

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER


Date: February 22, 2024

CAO File No. 0220-05291-1469

Council File No.

Council District: ALL

To: The Mayor
The Council

From: Matthew W. Szabo, City Administrative Officer 

Reference:

Subject: **ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$150 MILLION**

RECOMMENDATIONS

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

1. ADOPT the Authorizing Resolution providing for the issuance and sale of the General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$150 million for Proposition HHH Projects (the "Bonds"), and the execution and delivery of various documents in connection with the issuance and sale of the Bonds;
2. ADOPT the Fund Ordinance to create new special funds for the administration of the proceeds of the Bonds and for purposes of payment of principal and interest on the Bonds, as submitted by the City Attorney under separate cover; and
3. AUTHORIZE the City Administrative Officer to receive and open bids on the published sale date and to award the Bonds to the bidder with the lowest true interest cost on behalf of the City as described in the Authorizing Resolution and the Notice Inviting Bids for the Bonds.

SUMMARY

The City Administrative Officer (CAO) requests authority to issue and sell the General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$150 million for Proposition HHH projects. The Bonds are expected to finance 31 housing projects, which are expected to provide 1,754 permanent supportive housing units, with total Proposition HHH project costs of approximately \$135 million. The Council and Mayor have approved the projects to be financed in the Proposition HHH Project Expenditure Plans (PEPs) for fiscal years 2017-18 (C.F. 17-0090), 2018-19 (C.F. 17-0090-S15), 2019-20 (C.F. 17-0090-S6), and 2020-21 (C.F. 17-0900-S15 and C.F. 21-0112) (see Attachment A).

The City has determined that the projects to be financed with the proceeds of the Bonds are “social projects” based on the social benefits of addressing homelessness. Thus, the City will designate the Bonds as “Social Bonds.” The “Social Bond” designation is generally designed to comport with the Social Bond Principles promulgated by the International Capital Market Association, updated as of June 2023. This designation will help the City attract potential investors with a focus on socially responsible investments.

The CAO will sell the Bonds via a competitive method of sale, which is expected to be held in March 2024. The Bonds will be awarded to the highest ranked responsible bidder, submitting the best price, which results in the lowest true interest cost to the City. The City will pay principal and interest on the Bonds from proceeds of ad valorem taxes levied upon all of the taxable properties within the City.

This report contains the good faith estimates relating to the Bonds as required by Section 5852.1 of the California Government Code. By placing this report on the 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 fiscal impact on the General Fund from approval of the recommendations in this report. Principal and interest on the Bonds will be paid from ad valorem taxes levied upon all of the taxable properties within the City.

FINANCIAL POLICIES STATEMENT

The recommendations in this report are in compliance with the City’s Financial Policies. The Debt Management Policy requires that the ratio of annual debt service payments on voter-approved and non voter-approved debt to general revenues be no more than 15 percent. After accounting for the issuance of the Bonds, the projected 2024-25 debt ratio is 4.14 percent (see Attachment B). There is no impact to the 2023-24 debt ratio as the first debt service payment on the Bonds is expected to take place in 2024-25.

DEBT IMPACT STATEMENT

The issuance of the Bonds will result in estimated average annual debt service payments of \$10.8 million over 19 years, until September 1, 2043. The total debt service, including total principal and interest, over the life of the Bonds is estimated to be approximately \$209.0 million. The actual amount of debt service will be determined at the time of issuance subject to market conditions. The principal and interest on the Bonds will be paid from ad valorem taxes levied upon all of the taxable properties within the City.

FINDINGS

Proposition HHH – Homelessness Reduction and Prevention, Housing, and Facilities General Obligation Bond Program

On November 8, 2016, voters approved Proposition HHH which authorized the issuance of \$1.2 billion of general obligation bonds for the acquisition and improvement of real property to provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, seniors, foster youth, and the disabled; and provide facilities to increase access to mental health care, drug and alcohol treatment and other services (C.F. 16-1800-S2 and Ordinance No. 184409).

The City has issued four series of bonds under Proposition HHH as detailed in the table below. Without taking into account the Series 2024-A Bonds, the City has \$236.02 million of unissued general obligation bond authorization remaining under Proposition HHH. The remaining Proposition HHH authority after the Series 2024-A Bonds are issued is approximately \$101.0 million. The remaining authority is expected to cover the nine remaining projects with funding commitments.

Series	Issuance Date	Council File No.	Par Amount
Series 2017-A	July 12, 2017	C.F. 17-0622	\$86.37 million
Series 2018-A	July 12, 2018	C.F. 18-0505	276.24 million
Series 2021-A	November 10, 2021	C.F. 21-0833	211.94 million
Series 2022-A	September 28, 2022	C.F. 22-0913	389.44 million
		Total	\$963.99 million

Proposition HHH Permanent Supportive Housing Loan Program

Bonds issued pursuant to Proposition HHH will finance housing developments associated with the Proposition HHH Permanent Supportive Housing Loan Program, Proposition HHH Innovative Housing Challenge, and the Homekey Program (together, the "HHH Loan Programs"). Under the HHH Loan Programs, project sponsors must have demonstrated experience constructing and operating permanent supportive housing projects. They must also demonstrate site control and the ability to obtain financing and entitlements within two years of the loan commitment, unless extensions are provided. These projects must commit at least 50 percent of their units as permanent supportive housing for homeless individuals and families with half of these permanent supportive housing units reserved for the chronically homeless.

This Office expects that the Bonds will provide financing through spring 2026 for 31 housing projects, which will provide a total of 1,754 permanent supportive housing units. The Council and Mayor approved these projects in the Proposition HHH PEPs for fiscal years 2017-18 (C.F. 17-0090), 2018-19 (C.F. 17-0090-S6), 2019-20 (C.F. 17-0090-S6), and 2020-21 (C.F. 17-0090-S15 and C.F. 21-0112), as well as under the Proposition HHH Housing Challenge Projects (C.F. 20-0388).

