Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025-A Senior Bonds to the public),
- (iii) a purchaser of any of the Series 2025-A Senior Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership

(including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “sale date” means the date of execution of this Contract of Purchase by all parties.

5. Official Statement, Delivery of Other Documents. The City shall deliver to the Underwriters, within seven business days of the date hereof and in any event, at least three business days prior to the Closing, the Official Statement, in such quantity as the Underwriters may reasonably request in order for the Underwriters to comply with the rules of the Municipal Securities Rulemaking Board (“MSRB”) and subsection (b)(4) of Rule 15c2-12. The City shall deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission. In order to assist the Underwriters in complying with Rule 15c2-12, the City will undertake, pursuant to the Continuing Disclosure Certificate, dated as of the date of Closing (the “Continuing Disclosure Certificate”), to provide annual financial information and notices of the occurrence of specified events. A description of the Continuing Disclosure Certificate is set forth in, and a form of such undertaking is attached as an appendix to, the Preliminary Official Statement and the Official Statement.

6. Use of Documents.

(a) The City authorizes the use by the Underwriters of the Senior General Resolution, the Official Statement (including any supplements or amendments thereto and including in electronic format), and the information therein contained, in connection with the public offering and sale of the Series 2025-A Senior Bonds. The City also confirms its consent to the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement (including in electronic format) in connection with the public offering of the Series 2025-A Senior Bonds.

(b) As soon as practicable following receipt thereof, the Representative shall deliver the Official Statement, and any supplement or amendment thereto, to the MSRB.

7. Representations and Agreements of the City. The City hereby represents and warrants as of the date hereof and agrees as follows:

(a) The City is a charter city and municipal corporation duly organized and validly existing under the laws of the State of California.

(b) The City has the full legal power and authority to (i) adopt the Thirty-First Supplemental Resolution and enter into the Continuing Disclosure Certificate, [the Escrow Agreement relating to the Refunded Series \_\_\_\_\_ Bonds, by and between the City and U.S. Bank Trust Company, National Association as Escrow Agent (together, the “Escrow Agreements”)], this Contract of Purchase and any other documents executed by the City in connection with the Series 2025-A Senior Bonds (the “City Documents”); (ii) to sell, issue and deliver the Series 2025-A Senior Bonds to the Underwriters as provided herein and (iii) to carry out and consummate the transactions on its part contemplated by the City Documents and the Senior General Resolution.

(c) An ordinance of the City (the “Ordinance”) relating to the Series 2025-A Senior Bonds was duly adopted by the City Council at a meeting which was held on [April 8, 2025] pursuant to the terms of the Charter and all other applicable law and with all required notice and at which a quorum

was present at the time of adoption of such Ordinance, and such Ordinance will be published prior to Closing and will become effective 31 days from its publication.

(d) By all necessary official action, the City has duly adopted, authorized and approved (i) the City Documents, (ii) the Preliminary Official Statement and the Official Statement; (iii) the execution and delivery of, and the performance by the City of its obligations to provide the information described in, the Continuing Disclosure Certificate and its obligations contained in [the Escrow Agreement] and this Contract of Purchase; (iv) the execution of all certificates and other instruments necessary to effectuate the issuance and delivery of the Series 2025-A Senior Bonds, and (v) the performance by the City of the obligations on its part contained in the City Documents and the Senior General Resolution and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Series 2025-A Senior Bonds. In connection with the issuance of the Series 2025-A Senior Bonds, the City has complied in all material respects, (i) with the laws of the State of California and of the United States and (ii) with its obligations on its part contained in the Senior General Resolution, the Continuing Disclosure Certificate, [the Escrow Agreement] and this Contract of Purchase.

(e) The Series 2025-A Senior Bonds, the Senior General Resolution, [the Escrow Agreement] and the Continuing Disclosure Certificate conform in all material respects to the descriptions thereof contained in the Official Statement.

(f) At or prior to the Closing, the Thirty-First Supplemental Resolution shall have been duly adopted by the City Council and this Contract of Purchase, the Series 2025-A Senior Bonds, [the Escrow Agreement] and the Continuing Disclosure Certificate shall have been duly executed by the City and the Senior General Resolution, this Contract of Purchase, the Series 2025-A Senior Bonds, [the Escrow Agreement] and the Continuing Disclosure Certificate shall be legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject, as to enforceability, to the general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California.

(g) Between the date of this Contract of Purchase and the date of the Closing, except as contemplated by the Official Statement, the City will not, with respect to the System (as defined in the Official Statement), incur any material liabilities, direct or contingent other than in the ordinary course of business of the System, and, except as contemplated by the Official Statement, there shall not have been any material adverse change in the finances or operations of the System other than changes in the ordinary course of business.

(h) The City is not, in any material respect, in breach of or default under any applicable existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment or court decree binding on the City or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which would materially adversely affect the ability of the City to pay the principal and interest on the Series 2025-A Senior Bonds, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such an event of default which would have such effect under any such instrument; and the adoption of the Thirty-First Supplemental Resolution and the execution and delivery of this Contract of Purchase, [the Escrow Agreement] and the Continuing Disclosure Certificate and the performance by the City of its obligations under the Senior General Resolution, this Contract of Purchase, [the Escrow Agreement] and the Continuing Disclosure Certificate will not, in any material respect, conflict with or constitute

a breach of or default under any existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment or court decree binding on the City, or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party, which conflict, breach or default would materially adversely affect the ability of the City to pay the principal and interest on the Series 2025-A Senior Bonds. The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied on.

(i) Except as disclosed in the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against the City (service of process against the City having been made) or, to the knowledge of the officer of the City executing this Contract of Purchase, overtly threatened in writing (i) in any way questioning the existence of the City or the titles of the Authorized City Representatives (as defined in the Thirty-First Supplemental Resolution) to their respective offices; (ii) seeking to prohibit, restrain or enjoin the adoption of the Thirty-First Supplemental Resolution, the issuance or delivery of the Series 2025-A Senior Bonds, or application of the proceeds of sale of the Series 2025-A Senior Bonds, or in any way contesting the validity of the Senior General Resolution, the Ordinance, the Series 2025-A Senior Bonds, the Continuing Disclosure Certificate, [the Escrow Agreement] or this Contract of Purchase, or the tax-exempt status of interest due with respect to the Series 2025-A Senior Bonds or any authority for the execution and delivery of the Series 2025-A Senior Bonds, or the execution and delivery by the City of the Continuing Disclosure Certificate, [the Escrow Agreement] or this Contract of Purchase; or (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(j) Except as disclosed in the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against the City (service of process against the City having been made) or, to the knowledge of the officer of the City executing this Contract of Purchase, overtly threatened in writing, which would result in any material adverse change to the financial condition of the System and the SCM Fund.

(k) The City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as necessary (i) to qualify the Series 2025-A Senior Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Series 2025-A Senior Bonds for investment under the laws of such states and other jurisdictions, and will use its commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the Series 2025-A Senior Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(l) All approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with, the execution, sale and delivery of the Series 2025-A Senior Bonds under this Contract of Purchase have been obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state

in connection with the offering and sale of the Series 2025-A Senior Bonds; and, except as disclosed in the Official Statement, all approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under, the City Documents have been obtained.

(m) The Preliminary Official Statement (other than the information contained in the Preliminary Official Statement with respect to The Depository Trust Company (“DTC”) or the book-entry system) did not, on the date thereof, and through the period up to the execution of this Contract of Purchase, contain any untrue statement of a material fact or omit to state a material fact (other than information permitted to be omitted pursuant to Rule 15c2-12) necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(n) At the time of the City’s acceptance hereof and up to and including the time of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made with respect to the information in the Official Statement relating to DTC and the book-entry system.

(o) If the Official Statement is supplemented or amended pursuant to subsection (p) of this section 7, the City agrees that, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such section) at all times during the period from the date of this Contract of Purchase to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with section 17 hereof), the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, except that the City shall have no responsibility with respect to the information in the Official Statement relating to DTC and the book-entry system.

(p) If between the date of this Contract of Purchase and that date which is 25 days after the end of the underwriting period (as determined in accordance with section 17 hereof) any event shall occur or be discovered that would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriters of any such event of which it has knowledge and, if in the reasonable opinion of the Underwriters such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall prepare and furnish to the Underwriters (i) a reasonable number of copies of a supplement or amendment to the Official Statement in form and substance reasonably acceptable to the Underwriters and (ii) if such notification shall be subsequent to the Closing, such legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(q) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the Series 2025-A Senior Bonds.

(r) Any certificate signed by any officer of the City and delivered to the Underwriters pursuant to the City Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.



(s) The City is not in payment default and at no time in the past ten years has been in payment default with respect to any SCM Fund obligations incurred by it of a character similar to the Series 2025-A Senior Bonds.

(t) The financial statements of, and other financial information regarding the City in the Official Statement fairly present the financial position and results of operations with respect to the System as of the dates and for the periods therein set forth. The financial statements with respect to the System have been prepared in accordance with generally accepted accounting principles consistently applied, except as noted in the Official Statement. Except as disclosed in the Official Statement, there has not been any materially adverse change in the financial condition of the System or in its operations since June 30, 2024 and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(u) The description of the application of the proceeds from the sale of the Series 2025-A Senior Bonds contained in the Official Statement is true, accurate and complete in all material respects.

(v) During the last five years, the City has not failed to materially comply with any previous undertakings relating to continuing disclosure of information pursuant to Rule 15c2-12, except as noted in the Preliminary Official Statement and the Official Statement.

8. Closing. At 9:00 a.m., Los Angeles time, on [May 28, 2025], or at such other time or on such later date as shall have been mutually agreed upon by the City and the Representative, the City shall deliver to DTC in New York, New York, on behalf of the Underwriters, the Series 2025-A Senior Bonds, in definitive form duly executed by the City, and the Underwriters shall accept such delivery to DTC and shall pay the purchase price of the Series 2025-A Senior Bonds as set forth in section 1(a) hereof, by delivering federal or other immediately available funds in the amount of \$ \_\_\_\_\_ to the City. The City shall deliver to the Underwriters the other documents hereinafter mentioned at the offices of Nixon Peabody LLP in Los Angeles, California or such other place as shall have been mutually agreed upon by the City and the Representative. Such payment and delivery is herein called the “Closing.” The Series 2025-A Senior Bonds shall be prepared in fully registered form without coupons, in authorized denominations shall bear CUSIP numbers and shall be registered in the name of “Cede & Co.,” as nominee of DTC; there shall be one (1) bond for each maturity of the Series 2025-A Senior Bonds (and, if Series 2025-A Senior Bonds of the same maturity bear interest at different rates, for each Series 2025 Bond of such maturity bearing interest at a different rate) and the Series 2025-A Senior Bonds shall be made available for inspection by the Underwriters at least one business day prior to the Closing.

9. Closing Conditions. The Underwriters have entered into this Contract of Purchase in reliance upon the representations of the City contained herein and the performance by the City of its respective obligations hereunder both as of the date hereof and as of the date of Closing. The Underwriters’ obligations under this Contract of Purchase shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under the other documents and instruments delivered in connection with the execution and delivery of the Series 2025-A Senior Bonds and shall also be subject to the following further conditions:

(a) The representations of the City contained herein shall be true, complete and correct in all material respects on the date hereof and true, complete and correct in all material respects on the date of the Closing.

(b) At the time of the Closing (i) the City Documents shall be in full force and effect in accordance with their terms and shall not have been amended, modified or supplemented and the

Official Statement shall not have been supplemented or amended, except in each case as may have been agreed to by the Representative, and (ii) the City shall perform or have performed its obligations under the City Documents which are required to be performed at or prior to the Closing.