Social Bonds Designation

The City has determined that the projects to be financed with the proceeds of the Bonds are “Social Projects” based on the social benefits of addressing the needs attendant to persons experiencing homelessness, chronic homelessness, or who are at risk of homelessness. Thus, the City will designate the Series 2024-A Bonds as “Social Bonds.” The designation of the Bonds as “Social Bonds” is designed to generally comport with the Social Bond Principles promulgated by the International Capital Market Association, updated in June 2023. The Social Bond Principles have four core components:

1. Use of proceeds: Expend bond proceeds on Social Projects that address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially for targeted populations. Social Project categories include, but are not limited to, affordable basic infrastructure, access to essential services, affordable housing, and food security.
2. Process for Project Evaluation and Selection: Communicate to investors the social objectives and the process by which the City determines the projects are eligible under the Social Project categories.
3. Management of Proceeds: Track and manage the bond proceeds until all bond proceeds are spent.
4. Reporting: Provide annual reports on the use of proceeds, which includes a project list, a brief description of the projects, and amounts allocated to each project, until all bond proceeds are spent.

The City will voluntarily post the annual reports by December 31 after the end of each fiscal year on the Electronic Municipal Market Access (EMMA) website, the official repository for municipal securities disclosures.

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 following information is required under Section 5852.1:

1. True interest cost (TIC) of the bonds;
2. Finance charge of the bonds (“Costs of Issuance”);
3. Amount of proceeds received from the sale of the bonds; and
4. Total payment (“Total Debt Service”).

The table below provides the required information, and has been obtained from the City’s municipal advisor, Omnicap Group LLC. The amounts below are good faith estimates and subject to change as interest rates are dependent on market conditions at the time of issuance.

1) TIC	2) Costs of Issuance	3) Amount of Proceeds	4) Total Debt Service
5.186%	\$ 618,750.00	\$ 135,891,889.65	\$ 208,987,726.79

Required Documents

To proceed with the proposed issuance of the Bonds, the Mayor and Council will need to approve and adopt the Authorizing Resolution (Attachment C) and the Fund Ordinance, as submitted by the City Attorney under separate cover. The Authorizing Resolution provides for the issuance and sale of the Bonds. The Fund Ordinance is necessary to create new special funds for the administration of the bond proceeds and for purposes of payment of principal and interest on the Bonds.

The following documents, as described in the Authorizing Resolution, are attached to this report:

- The form of Bonds (Exhibit A), which represents a form of the bonds being issued with such maturity dates and additional terms and amounts;
- Continuing Disclosure Certificate (Exhibit B), which provides for the City's continuing disclosure obligations while the Bonds remain outstanding;
- Preliminary Official Statement, including Appendix A, the City's Disclosure Information Statement, which is the primary disclosure and marketing document for the Bonds (Exhibit C);
- Notice of Intention to Sell Bonds (Exhibit D) and Notice Inviting Bids (Exhibit E), which are documents describing the procedures, terms, and conditions established by the City, the Issuer, for a competitive bond sale;
- Award Certificate, which is the official acceptance by the City, the Issuer, of a bid submitted by an Underwriter, the bidder, to purchase the Bonds and the rejection of all other bids (Exhibit F);
- Custodial Agreement, which is an agreement between the City and U.S. Bank Trust Company, National Association, as custodian, to provide for the administration of a portion of the bond proceeds to pay costs of issuance (Exhibit G); and
- Good Faith Deposit Agreement, which is an agreement between the City and U.S. Bank Trust Company, National Association, as custodian, to accept and return good faith deposits from bidders for the Bonds (Exhibit H).

Financing Team

Omnicap Group LLC, as previously approved by the Mayor and Council (C.F. 19-0355), serves as municipal advisor for the financing. Jones Hall, A Professional Law Corporation, serves as bond counsel and Stradling, Yocca, Carlson & Rauth, LLP serves as disclosure counsel. The City Attorney and the CAO selected both law firms from a qualified list approved by the Mayor and Council (C.F. 22-0248). The costs for these services and all other costs associated with this financing are not expected to exceed \$618,750 and will be paid solely from bond proceeds.

Attachments

Attachment A – Proposition HHH Permanent Supportive Housing Project Expenditure Plans for Fiscal Years 2017-18, 2018-19, 2019-20, and 2020-21

Attachment B – Voter and Non-Voter Approved Debt Chart

Attachment C – Authorizing Resolution

Exhibit A - Form of Bonds

Exhibit B - Continuing Disclosure Certificate

Exhibit C – Preliminary Official Statement, including Appendix A, the City's Disclosure Information Statement

Exhibit D – Notice of Intention to Sell Bonds

Exhibit E – Notice Inviting Bids

Exhibit F – Award Certificate

Exhibit G – Custodial Agreement

Exhibit H – Good Faith Deposit Agreement

MWS:AG:09240103

**Attachment A – Proposition HHH Permanent Supportive
Housing Project Expenditure Plans for Fiscal Years 2017-18,
2018-19, 2019-20, and 2020-21**

[illegible]

Proposition HHH Permanent Supportive Housing Program
 2018-19 Project Expenditure Plan (Approved 9/14/2020)

							HHH funded				Not HHH funded																													
#	Project Name	Rd	Developer	Address	CD	Leverage Source	Total Units	PSH Units	PSH Chronic Units	Non-PSH units	Mgr Units	PSH Units	Non-PSH units	TDC	Publicly owned Land Cost	Land Cost (less publicly-owned land)	TDC Less Land Cost	TDC / Unit	TDC (less land)/ Unit	Total HHH Request	HHH PSH \$ Subtotal	HHH Non PSH \$ Subtotal	PSH \$/ HHH Unit	Non PSH \$ / HHH Unit	HOME Request	HOPWA Request	CDBG Request	TOTAL Request	Tax Credit Equity	HHH % of TDC	Population Served	Project Type	Location Type	Jobs Supported	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Construction End Date	
1	Depot at Hyde Park Increase	1	WORKS (Women Organizing Resources, Knowledge and Services)	6527 S Crenshaw Blvd	8	4%	43	33	17	9	1	0	0	\$ 29,042,990	\$ 440,463	\$ 1,984,537	\$ 20,831,685	\$ 540,853	\$ 484,458	\$ 8,160,000	\$7,260,000	\$900,000	\$168,837	\$20,930	\$ -	\$ -	\$ -	\$ 8,160,000	\$7,291,389	31%	HF, H, F, CH	New	TOD	221	7/1/2020	6/17/2020	4/5/2021	4/26/2021	11/25/2022	
2	Adams Terrace	1	Abode Communities	4347 W Adams Blvd	10	4%	86	43	22	26	2	0	15	\$ 59,896,501	\$ 894,898	\$ 2,300,102	\$ 39,168,034	\$ 492,593	\$ 455,442	\$ 12,000,000	\$9,460,000	\$2,540,000	\$110,000	\$29,535	\$ -	\$ -	\$ -	\$ 12,000,000	\$14,696,435	28%	H, I, CH	New	TOD	415	1/17/2020	4/14/2020	10/16/2020	11/16/2020	11/18/2022	
3	McCadden Campus Senior Housing	1	Thomas Safran & Associates Devt	1118 N McCadden Pl	4	4%	98	25	13	0	1	0	72	\$ 50,639,484	\$ -	\$ 4,930,158	\$ 39,123,128	\$ 449,523	\$ 399,216	\$ 5,500,000	\$5,500,000	\$0	\$56,122	\$0	\$ -	\$ -	\$ 4,930,158	\$ 10,430,158	\$11,101,690	12%	HS, CH	New	TOD	416	9/19/2018	11/14/2018	12/20/2018	2/13/2019	10/26/2020	
4	PATH Villas Hollywood Increase	1	PATH Ventures	5627 W Fernwood Ave	13	4%	60	59	30	0	1	0	0	\$ 41,337,445	\$ -	\$ 3,586,750	\$ 30,183,201	\$ 562,833	\$ 503,053	\$ 12,320,000	\$12,320,000	\$0	\$205,333	\$0	\$ -	\$ -	\$ -	\$ 12,320,000	\$11,753,923	35%	H, I, CH	New	TOD	329	5/17/2019	7/17/2019	12/31/2020	1/30/2021	1/30/2023	
5	Gramercy Place Apts	1	Hollywood Community Housing Corp	2375 W Washington Blvd	10	4%	64	31	16	31	2	0	0	\$ 42,793,953	\$ 2,329,139	\$ 198,831	\$ 33,787,607	\$ 567,431	\$ 527,931	\$ 9,920,000	\$6,820,000	\$3,100,000	\$106,563	\$48,438	\$ -	\$ -	\$ -	\$ 9,920,000	\$15,939,139	27%	HS, CH	New	TOD	360	8/17/2018	10/17/2018	4/30/2019	5/16/2019	1/20/2021	
6	Casa de Rosas Campus	1	WARD Economic Devt Corp	2600 S Hoover St	9	4%	37	36	18	0	1	0	0	\$ 19,825,000	\$ 3,936,000	\$ -	\$ 15,002,064	\$ 511,840	\$ 405,461	\$ 7,920,000	\$7,920,000	\$0	\$214,054	\$0	\$ -	\$ -	\$ -	\$ 7,920,000	\$4,747,232	42%	HV, CH	Rehab	TOD	140	7/18/2018	9/18/2019	3/13/2019	5/2/2019	5/27/2020	
7	Aria Apartments (fka Cambria Apts)	1	Affirmed Housing	1532 W Cambria St	1	4%	57	56	56	0	1	0	0	\$ 28,478,153	\$ -	\$ 3,600,000	\$ 22,787,793	\$ 462,944	\$ 399,786	\$ 12,000,000	\$12,000,000	\$0	\$210,526	\$0	\$ -	\$ -	\$ -	\$ 12,000,000	\$10,510,952	45%	O, CH	New	TOD	252	7/18/2018	9/18/2019	12/5/2018	2/7/2019	10/30/2020	
8	Missouri Place Apartments	1	Thomas Safran & Associates Devt	11950 W Missouri Ave	11	4%	74	44	22	19	1	0	10	\$ 44,602,996	\$ 5,700,000	\$ 250,000	\$ 27,671,721	\$ 454,348	\$ 373,942	\$ 11,520,000	\$9,680,000	\$1,840,000	\$130,811	\$24,865	\$ -	\$ -	\$ -	\$ 11,520,000	\$13,143,667	34%	HF, F, CH	New	TOD	354	9/19/2018	11/14/2018	10/22/2019	11/4/2019	6/30/2021	
9	Isla de Los Angeles	1	Clifford Beers Housing	283 W Imperial Hwy	8	4%	54	53	27	0	1	0	0	\$ 34,652,007	\$ 1,325,000	\$ -	\$ 20,436,570	\$ 402,992	\$ 378,455	\$ 11,660,000	\$11,660,000	\$0	\$215,926	\$0	\$ -	\$ -	\$ -	\$ 11,660,000	\$6,741,868	54%	O, CH	New	TOD	217	5/15/2019	7/17/2019	3/19/2020	4/20/2020	4/20/2022	
10	Firmin Court	1	Decro Corp	418 N Firmin St	1	4%	64	45	23	18	1	0	0	\$ 42,537,871	\$ -	\$ -	\$ 30,056,520	\$ 469,633	\$ 469,633	\$ 11,340,000	\$9,900,000	\$1,800,000	\$154,688	\$28,125	\$ -	\$ -	\$ -	\$ 11,340,000	\$10,690,559	38%	H, F, I, CH	New	TOD	291	5/17/2019	7/17/2019	3/25/2020	4/13/2020	4/13/2022	
11	Hartford Villa Apts	1	SRO Housing	445 S Hartford Ave	1	9%	101	67	75	0	1	33	0	\$ 44,859,535	\$ -	\$ 6,721,867	\$ 36,437,668	\$ 427,322	\$ 360,769	\$ 12,000,000	\$12,000,000	\$0	\$118,812	\$0	\$ 2,211,535	\$ -	\$ -	\$ 14,211,535	\$22,500,000	28%	HV, M, CH	New	TOD	388	2/28/2018	9/19/2018	12/7/2018	1/24/2019	7/27/2021	
12	PATH Villas Montclair	1	PATH Ventures	4220 W Montclair St	10	4%	46	45	23	0	1	0	0	\$ 30,752,853	\$ -	\$ 3,910,250	\$ 22,092,349	\$ 565,274	\$ 480,268	\$ 9,900,000	\$9,900,000	\$0	\$215,217	\$0	\$ -	\$ -	\$ -	\$ 9,900,000	\$10,605,032	38%	H, M, CH	New	TOD	235	3/15/2019	5/15/2019	12/26/2019	2/4/2020	8/13/2021	