(c) At or prior to the Closing, the Underwriters shall receive the following documents:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the City by an Authorized City Representative;

(2) Certified copies of the Senior General Resolution, the Thirty-First Supplemental Resolution, and the Ordinance and an executed copy of the Continuing Disclosure Certificate, [the Escrow Agreement] and a tax certificate in connection with the issuance of the Series 2025-A Senior Bonds, in form and substance reasonably satisfactory to Bond Counsel and the City, executed on behalf of the City by an Authorized City Representative;

(3) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing, in substantially the form attached to the Official Statement as Appendix F, together with a letter, dated the date of the Closing, from such Bond Counsel addressed to the Underwriters stating that the Underwriters may rely on such opinion as though it was addressed to them;

(4) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing and addressed to the Underwriters, in substantially the form set forth in Exhibit A hereto;

(5) The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing and addressed to the City, [the Escrow Agent] and the Underwriters, to the effect that the Refunded Bonds have been defeased in accordance with the Senior General Resolution;

(6) *[if needed]* [The opinion of Nixon Peabody LLP, Bond Counsel, dated the date of the Closing and addressed to the City, [the Escrow Agent] and the Underwriters, to the effect that the [Refunded Subordinate Bonds] have been defeased in accordance with the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on March 26, 1991, as amended and supplemented [(the “Subordinate General Resolution”)]].

(7) An opinion of the City Attorney, dated the date of the Closing and addressed to the Underwriters, in substantially the form set forth in Exhibit C hereto;

(8) [The opinion of counsel to the Escrow Agent, dated the Closing Date and addressed to the City and the Underwriters, to the effect that (i) the Escrow Agent has duly authorized, executed and delivered [the Escrow Agreement]; and (ii) [the Escrow Agreement] constitutes a legally valid and binding obligation of the Escrow Agent, enforceable against the Escrow Agent in accordance with its terms, except that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally and except to the extent that the enforceability thereof may be limited by the application of general principles of equity;]

(9) A certificate of an Authorized City Representative, dated the date of Closing, to the effect that each of the representations set forth in section 7 of this Contract of Purchase is true, accurate and complete in all material respects as of the Closing and each of the agreements of the City, as set forth in this Contract of Purchase to be complied with at or prior to the Closing, has been complied with in all material respects;

(10) Evidence reasonably satisfactory to the Underwriters that, as of the date of Closing, the rating on the Series 2025-A Senior Bonds are “\_\_\_” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC and “\_\_\_” by Fitch Ratings;

(11) The opinion of Stradling Yocca Carlson & Rauth, LLP, Disclosure Counsel, dated the date of Closing in substantially the form attached hereto as Exhibit B addressed to the City and accompanied by a reliance letter from Disclosure Counsel to the effect that such opinion may be relied upon by the Underwriters to the same effect as if such opinion were addressed to them;

(12) The opinion of Norton Rose Fulbright US LLP, Underwriters’ Counsel, dated the date of Closing and addressed to the Underwriters, in form and substance satisfactory to the Underwriters;

(13) [A report of Samuel Klein and Company, Certified Public Accountants stating that the firm has verified the mathematical accuracy of certain computations relating to the defeasance of the Refunded Bonds; and]

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters, Disclosure or Bond Counsel may reasonably deem necessary to evidence the due execution and delivery of the Series 2025-A Senior Bonds, the truth and accuracy as of the time of the Closing of the City’s representations contained in section 7 hereof and performance in all material respects by the City at or prior to the time of the Closing of all agreements then to be performed and all conditions then to be satisfied by the City pursuant to the City Documents.

The opinions and certificates and other material referred to above shall be in form and substance reasonably satisfactory to the Representative.

10. Termination. The Representative shall have the right to terminate the Underwriters’ obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Series 2025-A Senior Bonds by notifying the City of the Underwriters’ election to do so if, after the execution hereof and prior to the Closing:

(a) the marketability of the Series 2025-A Senior Bonds or the market price thereof, in the reasonable opinion of the Representative (after consultation with the City), has been materially adversely affected by (i) an amendment to the Constitution of the United States, (ii) any legislation (A) enacted by the United States or the State of California, (B) recommended to the Congress or, except as disclosed in the Official Statement, otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or (C) presented as an option for consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration, or (iii) any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States or any comparable legislative, judicial or administrative development affecting the federal or state tax status of the City, its property or income, or the federal or state income tax treatment of interest on its obligations, including the Series 2025-A Senior Bonds;

(b) there shall have occurred the outbreak or escalation of hostilities involving the United States or a national or international calamity or crisis, or the declaration by the United States of a national emergency or war, which in the reasonable judgment of the Representative (after consultation with the City) have had a materially adverse effect on the marketability of the Series 2025-A Senior Bonds or the market price thereof;

(c) there shall have occurred the declaration of a general banking moratorium by any authority of the United States, the State of New York or the State of California or a major financial crisis or material disruption in commercial banking or securities settlement or clearance services shall have occurred which, in the reasonable opinion of the Representative (after consultation with the City), materially adversely affects the marketability of the Series 2025-A Senior Bonds or the market price thereof;

(d) there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading, suspension or withdrawal of any underlying rating on bonds secured by the Revenues by any rating service which has rated the Series 2025-A Senior Bonds;

(e) a general suspension of trading shall have occurred, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(f) an event described in subsection (p) of section 7 shall have occurred or be discovered which in the reasonable opinion of the Representative (after consultation with the City) requires the preparation and publication of a supplement or amendment to the Official Statement;

(g) a tentative decision with respect to legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or legislation shall be introduced, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate, or a decision by a court of the United States, or action (including a stop order) shall be taken or a regulation shall be issued by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject, the effect of which, in the opinion of the Representative, could be that either (i) the Series 2025-A Senior Bonds are not, or may not be, exempt from the registration, qualification or other similar requirements of the Securities Act of 1933, as amended (the "Securities Act"), or (ii) the Senior General Resolution is not, or may not be, exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

(h) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Series 2025-A Senior Bonds, or issued a stop order or similar ruling relating thereto; or

(i) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed additional material restrictions not in force as of the date hereof upon trading in securities generally or shall have imposed, as to any bonds or similar obligations, any material, restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

#### 11. Expenses.

(a) The City shall pay any expenses incident to the performance of the City's obligations hereunder, including but not limited to the following: (i) the cost of the preparation, printing and delivery of the Series 2025-A Senior Bonds; (ii) the fees for bond ratings; (iii) the cost of printing and distribution of the Preliminary Official Statement and the Official Statement; (iv) the fees and disbursements of Bond Counsel; (v) the fees and disbursements of Disclosure Counsel; (vi) the fees and disbursements of any other engineers, accountants, attorneys, verification agent and other experts or consultants or advisors retained by the City; (vii) the expenses to qualify the Series 2025-A Senior Bonds for sale under any Blue Sky Laws; and (viii) any other costs and disbursements incurred by the City in connection with the transaction. The City shall reimburse the Underwriters for expenses (included in the expense component of the Underwriters' spread) incurred on behalf of the City's employees which are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation and lodging of those employees.