13	Vermont Corridor Apartments (fka 433 Vermont Apts)	1	Western Community Housing / WCH Affordable XXIV, LLC	433 S Vermont Ave	10	9%	72	36	18	35	1	0	0	\$ 51,352,600	\$ 6,850,000	\$ -	\$ 42,039,129	\$ 679,016	\$ 583,877	\$ 7,200,000	\$6,480,000	\$720,000	\$90,000	\$10,000	\$ -	\$ -	\$ -	\$ 7,200,000	\$23,667,786	15%	HS, CH	New	TOD	446	9/19/2018	11/14/2018	3/27/2019	7/2/2019	2/18/2021	
14	Residences on Main	1	Coalition for Responsible Community Devt	6901 S Main St	9	4%	50	49	25	0	1	0	0	\$ 30,179,651	\$ 813,363	\$ 1,770,635	\$ 22,004,643	\$ 491,773	\$ 440,093	\$ 10,780,000	\$10,780,000	\$0	\$215,600	\$0	\$ -	\$ -	\$ -	\$ 10,780,000	\$8,124,115	44%	HF, Y,CH	New	TOD	242	9/19/2018	11/14/2018	4/2/2019	4/30/2019	10/30/2020	
15	Summit View Apts	1	LA Family Housing	11681 W Foothill Blvd	7	4%	49	48	24	0	1	0	0	\$ 36,229,452	\$ 3,400,000	\$ 255,000	\$ 20,779,827	\$ 498,670	\$ 424,078	\$ 10,560,000	\$10,560,000	\$0	\$215,510	\$0	\$ -	\$ -	\$ -	\$ 10,560,000	\$8,893,528	43%	HV, CH	New	NON-TOD	255	3/15/2019	5/15/2019	12/19/2019	1/22/2020	1/23/2022	
16	West Third Apts Preservation	1	Figueroa Economical Housing Devt Corp	1900 W 3rd St	1	4%	137	136	68	0	1	0	0	\$ 47,541,696	\$ -	\$ 1,896,000	\$ 40,876,025	\$ 312,205	\$ 298,365	\$ 10,291,998	\$10,291,998	\$0	\$75,124	\$0	\$ -	\$ -	\$ -	\$ 10,291,998	\$11,713,853	22%	HV, CH	Rehab	TOD	433	7/18/2018	9/18/2019	11/27/2018	3/2/2020	2/26/2021	
17	Western Ave Apts	1	Figueroa Economical Housing Devt Corp	5501 S Western Ave	8	4%	33	32	16	0	1	0	0	\$ 13,097,284	\$ -	\$ 900,000	\$ 11,103,942	\$ 353,057	\$ 336,483	\$ 4,660,033	\$4,660,033	\$0	\$141,213	\$0	\$ -	\$ -	\$ -	\$ 4,660,033	\$3,130,411	36%	HV, CH	Rehab	TOD	118	7/18/2018	9/18/2019	11/29/2018	5/2/2019	4/30/2020	
18	Building 205	1	Figueroa Economical Housing Devt Corp	11301 Wilshire Blvd #205	11	4%	68	67	67	0	1	0	0	\$ 42,140,946	\$ 1,313,000	\$ -	\$ 36,681,432	\$ 567,081	\$ 547,484	\$ 12,000,000	\$11,622,000	\$0	\$170,912	\$0	\$ -	\$ -	\$ -	\$ 12,000,000	\$10,636,511	32%	HV, CH	Rehab	NON-TOD	391	10/12/2018	12/12/2018	4/30/2020	5/29/2020	5/29/2022	
19	Building 208	1	Figueroa Economical Housing Devt Corp	11301 Wilshire Blvd #208	5	4%	54	53	53	0	1	0	0	\$ 37,754,159	\$ 1,387,500	\$ -	\$ 33,967,602	\$ 654,724	\$ 629,030	\$ 11,660,000	\$11,660,000	\$0	\$215,926	\$0	\$ -	\$ -	\$ -	\$ 11,660,000	\$8,367,259	33%	HV, CH	Rehab	NON-TOD	360	10/12/2018	12/12/2018	4/30/2020	5/29/2020	5/29/2022	
20	Broadway Apts	2	Figueroa Economical Housing Devt Corp	301 W 49th St	9	4%	35	34	34	0	1	0	0	\$ 15,573,058	\$ -	\$ -	\$ -	\$ 281,184	\$ -	\$ 4,443,480	\$4,443,480	\$0	\$126,957	\$0	\$ -	\$ -	\$ -	\$ 4,443,480	\$2,781,984	29%	HV, CH	Rehab	TOD	56	10/17/2018	12/12/2018	6/6/2019	3/2/2020	2/26/2021	
21	Marcella Gardens (68th & Main St.)	2	Coalition for Responsible Community Devt	6714 S Main St	9	4%	60	59	30	0	1	0	0	\$ 32,447,373	\$ -	\$ -	\$ -	\$ 430,879	\$ -	\$ 12,000,000	\$12,000,000	\$0	\$200,000	\$0	\$ -	\$ -	\$ -	\$ 12,000,000	\$8,385,551	46%	H, Y, HV, CH	New	TOD	243	1/17/2020	4/14/2020	10/16/2020	11/16/2020	11/18/2022	
22	Metamorphosis on Foothill	2	Clifford Beers	13574 W Foothill Blvd	7	4%	48	47	24	0	1	0	0	\$ 25,180,788	\$ -	\$ -	\$ -	\$ 494,288	\$ -	\$ 10,340,000	\$10,340,000	\$0	\$215,417	\$0	\$ -	\$ -	\$ -	\$ 10,340,000	\$8,622,726	44%	H, HF, D, CH	New	non TOD	230	10/17/2018	12/12/2018	2/27/2019	4/4/2019	10/27/2020	
23	Emerson Apartments (fka Melrose Apartments)	2	Affirmed Housing	4766 W Melrose Ave	13	4%	39	38	38	0	1	0	0	\$ 24,730,156	\$ -	\$ -	\$ -	\$ 530,624	\$ -	\$ 9,240,000	\$8,360,000	\$0	\$214,359	\$0	\$ -	\$ -	\$ -	\$ 9,240,000	\$7,183,664	40%	CH, H, HF, H)	New	TOD	206	3/15/2019	5/15/2019	11/5/2019	11/20/2019	6/18/2021	
24	Rosa De Castilla Apts	2	East LA Community Corp	4208 E Huntington Dr	14	9%	85	63	32	7	2	0	13	\$ 45,027,086	\$ -	\$ -	\$ -	\$ 518,318	\$ -	\$ 12,000,000	\$11,340,000	\$660,000	\$133,412	\$7,765	\$ -	\$ -	\$ -	\$ 12,000,000	\$19,890,830	27%	HF, CH, HV, t	New	non TOD	420	7/2/2018	11/14/2018	5/2/2019	6/3/2019	10/1/2020	
TOTAL							1514	1199	771	145	27	33	110	\$ 870,673,037	\$ 28,389,363	\$ 32,304,130	\$ 545,030,940			\$ 239,415,511	\$ 226,957,511	\$ 11,560,000			\$ 2,211,535	\$ -	\$ 4,930,158	\$ 246,557,204	\$261,120,104									7018		
Average							63	50	32	6	1	1	5	\$ 36,278,043	\$ 1,182,890	\$ 1,346,005	\$ 22,709,623	\$ 488,308	\$ 354,076	\$ 9,975,646	\$ 9,456,563	\$ 1,548,571	\$ 163,388	\$ 22,808	\$ 2,211,535	\$ -	\$ 4,930,158	\$ 10,273,217	\$ 10,880,004									292		