(b) The Underwriters shall pay their own expenses including but not limited to the fees and disbursements of any attorneys retained by the Underwriters. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the sale of the Series 2025-A Senior Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the City agrees to reimburse the Underwriters for such fees through inclusion in the underwriters' discount.

12. Notices. Any notice or other communication to be given to the City under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) may be given by giving the same in writing to the City of Los Angeles, Office of the City Administrative Officer, 200 North Main Street, Room 1500, City Hall East, Los Angeles, California 90012, Attention: Debt Management Group; and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Jefferies LLC, 11100 Santa Monica Boulevard, 12<sup>th</sup> Floor, Los Angeles, California 90025, Attention: Simon Wirecki.

13. Governing Law; Venue. This Agreement was made and entered into in the City and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City, including any applicable statute of limitation, without regard to conflict of law principles. All litigation arising out of, or relating to this Agreement, shall be brought in a State or Federal court in the County of Los Angeles in the State of California. The parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens*.

14. Parties in Interest. This Contract of Purchase when executed by the City shall constitute the entire agreement between the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including the successors or permitted assigns of any of the Underwriters but does not include any purchasers of the Series 2025-A Senior Bonds from the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations (as of the date such representations were made) of the City contained in this Contract of Purchase shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriters. This Contract of Purchase may not be assigned by any party without the written consent of the other party.

15. Effective Date. This Contract of Purchase shall be effective upon the execution hereof by the Representative, on behalf of the Underwriters, and the City.

16. Headings. The headings of the sections of this Contract of Purchase are inserted for convenience only and shall not be deemed to be a part hereof.

17. End of Underwriting Period. The term “end of the underwriting period” referred to in sections 7(o) and (p) of this Contract of Purchase shall mean the later of such time as (i) the City delivers the Series 2025-A Senior Bonds to the Underwriters or (ii) the Underwriters do not retain an unsold balance of the Series 2025-A Senior Bonds for sale to the public. Unless the Underwriters gives notice to the contrary, the end of the underwriting period shall be deemed to be the date of the Closing. Any notice delivered pursuant to this section 17 shall be delivered in writing to the City at or prior to the date of the Closing, and shall specify a date, other than the date of the Closing (or such other date specified by notice delivered pursuant to this section 17), to be deemed the end of the underwriting period.

18. Representation by Counsel. Each party hereto represents and acknowledges that it has been represented by competent counsel in connection with the negotiation and execution of this Agreement, and has been fully advised by said counsel with respect to its rights and obligations hereunder.

19. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the City and the Underwriters or their officers or partners set forth in, or made pursuant to, this Contract of Purchase will remain operative and in full force and effect regardless of any investigation made by or on behalf of the City or the underwriters or any controlling person and will survive delivery of and payment for the Series 2025-A Senior Bonds.

20. Counterparts. This Contract of Purchase may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The parties further agree that facsimile signatures or signatures scanned into PDF format (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

21. City Standard Provisions. Each of the Underwriters agrees that it will comply with the Standard Provisions for City Contracts attached hereto as Exhibit E.

22. Iran Contracting Act of 2010. In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the “Iran Contracting Act of 2010 Compliance Affidavit.” Each of the Underwriters shall complete, sign, and submit the “Iran Contracting Act of 2010 Compliance Affidavit” prior to the date of the execution of this Contract of Purchase.

**[Signatures appear on next page.]**

Very truly yours,

JEFFERIES LLC  
Barclays Capital Inc.  
Morgan Stanley & Co. LLC  
TD Securities (USA) LLC  
Cabrera Capital Markets, LLC

By: \_\_\_\_\_  
JEFFERIES LLC,  
as representative of the Underwriters

Agreed and Accepted:

This \_\_\_ day of May, 2025

CITY OF LOS ANGELES

By: \_\_\_\_\_  
Name: Benjamin Ceja  
Title: Assistant City Administrative Officer

APPROVED AS TO FORM

This \_\_\_ day of May 2025

HYDEE FELDSTEIN SOTO  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**SCHEDULE I**

**Maturity Schedule**

\$ \_\_\_\_\_ City of Los Angeles  
Wastewater System Revenue Bonds, Refunding Series 2025-A

<b>Year (June 1)*</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>
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**REDEMPTION PROVISIONS**

[to come]



**EXHIBIT A**  
**FORM OF SUPPLEMENTAL OPINION**

[Closing Date]

City of Los Angeles  
Los Angeles, California

Jefferies LLC  
as Representative of the Underwriters  
Los Angeles, California

Re: \$ \_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series  
2025-A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the sale and issuance by the City of Los Angeles (the “City”) of \$ \_\_\_\_\_ aggregate principal amount of its Wastewater System Revenue Bonds, Refunding Series 2025-A (the “Series 2025 Senior Bonds”). The Series 2025 Senior Bonds are authorized under the Charter of the City of Los Angeles and Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City and [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 (as amended, the “Refunding Law”)]. The Series 2025 Senior Bonds are being issued pursuant to the Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on November 10, 1987, as amended and supplemented, including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8, 2025] (collectively, the “Senior General Resolution”). This supplemental opinion is rendered pursuant to Section 9(c)(4) of the Contract of Purchase, dated May \_\_, 2025 (the “Contract of Purchase”), by and between the City and Jefferies LLC (the “Representative”), as Representative of itself and Barclays Capital Inc., Morgan Stanley & Co. LLC, TD Securities (USA) LLC and Cabrera Capital Markets, LLC (collectively, the “Underwriters”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Contract of Purchase.

In arriving at the opinions and conclusions hereinafter expressed, we have examined: the Senior General Resolution, the Wastewater System Subordinate Revenue Bonds General Resolution, adopted by the City Council on March 26, 1991, as amended and supplemented to the date hereof (the “Subordinate General Resolution,” and together with the Senior General Resolution, the “Resolutions”), the Contract of Purchase, [the Escrow Agreement relating to the Refunded Series \_\_\_\_\_ Bonds, dated as of May 1, 2025 (the “Escrow Agreement”), by and between the City and U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”)] and the Continuing Disclosure Certificate dated May 1, 2025 executed and delivered by the City in connection with the issuance of the Series 2025 Senior Bonds (the “Continuing Disclosure Certificate”). In addition, we have relied upon and examined opinions of counsel to the City and [the Escrow Agent], certificates of the City, [the Escrow Agent] and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have also examined the Preliminary Official Statement, dated May \_\_, 2025 (the “Preliminary Official Statement”) and the

Official Statement, dated May \_\_, 2025, (the “Official Statement”) relating to the Series 2025 Senior Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. The rights and obligations under the Series 2025 Senior Bonds, the Contract of Purchase, [the Escrow Agreement], the Continuing Disclosure Certificate and other documents, and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, to the limitations on legal remedies against municipal corporations in the State, and to the application of laws of the State relating to conflicts of interest to which public agencies are subject.

Based upon and subject to the foregoing, as of the date hereof and under existing law, we are of the following opinions or conclusions:

1. The statements in the Preliminary Official Statement and the Official Statement under the captions “DESCRIPTION OF THE SERIES 2025A SENIOR BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025A SENIOR BONDS” and “TAX MATTERS” and in Appendix C—“GLOSSARY OF DEFINED TERMS,” in Appendix D—“SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS,” in Appendix G—“FORM OF OPINION OF BOND COUNSEL,” in [Appendix J—“PROPOSED CHANGES TO SUBORDINATE GENERAL RESOLUTION,” and in Appendix K—“PROPOSED CHANGES TO SENIOR GENERAL RESOLUTION”] and insofar as such statements expressly summarize provisions of the Resolutions and our final opinion concerning certain federal and state tax matters relating to the Series 2025 Senior Bonds, are accurate in all material respects for the Preliminary Official Statement as of the date of the Preliminary Official Statement and as of May \_\_, 2025, and for the Official Statement as of the date of the Official Statement and as of the date hereof. Except as specifically described in this paragraph, we express no opinion with respect to and have not undertaken to determine independently the accuracy, fairness or completeness of any statements contained or incorporated by reference in the Preliminary Official Statement or the Official Statement.

2. The Contract of Purchase, [the Escrow Agreement] and Continuing Disclosure Certificate have been duly authorized, executed and delivered by the City and are the valid, legal and binding agreements of the City, enforceable in accordance with their terms, except that the rights and obligations under the Contract of Purchase, [the Escrow Agreement] and Continuing Disclosure Certificate are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases, to limitations on legal remedies against public agencies in the State, and to the application of laws of the State relating to

conflicts of interest to which public agencies are subject, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

3. The Series 2025 Senior Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Senior General Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

This opinion is furnished by us as Bond Counsel to the City. No attorney client relationship has existed or exists between our firm and the Underwriters in connection with the Series 2025 Senior Bonds or by virtue of this supplemental opinion. This supplemental opinion is furnished to the Underwriters solely for your benefit in your capacity as Underwriters in connection with the original issuance and delivery of the Series 2025 Senior Bonds, and may not be provided, quoted or otherwise referred to, or relied upon by you for any other purpose or by any other person. This supplemental opinion is not intended to be relied upon by owners of the Series 2025 Senior Bonds or by any other party to whom it is not specifically addressed. We do not undertake to advise you of any subsequent events or developments which might affect the statements contained herein. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this opinion.

Respectfully submitted,

**EXHIBIT B**  
**FORM OF OPINION OF DISCLOSURE COUNSEL**

[Closing Date]

City of Los Angeles  
Office of the City Administrative Officer  
200 North Main Street  
Room 1500, City Hall East  
Los Angeles, California 90012-4137

Re:     \$ \_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Los Angeles (the “City”) in connection with the issuance of the City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A ( the “Series 2025 Senior Bonds”). The Series 2025 Senior Bonds are being issued pursuant to pursuant to the Charter of the City of Los Angeles (the “City Charter”), Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”) and [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 (as amended, the “Refunding Law”)]. The Series 2025 Senior Bonds are also issued pursuant to the Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on November 10, 1987, as amended and supplemented (the “Senior General Resolution”), including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8, 2025] (the “Thirty-First Supplemental Resolution”). As such counsel, we have participated in the preparation of certain documents, including the Preliminary Official Statement, dated May \_\_, 2025 with respect to the Series 2025 Senior Bonds (the “Preliminary Official Statement”) and the Official Statement, dated May \_\_, 2025 with respect to the Series 2025 Senior Bonds (the “Official Statement”). This letter is being delivered pursuant to the requirements of the Contract of Purchase, dated May \_\_, 2025 (the “Contract of Purchase”), by and between the City and Jefferies LLC, for itself and as representative of Jefferies LLC (the “Representative”), as Representative of itself and Barclays Capital Inc., Morgan Stanley & Co. LLC, TD Securities (USA) LLC and Cabrera Capital Markets, LLC, as the underwriters (collectively, the “Underwriters”) relating to the Series 2025 Senior Bonds. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Contract of Purchase.

In our capacity as Disclosure Counsel, we have participated with you and other parties in the preparation of the Preliminary Official Statement and the Official Statement. In the course of such participation, we have generally reviewed information furnished to us by, and have participated in conferences and telephone conversations with, representatives of the Underwriters; representatives of Nixon Peabody LLP, as Bond Counsel; representatives of Norton Rose Fulbright US LLP, as Counsel to the Underwriters; and your representatives (including your municipal advisors). We have also reviewed certain documents, certificates and opinions delivered pursuant to the Contract of Purchase,

other documents and records relating to the authorization, issuance and delivery of the Series 2025 Senior Bonds and the certificates of the officials and representatives of the City and others. In addition, we have relied upon, and assumed the correctness of, the certificates of the officials and representatives of the City and others, and upon certain documents, opinions and letters.