Notes:

All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.
 Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

F = Non-homeless Families
 S = Non-homeless Seniors
 I = Non-homeless Individuals
 D = Non-homeless disabled
 V = Non-homeless Veterans
 H = Homeless Individuals
 CH = Chronically Homeless
 HF = Homeless Families
 HV = Homeless Veterans
 HS = Homeless Senior
 Y = Homeless Youth
 HD = Homeless Disabled
 M = Homeless Mental Illness
 O = Other Homeless
 IHA = Homeless individuals with HIV/AIDS
 DV = Homeless survivors of domestic violence & sex trafficking

Proposition HHH Permanent Supportive Housing Program
 2019-20 Project Expenditure Plan (Original Approved 4/18/2019)

							HHH funded																															
#	Project Name	Rd	Developer	Address	CD	Leverage Source	Total Units	PSH Units	PSH Chronic Units	Non-PSH units	Mgr Units	TDC	Publicly owned Land Cost	Land Cost (less publicly-owned land)	TDC Less Land Cost	TDC / Unit	Total HHH Request	HHH PSH \$ Subtotal	HHH Non PSH \$ Subtotal	PSH \$/ HHH Unit	Non PSH \$ / HHH Unit	HOME Request	HOPWA Request	CDBG Request	TOTAL Request	Tax Credit Equity	HHH % of TDC	Population Served	Project Type	Location Type	Jobs Supported	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Construction End Date		
1	410 E. Florence Avenue	2 '18-19	Unique Construction & Development, Inc.	410 E. Florence Ave.	9	Private Sources	51	50	25	0	1	12,108,412		\$1,000,000	\$11,108,412	\$237,420	7,000,000	\$7,000,000	\$0	\$140,000	\$0	\$0	\$0	\$0	\$ 7,000,000	N/A	58%	H, CH	New	TOD	118	N/A	N/A	3/18/2019	4/1/2019	10/1/2020		
2	Watts Works	2 '18-19	Decro Corporation	9502 S COMPTON AVE	15	Private Sources	26	25	25	0	1	9,440,000		\$345,000	\$9,095,000	\$363,077	2,500,000	\$2,500,000	\$0	\$100,000	\$0	\$0	\$0	\$0	\$ 2,500,000	N/A	26%	M, O, CH	New	TOD	96	N/A	N/A	5/17/2019	6/1/2019	12/1/2020		
3	Colorado East	2 '18-19	DDCM Incorporated	2453 W COLORADO BLVD	14	4%	41	40	40	0	1	22,149,944		\$3,740,000	\$18,409,944	\$540,243	8,800,000	\$8,800,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 8,800,000	\$5,064,691	40%	O, CH	New	TOD	195	1/18/2019	3/20/2019	7/18/2019	8/1/2019	2/1/2021		
4	Bryson II	2 '17-18	Los Angeles Housing Partnership; The Richman Group of California Development Company	2701 W WILSHIRE BLVD CA 90057	1	4%	65	33	17	31	1	22,518,068		\$995,000	\$21,523,068	\$346,432	10,095,000	\$7,260,000	\$2,835,000	\$220,000	\$97,759	\$0	\$0	\$0	\$ 10,095,000	\$7,646,058	45%	F, H, CH	New	TOD	228	5/17/2019	7/17/2019	1/5/2020	1/13/2020	7/13/2021		
5	803 E. 5th Street	2 '18-19	Coalition for Responsible Community Development	803 E 5TH ST	14	4%	95	94	47	0	1	37,960,970		\$7,700,000	\$30,260,970	\$399,589	15,120,000	\$15,120,000	\$0	\$160,851	\$0	\$0	\$0	\$0	\$ 15,120,000	\$9,540,573	40%	HV, H, Y, CH	Rehab	TOD	321	5/17/2019	7/17/2019	1/17/2020	1/31/2020	7/31/2021		
6	Washington View Apartments	1 '18-19	Western Pacific Housing LLC	1912 S BONSSALLO AVE	1	4%	92	74	74	17	1	36,145,454		\$5,500,000	\$30,645,454	\$392,885	15,105,750	\$13,405,766	\$1,699,984	\$181,159	\$100,000	\$0	\$0	\$0	\$ 15,105,750	\$10,700,923	42%	HS, CH, S	New/Rehab	TOD	325	5/17/2019	7/17/2019	1/17/2020	1/31/2020	7/31/2021		
7	Asante Apartments	2 '18-19	Affirmed Housing Group, Inc.	11001 S BROADWAY	8	4%	55	54	27	0	1	28,204,968		\$1,390,000	\$26,814,968	\$512,818	11,880,000	\$11,880,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 11,880,000	\$10,489,583	42%	H, CH	New	TOD	284	5/17/2019	7/17/2019	1/18/2020	2/1/2020	8/1/2021		
8	Berendo Sage	1 '18-19	West Hollywood Community Housing Corporation	1035 S BERENDO ST	1	4%	42	21	11	20	1	24,813,981	\$2,100,000		\$24,813,981	\$590,809	6,620,000	\$4,620,000	\$2,000,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 6,620,000	\$6,694,426	27%	F, M, CH	New	TOD	241	5/17/2019	7/17/2019	1/20/2020	2/3/2020	8/3/2021		
9	Rose Apartments	2 '17-18	Venice Community Housing Corporation	720 E ROSE AVE CA 90291	11	4%	35	34	17	0	1	18,220,401		1,000,000	\$17,220,401	\$520,583	7,480,000	\$7,480,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 7,480,000	\$5,796,095	41%	H, Y, CH	New	NON-TOD	183	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
10	Temple View	1 '18-19	LINC Housing Corporation	3200 W TEMPLE ST	13	4%	59	58	29	0	1	28,920,289		\$1,900,000	\$27,020,289	\$490,174	12,760,000	\$12,760,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 12,760,000	\$6,449,659	44%	H, CH	New	TOD	285	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
11	Reseda Theater Senior Housing (Canby Woods West)	1 '18-19	Thomas Safran & Associates	7221 N CANBY AVE	3	4%	26	13	7	12	1	11,682,549	\$1,200,000		\$11,682,549	\$449,329	4,060,000	\$2,860,000	\$1,200,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 4,060,000	\$3,231,481	35%	S, HS, CH	New	TOD	111	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