Based solely on the foregoing and our review of various documents, agreements, certificates and opinions referred to above, we advise you that, although we have made no independent investigation or verification of the accuracy, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements contained in the Preliminary Official Statement and the Official Statement, during the course of the activities described in the preceding paragraph, no information came to the attention of attorneys of our firm rendering legal services in connection with the Preliminary Official Statement and the Official Statement which causes us to believe that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date of this letter (except for information therein with respect to The Depository Trust Company or with respect to any financial, numerical or statistical data, or any estimates, assumptions and expressions of opinion, contained in the Preliminary Official Statement and the Official Statement, including any of the appendices thereto, as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make statements therein, in light of the circumstances under which they were made, not misleading in any material respect.

This letter is issued to and for the sole benefit of the above addressee and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressee may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent; provided, however, a copy may be included in the transcript of the proceedings for the Series 2025 Senior Bonds. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

[Closing Date]

Jefferies LLC  
Los Angeles, California

Barclays Capital Inc.  
Los Angeles, California

Morgan Stanley & Co., LLC  
San Francisco, California

TD Securities (USA) LLC  
San Francisco, California

Cabrera Capital Markets LLC  
Los Angeles, California

Re: \$\_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A

Ladies and Gentlemen:

In connection with the delivery of the above referenced bonds (the “Series 2025 Senior Bonds”), we have delivered a negative assurance letter dated the date hereof and addressed to the City of Los Angeles concerning certain matters relating to the Preliminary Official Statement, dated May \_\_, 2025, with respect to the Series 2025 Senior Bonds, and the Official Statement, dated May \_\_, 2025, with respect to the Series 2025 Senior Bonds.

You may rely on our statements contained in such negative assurance letter as though the same were addressed to you.

Very truly yours,

**EXHIBIT C**  
**FORM OF OPINION OF**  
**THE CITY ATTORNEY OF THE CITY OF LOS ANGELES**

[Closing Date]

City of Los Angeles  
Los Angeles, California

Jefferies LLC,  
as Representative of the Underwriters  
Los Angeles, California

Re:     \$ \_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A

Ladies and Gentlemen:

This office has served as counsel to the City of Los Angeles (the “City”) and has participated in the proceedings relating to the issuance of the \$ \_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A (the “Series 2025 Senior Bonds”).

The Series 2025 Senior Bonds are being issued by the City pursuant to the Charter of the City of Los Angeles (the “Charter”), Article 6.7 of Chapter 1 of Division 11 of the Administrative Code of the City (the “Procedural Ordinance”), the Wastewater System Revenue Bonds General Resolution, adopted by the Council of the City (the “City Council”) on November 10, 1987, as amended and supplemented (the “Senior General Resolution”), including as amended and supplemented by the Thirty-First Supplemental Resolution, adopted by the City Council on [April 8, 2025] (the “Thirty-First Supplemental Resolution”), and 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, as amended. This letter is being delivered pursuant to Section 9(c)(6) of the Contract of Purchase, dated May \_\_, 2025 (the “Contract of Purchase”), by and between the City and Jefferies LLC, as representative of itself and the underwriters named therein (the “Underwriters”). Capitalized terms not otherwise defined herein shall have the respective meanings ascribed thereto in the Senior General Resolution or, if not defined in the Senior General Resolution, in the Contract of Purchase.

In the course of the proceedings relating to the issuance of the Series 2025 Senior Bonds and in connection with the delivery of the opinions stated in this letter, we have examined originals or copies of the following:

- (a)     The Charter;
- (b)     The Senior General Resolution;
- (c)     The Thirty-First Supplemental Resolution;

- (d) Ordinance No. \_\_\_\_\_, adopted by the City Council on \_\_\_\_\_, 2025 (the “Ordinance”);
- (e) The Contract of Purchase;
- (f) The Continuing Disclosure Certificate, dated May 1, 2025 (the “Continuing Disclosure Certificate”), executed by the City;
- (g) [Escrow Agreement, dated May 1, 2025, by and between the City and U.S. Bank Trust Company, National Association, as Escrow Agent (the “Escrow Agreement”) relating to the Refunded Series \_\_\_\_\_ Bonds;]
- (h) The Official Statement dated May \_\_, 2025, relating to the Series 2025 Senior Bonds (the “Official Statement”)
- (i) Closing Certificate of the City of Los Angeles, dated of even date herewith and executed by the Assistant City Administrative Officer and a Deputy City Clerk; and
- (j) Such other records, documents, agreements, instruments, opinions, certificates and other matters as we deemed relevant, necessary or appropriate to render the opinions set forth below.

As to relevant factual matters, we have relied upon without undertaking to verify independently, among other things, the City’s factual representations contained in the records, documents, agreements, instruments, certificates, including the certified proceedings and certifications of City officials and others furnished to us in connection with the Series 2025 Senior Bonds and related matters, and other matters described above. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. The Contract of Purchase, the Continuing Disclosure Certificate, and [the Escrow Agreement] are collectively referred to herein as the “City Documents.”

From such examination, on the basis of our reliance upon the assumptions in this letter and our consideration of those questions of existing law we considered relevant, and subject to the limitations and qualifications in this letter, as of the date hereof, we are of the following opinions:

1. The City is a charter city and municipal corporation of the State of California duly organized and existing under the Constitution of the State of California and the Charter.

2. The Thirty-First Supplemental Resolution and the Ordinance were each duly adopted by the City Council at a meeting which was held pursuant to the terms of the Charter and all other applicable law and with all required notice having been given and at which a quorum was present at the time of adoption of such Thirty-First Supplemental Resolution and Ordinance. The Thirty-First Supplemental Resolution and the Ordinance have not been modified, amended or rescinded and are in full force and effect on and as of the date hereof.



3. The issuance and delivery of the Series 2025 Senior Bonds has been duly authorized by the City.

4. The City Documents and the Official Statement have been duly authorized, executed and delivered by the City.

5. To the best of our knowledge, the adoption of the Thirty-First Supplemental Resolution and the Ordinance and the execution and delivery of the City Documents and the Official Statement by the City do not, in any material respect (a) violate any State of California constitutional provision, or any applicable judgment, order or regulation applicable to the City or any Charter provision, law or ordinance of the City that we have, in the exercise of customary professional diligence, recognized as applicable to the City and the transactions contemplated by the City Documents, and (b) conflict with or result in a breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which the City is a party or by which it is bound and relating to the System, and with respect to which, where such violation, conflict, breach or default would materially or adversely affect the ability of the City to pay principal and interest on the Series 2025 Senior Bonds.

6. To the best of our knowledge, and except as otherwise set forth in the Official Statement, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been given to the City) or threatened against the City wherein an unfavorable decision, ruling or finding would (a) question the creation, organization, existence or powers of the City or the titles of the Authorized City Representatives (as defined in the Thirty-First Supplemental Resolution) to their respective offices, (b) seek to restrain or enjoin the issuance or delivery of the Series 2025 Senior Bonds, (c) in any way contest the validity of the Series 2025 Senior Bonds, the Senior General Resolution, the Ordinance or any of the City Documents, (d) contest the power of the City to issue the Series 2025 Senior Bonds, or (e) have a material adverse effect on the City's ability to make payment on the Series 2025 Senior Bonds from Revenues.

We express no opinion on the enforceability of the Senior General Resolution, the Series 2025 Senior Bonds or the City Documents against the City.

The law covered by the opinions expressed herein is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction, and we express no opinion as to any Blue Sky laws, federal and state securities laws and tax laws. Furthermore, the imposition of fees and charges by the City relating to the System may be subject to the provisions of Articles XIII C and XIII D of the Constitution of the State of California.

The matters set forth in paragraph 6 are factual confirmations and not legal opinions.

The opinions set forth herein may be affected by actions taken or omitted by the City or other parties, or by events, facts or circumstances occurring after the date hereof. This letter speaks only as of the date hereof and we do not undertake, and expressly disclaim, any obligation to amend or supplement this letter as events, facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect the opinions set forth herein.

The opinions expressed herein are matters of professional judgment and are not a guarantee of result. This opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter is given in an official capacity only and not personally, and no personal liability shall derive therefrom.

This letter is for the sole benefit of the addressees hereof and is not to be used, circulated, quoted or otherwise referred to for any purpose; provided, however, that it may be included in the transcript of record of proceedings relating to the Series 2025 Senior Bonds. No other person may rely on this letter without our prior written consent. Other than the City, no attorney-client relationship has existed or exists between our office and the addressees of this letter in connection with the Series 2025 Senior Bonds or by virtue of this letter.

Very truly yours,

Hydee Feldstein Soto,  
City Attorney

By: \_\_\_\_\_  
Amy Pham  
Deputy City Attorney

## EXHIBIT D

\$ \_\_\_\_\_  
**CITY OF LOS ANGELES**  
**Wastewater System Revenue Bonds**  
**Refunding Series 2025-A**

### FORM OF ISSUE PRICE CERTIFICATE OF THE REPRESENTATIVE

The undersigned, on behalf of Jefferies LLC (the “Representative”), as Representative of itself and Barclays Capital Inc., Morgan Stanley & Co. LLC, TD Securities (USA) LLC and Cabrera Capital Markets, LLC (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the \$ \_\_\_\_\_ City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A (the “Series 2025 Senior Bonds”). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Tax Certificate relating to the Series 2025 Senior Bonds, to which this certificate is attached.

1. ***Sale of the 10% Maturities.*** As of the date of this certificate, for each Maturity of the Series 2025 Senior Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A. All of the maturities are 10% Test Maturities.

2. ***Defined Terms.***

(a) *10% Test Maturities* means those Maturities of the Series 2025 Senior Bonds listed in Schedule A hereto as the “10% Test Maturities.”

(b) *Issuer* means the City of Los Angeles.

(c) *Maturity* means Series 2025 Senior Bonds with the same credit and payment terms. Series 2025 Senior Bonds with different maturity dates, or Series 2025 Senior Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2025 Senior Bonds. The Sale Date of the Series 2025 Senior Bonds is May \_\_, 2025.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in

the initial sale of the Series 2025 Senior Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025 Senior Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025 Senior Bonds to the Public).

3. ***Other Certifications.***

(a) The aggregate of the Initial Offering Prices of the Series 2025 Senior Bonds is \$ \_\_\_\_\_.

(b) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the arbitrage yield with respect to the Series 2025 Senior Bonds.

(c) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the weighted average maturity of the Series 2025 Senior Bonds. We have performed this calculation using the following formula: we calculated the total number of bond years and divided that number into the total initial offering price of the bonds of the offering. For purposes of calculating the total bond years, we calculated the sum of the products of each respective maturity's initial offering price and the number of years from the dated date to each respective maturity, doing so on a 12-month, 360-day year basis.

We express no view regarding the legal sufficiency of any of the above computations or the correctness of any legal interpretation made by Bond Counsel. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2025 Senior Bonds, and by Nixon Peabody LLP in connection with rendering its opinion that the interest on the Series 2025 Senior Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2025 Senior Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

JEFFERIES LLC, on behalf of itself and as  
Representative of the Underwriting Group

By: \_\_\_\_\_  
Authorized Representative

Dated: [May 28, 2025]

**SCHEDULE A**  
**SALE PRICES OF THE 10% TEST MATURITIES**

\$ \_\_\_\_\_

SCHEDULE B TO ISSUE PRICE CERTIFICATE

[ATTACH PRICING WIRE OR EQUIVALENT COMMUNICATION]

## **EXHIBIT E**

### **Standard Provisions for City Contracts**

Each Underwriter, on its own behalf and not on behalf of any other Underwriter, agrees to comply with the following requirements of the City of Los Angeles (the “City”) in connection with the Contract of Purchase, dated as of May \_\_, 2025 (the “Contract of Purchase”), by and between the City and Jefferies LLC, as the Representative [(capitalized undefined terms used herein have the meanings ascribed thereto in the Contract of Purchase)]:

Section 1. Independent Contractor. Each Underwriter is an independent contractor and not an agent or employee of the City. Each Underwriter shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees or agents to be an agent or employee of the City.