12	Montecito II Senior Housing	1 '18-19	Thomas Safran & Associates	6668 W FRANKLIN AVE	13	4%	64	32	16	31	1	35,363,674		\$0	\$35,363,674	\$552,557	10,140,000	\$7,040,000	\$3,100,000	\$220,000	\$100,000	\$2,954,860	\$0	\$0	\$ 13,094,860	\$13,928,989	29%	S, HS, CH	New	TOD	375	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
13	Serenity	1 '18-19	Domus GP, LLC	923 S KENMORE AVE	10	4%	75	74	37	0	1	37,551,673		\$6,550,000	\$31,001,673	\$500,689	13,520,000	\$13,520,000	\$0	\$182,703	\$0	\$0	\$0	\$0	\$ 13,520,000	\$12,187,796	36%	F, HS, CH	New	TOD	329	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
14	Main Street Apartments	1 '18-19	Highridge Costa Development Company, LLC	5501 S MAIN ST	9	4%	57	56	21	0	1	32,824,507		\$3,080,000	\$29,744,507	\$575,869	10,640,000	\$10,640,000	\$0	\$190,000	\$0	\$0	\$0	\$0	\$ 10,640,000	\$11,798,379	32%	HF, HV, CH	New	TOD	315	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
15	The Pointe on La Brea	1 '18-19	EAH Inc.	843 N LA BREA AVE	5	4%	50	49	25	0	1	25,785,374		\$5,200,000	\$20,585,374	\$515,707	10,780,000	\$10,780,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 10,780,000	\$7,586,832	42%	H, CH	New	TOD	218	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
16	Southside Seniors	1 '18-19	John Stanley, Inc.	1655 W MANCHESTER AVE 1141 S CRENSHAW BLVD	8	4%	50	36	18	13	1	23,401,907		\$2,035,000	\$21,366,907	\$468,038	9,320,000	\$8,020,000	\$1,300,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 9,320,000	\$7,506,287	40%	S, HS, CH	New	TOD	226	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
17	Solaris Apartments	1 '18-19	Domus GP, LLC	9502 N VAN NUYS BLVD	10	4%	43	42	21	0	1	24,403,352		\$3,540,000	\$20,863,352	\$567,520	9,240,000	\$9,240,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 9,240,000	\$7,460,269	38%	F, DV, CH	New	TOD	221	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
18	Talisa	1 '18-19	Domus GP, LLC	9502 N VAN NUYS BLVD	6	4%	49	48	24	0	1	29,458,224		\$5,000,000	\$24,458,224	\$601,188	10,560,000	\$10,560,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 10,560,000	\$9,443,145	36%	F, DV, CH	New	TOD	259	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
19	Deepwater	1 '18-19	LINC Housing Corporation	1424 N DEEPWATER AVE	15	4%	56	55	28	0	1	28,277,269		\$750,000	\$27,527,269	\$504,951	12,100,000	\$12,100,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 12,100,000	\$7,895,417	43%	H, CH	New	TOD	292	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
20	The Brine Residential	1 '18-19	Decro LLC	1829 N HANCOCK ST	1	4%	97	49	25	47	1	44,821,687		\$3,509,936	\$41,311,751	\$462,079	11,560,000	\$6,860,000	\$4,700,000	\$140,000	\$100,000	\$0	\$0	\$0	\$ 11,560,000	\$19,096,556	26%	F, S, V, HV, Y, HS, DV, CH	New	TOD	438	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
21	South Main Street Apartments	1 '18-19	Affirmed Housing Group, Inc.	12003 S MAIN ST	15	4%	62	61	61	0	1	29,767,145		\$1,475,000	\$28,292,145	\$480,115	12,480,000	\$12,480,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 12,480,000	\$11,044,857	42%	CH, O	New	TOD	300	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
22	Sun Commons	1 '17-18	Abbey Road, Inc.	6329 N CLYBOURN AVE CA 91606	2	9%	103	51	26	50	2	57,171,909		\$4,415,890	\$52,756,019	\$555,067	12,000,000	\$9,180,000	\$2,820,000	\$180,000	\$100,000	\$0	\$0	\$0	\$ 12,000,000	\$27,855,110	21%	F, I, H, HF, CH	New	TOD	559	N/A	N/A	2/3/2020	2/24/2020	8/24/2021		
23	67th & Main Street	2 '17-18	Coalition for Responsible Community Development	6706 S MAIN ST CA 90003	9	9%	52	26	13	25	1	29,439,693		3,770,965	\$25,668,728	\$566,148	7,180,000	\$4,680,000	\$2,500,000	\$180,000	\$100,000	\$0	\$0	\$0	\$ 7,180,000	\$16,687,288	24%	F, HV, Y, CH	New	TOD	272	N/A	N/A	11/11/2019	12/1/2019	6/1/2021		
24	Weingart Tower II (HHH PSH 1A)	2 '17-18	Chelsea Investment Corporation; Weingart Tower II, LP	555 1/2 S CROCKER ST CA 90013	14	4%	144	122	61	20	2	83,157,120		\$1,846,272	\$81,310,848	\$577,480	16,000,000	\$16,000,000	\$0	\$131,148	\$0	\$0	\$0	\$0	\$ 16,000,000	\$28,918,658	19%	I, H, CH	New	TOD	862	8/16/2019	10/16/2019	4/3/2020	4/17/2020	10/17/2021		
25	Weingart Tower (HHH PSH 1A)	2 '17-18	Chelsea Investment Corporation; Weingart Tower, LP	555 1/2 S CROCKER ST CA 90013	14	4%	134	108	53	25	1	67,069,625	\$1,718,058		\$67,069,625	\$500,520	16,000,																					

Notes:
 All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.
 Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served
 F = Non-homeless Families
 S = Non-homeless Seniors
 I = Non-homeless Individuals
 D = Non-homeless disabled
 V = Non-homeless Veterans
 H = Homeless Individuals
 CH = Chronically Homeless
 HF = Homeless Families
 HV = Homeless Veterans
 HS = Homeless Senior
 Y = Homeless Youth
 HD = Homeless Disabled
 M = Homeless Mental Illness
 O = Other Homeless
 IHA = Homeless individuals with HIV/AIDS
 DV = Homeless survivors of domestic violence & sex trafficking