Section 2. Retention of Records, Audits and Reports. The Underwriters shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract of Purchase, in their original form or as otherwise approved by the City. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by the City or (2) the expiration or termination of this Contract of Purchase. The records will be subject to examination and audit by authorized City personnel or the City’s representatives at any time. The Underwriters shall provide any reports requested by the City regarding performance of this Contract of Purchase. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, the Underwriters may, upon the City’s written approval, submit the required information to the City in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract of Purchase.

Section 3. Taxpayer Identification Number (“TIN”) and Withholding Taxes. The Representative declares that it has an authorized TIN which will be provided to the City on Form W-9 or such equivalent form prior to payment under the Contract of Purchase. Payments made under the Contract of Purchase shall be subject to any federal or state taxes as may be required to be withheld pursuant to any applicable law or regulation, unless otherwise exempted by such applicable law, regulations, or other evidence of exemption.

Section 4. Indemnification. The Underwriters shall defend, indemnify and hold harmless the City and the City’s boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to attorneys’ fees and costs of litigation, to the extent such suits and causes of action, claims, losses, demands and expenses arise out of or are based upon information provided by the Underwriters to the City for use in the Official Statement under the heading “UNDERWRITING.”

Section 5. Insurance. During the term of this Contract of Purchase, each Underwriter shall provide and maintain at its own expense professional liability insurance in the amount of One Million Dollars (\$1,000,000) which covers the services performed pursuant to this Contract of

Purchase, and that it will expend every reasonable effort to keep such insurance or its equivalent in effect at all times during performance of the Contract of Purchase and for one (1) year after the termination of the Contract of Purchase. The insurance must: (1) conform to the City's requirements; (2) comply with the Insurance Contractual Requirements attached to the Request for Qualifications, and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management.

Section 6. Warranty and Responsibility of the Underwriters. The Underwriters warrant that the work performed under this Contract of Purchase shall be completed in a manner consistent with professional standards practiced among those firms within the Underwriters' profession, doing the same or similar work under the same or similar circumstances.

Section 7. Mandatory Provisions Pertaining to Non-Discrimination in Employment.

Unless otherwise exempt, this Contract of Purchase is subject to the applicable non-discrimination, equal employment practices, and affirmative action program provisions in the Los Angeles Administrative Code ("LACC") Section 10.8 et seq., as amended from time to time.

- A. Each Underwriter shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Contract of Purchase, each Underwriter shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract of Purchase by reference and will be known as the "Equal Employment Practices" provisions of this Contract of Purchase.
- C. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract of Purchase by reference and will be known as the "Affirmative Action Program" provisions of this Contract of Purchase.

Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 8. Child Support Assignment Orders. Each Underwriter shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, each Underwriter (and any subcontractor providing services to the City under this Contract of Purchase) shall (1) fully comply with all State and Federal employment reporting requirements for each Underwriter's or the subcontractor's employees; (2) certify that the principal owner(s) of each Underwriter and applicable subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family



Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Contract of Purchase.

Failure of any Underwriter or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of any Underwriter or applicable subcontractor to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by such Underwriter under this Contract of Purchase. Failure of any Underwriter or applicable subcontractor or principal owner to cure the default within 90 days of the notice of default will subject this Contract of Purchase to termination for breach. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 9. Access and Accommodations.

Each Underwriter represents and certifies that:

- A. Each Underwriter shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;
- B. Each Underwriter shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;
- C. Each Underwriter shall provide reasonable accommodation upon request to ensure equal access to City-funded programs, services and activities;
- D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and
- E. The buildings and facilities used to provide services under this Contract of Purchase are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

Each Underwriter understands that the City is relying upon these certifications and representations as a condition to funding this Contract of Purchase. Any subcontract entered into by each Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 10. Contractor Responsibility Ordinance. Each Underwriter shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

Section 11. Restrictions on Campaign Contributions and Fundraising in City Elections. Unless otherwise exempt, if this Contract of Purchase is valued at \$100,000 or more and requires

approval by an elected City office, each Underwriter, their principals, and any subcontractors expected to receive at least \$100,000 for performance under this Contract of Purchase, and the principals of those subcontractors (the “Restricted Persons”) shall comply with Charter Section 470(c)(12) and Los Angeles Municipal Code (“LAMC”) Section 49.7.35. Failure to comply entitles the City to terminate this Contract of Purchase and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected City officials or candidates for elected City office for twelve months after this Contract of Purchase is signed. Additionally, any Underwriter subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any Underwriter subject to Charter Section 470(c)(12) shall include the following notice in any contract with any subcontractor to receive at least \$100,000 for performance under this Contract of Purchase:

“Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections.

You are a subcontractor in connection with the Contract of Purchase. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles officials and candidates for elected City office for twelve months after the Contract of Purchase is signed. You are required to provide the names and contact information of your principals to the underwriting firm and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of the Contract of Purchase and any other available legal remedies. Information about the restrictions may be found online at [ethics.lacity.org](http://ethics.lacity.org) or by calling the Los Angeles City Ethics Commission at (213) 978-1960.”

Section 12. Contractor’s Use of Criminal History for Consideration of Employment Applications. Each Underwriter shall comply with the City’s “Contractor Use of Criminal History for Consideration of Employment Applications” Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 13. [Confidentiality]. All documents, information, City Data (referred to herein to mean City-provided data or consumer-provided data, acquired in the course and scope of this Contract of Purchase, including but not limited to customer lists and customer credit card and consumer data), and materials provided to any Underwriter by the City or developed by any Underwriter pursuant to this Contract of Purchase (collectively, “Confidential Information”) are confidential. Each Underwriter shall not provide, and shall prohibit its employees and subcontractors from providing or disclosing any Confidential Information or their contents or any information therein either orally or in writing, to any person or entity, except as authorized by the City or as required by law. Each Underwriter shall immediately notify the City of any attempt by a third party to obtain access to any Confidential Information. This provision will survive the expiration or termination of this Contract of Purchase. ]

As to Exhibit E of this Contract of Purchase:

[UNDERWRITER]

By:\_\_\_\_\_

Title:\_\_\_\_\_