Proposition HHH Permanent Supportive Housing Program

2019-20 Project Expenditure Plan (Amendment Approved 12/1/2020)

No.	Project Name	Developer	Address	CD	Leverage Source	Total Units	PSH Units	Non-PSH units	Mgr Units	Total HHH Request	Population Served	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Construction End Date
1- 27	27 Projects Previously Approved to be in PEP FY 2019-2020	Various	Various	Various	Private Sources, 4%, 9%	1,785	1,415	341	29	\$ 281,340,750	Various	Various	Various	Various	Various	Various
28	11604 Vanowen	Daylight	11604-11616 VANOWEN CA 91606	2	9%	49	48	0	1	\$ 4,900,000	H, CH	3/9/2020	6/17/2020	12/31/2020	1/30/2021	1/30/2023
29	Oatsie's Place (formerly known as Sherman Way)	Daylight	16015 W. SHERMAN WAY CA 91406	6	9%	46	45	0	1	\$ 6,300,000	DV	6/11/2020	10/14/2020	3/16/2021	4/16/2021	4/14/2023
30	La Veranda	Abode Communities	2420 E CESAR E CHAVEZ AVE CA 90033	14	9%	77	38	38	1	\$ 9,120,000	HF, M, F, CH	6/11/2020	10/14/2020	4/14/2021	4/16/2021	4/14/2023
	TOTAL					1957	1546	379	32	\$ 301,660,750						
	Average					65	52	13	1	\$ 10,055,358						

Notes:

All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.

Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

- F = Non-homeless Families

S = Non-homeless Seniors

I = Non-homeless Individuals

D = Non-homeless disabled
- V = Non-homeless Veterans

H = Homeless Individuals

CH = Chronically Homeless

HF = Homeless Families
- HV = Homeless Veterans

HS = Homeless Senior

Y = Homeless Youth

HD = Homeless Disabled
- M = Homeless Mental Illness

O = Other Homeless

IHA = Homeless individuals with HIV/AIDS

DV = Homeless survivors of domestic violence & sex trafficking

**Proposition HHH Permanent Supportive Housing Program
2020-21 Project Expenditure Plan**

No.	Project Name	Developer	Address	CD	Leverage Source	Total Units	PSH Units	Non-PSH units	Mgr Units	Total HHH Request	Population Served	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Ready for Occupancy Date
1	11010 Santa Monica	Weingart Center Association; Values Housing II, LLC	11010 W SANTA MONICA BLVD CA 90025	5	4%	51	50	0	1	\$ 7,000,000	HS, HV	9/24/2020 (Actual)	12/21/2020 (Actual)	6/18/2021 (Actual)	7/20/2021 (Actual)	2/10/2023 (Actual)
2	Amani Apartments (fka PICO)	Wakeland Housing and Development Corporation	4200 W PICO BLVD CA 90019	10	4%	54	53	0	1	\$ 11,410,000	HS, CH	1/17/2020 (Actual)	2/18/2020 (Actual)	11/5/2020 (Actual)	11/24/2020 (Actual)	10/17/2022 (Actual)
3	Bell Creek Apartments	Western Community Housing, Inc.; Meta Housing Corporation	6940 N OWENSMOUTH AVE CA 91303	3	4%	80	41	38	1	\$ 6,226,546	HF, H, F, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	11/17/2020 (Actual)	11/23/2020 (Actual)	9/23/2022 (Actual)
4	Chesterfield (fka 4719 Normandie)	Wakeland Housing and Development Corporation	4719 S NORMANDIE AVE CA 90037	8	4%	43	42	0	1	\$ 8,990,000	HS, CH	1/17/2020 (Actual)	2/18/2020 (Actual)	11/13/2020 (Actual)	11/30/2020 (Actual)	8/3/2022 (Actual)
5	Hope on Broadway	Hope Street Development Group, LLC; CHAPA Inc. (or affiliate)	5138 S BROADWAY CA 90037	9	4%	49	48	0	1	\$ 6,720,000	H, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	1/29/2021 (Actual)	3/4/2021 (Actual)	11/1/2022 (Actual)
6	Hope on Hyde Park	Hope Street Development Group, LLC; CHAPA Inc. (or affiliate)	6501 S CRENSHAW BLVD CA 90043	8	4%	98	97	0	1	\$ 9,280,000	H, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	1/29/2021 (Actual)	4/7/2021 (Actual)	7/7/2023 (Actual)
7	Silva Crossing (fka Link at Sylmar)	Sylmar II, LP; Meta Housing Corporation	12667 N SAN FERNANDO ROAD CA 91342	7	4%	56	55	0	1	\$ 10,900,000	H, I, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	10/16/2020 (Actual)	12/1/2020 (Actual)	10/11/2022 (Actual)
8	NoHo 5050	Decro Corporation; Daylight Community Development, LLC	5050 N BAKMAN AVE CA 91601	2	4%	40	32	7	1	\$ 3,833,200	DV, F, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/21/2021 (Actual)	12/1/2021 (Actual)	3/29/2024
9	Sherman Oaks Senior	Mercy Housing California	14536 W BURBANK BLVD VAN NUYS, CA 91411	4	4%	55	54	0	1	\$ 11,880,000	HS, M, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	5/12/2021 (Actual)	5/21/2021 (Actual)	9/8/2023 (Actual)
10	Sun King Apartments	MANY MANSIONS	12128 SHELTON ST Los Angeles, CA 91352	6	4%	26	25	0	1	\$ 5,500,000	HF, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	6/18/2021 (Actual)	7/22/2021 (Actual)	12/15/2023 (Actual)
11	VA Building 207 (12th Amendment Decrease)	Thomas Safran & Associates Development, Inc.	11301 WILSHIRE BLVD #207 Los Angeles, CA 90025	11	4%	60	59	0	1	\$ 8,020,000	HS, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	11/13/2020 (Actual)	11/30/2020 (Actual)	12/22/2022 (Actual)
12	West Terrace (fka Silver Star II)	A Community of Friends	6576 S WEST BLVD CA 90043	8	4%	64	56	7	1	\$ 6,404,900	HF, H, I, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	3/24/2021 (Actual)	4/5/2021 (Actual)	5/30/2023 (Actual)
13	Cadence (fka 11408 S. Central)	LINC Housing Corporation	11408 S CENTRAL AVE CA 90059	15	4%	64	63	0	1	\$ 10,112,000	H, CH	8/15/2019 (Actual)	10/16/2019 (Actual)	4/29/2020 (Actual)	5/15/2020 (Actual)	3/4/2022 (Actual)
14	First Amendment Increase: Ambrose (fka 1615 Montana St.)	Domus	1615 W MONTANA ST CA 90026	13	9%	64	63	0	1	\$ 6,300,000	HS, CH	7/1/2020 (Actual)	10/14/2020 (Actual)	4/16/2021 (Actual)	5/19/2021 (Actual)	3/22/2023 (Actual)
15	First Amendment Increase: 6th and San Julian	Mercy Housing	401 E 6TH ST CA 90014	14	4%	94	93	0	1	\$ 15,320,000	O, I, CH	9/24/2020 (Actual)	12/21/2020 (Actual)	7/30/2021 (Actual)	9/2/2021 (Actual)	7/5/2023 (Actual)
16	First Amendment Increase: La Guadalupe (fka First and Boyle)	Many Mansions	100 S BOYLE AVE CA 90033	14	4%	44	43	0	1	\$ 9,460,000	HF, H, CH	9/24/2020 (Actual)	12/21/2020 (Actual)	10/27/2021 (Actual)	12/16/2021 (Actual)	8/13/2024
17	First Amendment Increase: The Lake House fka Westlake Housing)	Community Development Partners	437 and 503 S WESTLAKE AVE CA 90057	1	4%	63	62	0	1	\$ 6,510,000	H, M, CH	9/24/2020 (Actual)	12/21/2020 (Actual)	6/9/2021 (Actual)	7/15/2021 (Actual)	12/28/2023 (Actual)
18	Second Amendment Increase: The Wilcox (fka 4906-4926 Santa Monica)	Wakeland Housing and Development Corporation	4912 W SANTA MONICA BLVD CA 90029	13	4%	62	61	0	1	\$ 5,225,000	HS, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/21/2021 (Actual)	11/4/2021 (Actual)	9/15/2023 (Actual)
19	Second Amendment Increase: The Quincy (fka 2652 Pico)	Wakeland Housing and Development Corporation	2652 W PICO BLVD CA 90006	1	4%	54	53	0	1	\$ 3,550,000	HS, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/21/2021 (Actual)	11/4/2021 (Actual)	10/30/2023 (Actual)
20	Second Amendment Increase: La Veranda	Abode Communities	2420 E CESAR E CHAVEZ AVE CA 90033	14	4%	77	38	38	1	\$ 9,120,000	HF, M, F, CH	6/11/2020 (Actual)	9/16/2020 (Actual)	7/1/2021 (Actual)	8/3/2021 (Actual)	12/28/2023 (Actual)
21	Second Amendment Increase: Los Lirios Apartments	BRIDGE Housing Corporation	119 S SOTO ST CA 90033	14	9%	64	20	43	1	\$ 2,000,000	HF, H, F, CH	3/8/2021 (Actual)	6/16/2021 (Actual)	12/8/2021 (Actual)	12/22/2021 (Actual)	2/29/2024
22	Second Amendment Increase: McDaniel House (fka South Harvard)	Daylight Community Development	1049 1/2 S HARVARD BLVD Los Angeles, CA 90006	10	4%	47	46	0	1	\$ 6,440,000	HS, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/29/2021 (Actual)	12/16/2021 (Actual)	4/28/2024
23	Third Amendment Increase: Thatcher Yard Housing	Thomas Safran & Associates Development, Inc.	3233 S THATCHER AVE CA 90292	11	4%	98	49	48	1	\$ 11,660,000	HF, HS, F, S, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	11/4/2021 (Actual)	11/29/2021 (Actual)	

**Proposition HHH Permanent Supportive Housing Program
2020-21 Project Expenditure Plan**

No.	Project Name	Developer	Address	CD	Leverage Source	Total Units	PSH Units	Non-PSH units	Mgr Units	Total HHH Request	Population Served	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Ready for Occupancy Date
24	Third Amendment Increase: Washington Arts Collective	Meta Housing Corporation	4615 W WASHINGTON BLVD CA 90016	10	4%	56	20	35	1	\$ 2,097,200	HF, F, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/25/2021 (Actual)	11/10/2021 (Actual)	2/29/2024
25	Fourth Amendment Increase: The Iris (fka Barry Apartments)	Affirmed Housing Group, Inc.	2454 S BARRY AVE CA 90064	11	4%	61	34	26	1	\$ 6,918,400	H, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/2/2022 (Actual)	2/10/2022 (Actual)	12/22/2023 (Actual)
26	Fourth Amendment Increase: Central Apartments	Highridge Costa Development Company	2106 S CENTRAL AVE CA 90011	9	4%	57	56	0	1	\$ 7,840,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/24/2022 (Actual)	7/19/2022 (Actual)	7/8/2024
27	Fourth Amendment Increase: Lorena Plaza	A Community of Friends	3401 E 1ST ST CA 90063	14	9%	49	32	16	1	\$ 2,903,202	HF, H, F, CH	3/8/2021 (Actual)	6/16/2021 (Actual)	11/30/2021 (Actual)	12/08/2021 (Actual)	7/8/2024
28	Fourth Amendment Increase: Lumina (fka Topanga Apartments)	Affirmed Housing Group, Inc.	10243 N TOPANGA CANYON BLVD CA 91311	12	4%	55	54	0	1	\$ 7,560,000	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	12/16/2021 (Actual)	1/3/2022 (Actual)	2/29/2024
29	Fourth Amendment Increase: My Angel (fka The Angel)	Los Angeles Family Housing	8547 N SEPULVEDA BLVD CA 91343	6	4%	54	53	0	1	\$ 5,565,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/16/2022 (Actual)	3/2/2022 (Actual)	11/14/2023 (Actual)
30	Fifth Amendment Increase: Avalon 1355	Brilliant Corners	1355 N. AVALON BLVD LOS ANGELES, CA 90006	15	4%	54	53	0	1	\$ 7,000,000	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/9/2022 (Actual)	2/10/2022 (Actual)	3/31/2024
31	Fifth Amendment Increase: Beacon Landing (fka Beacon PSH)	Abode/Mercy/LA Family Housing	319 N. BEACON STREET LOS ANGELES, CA 90731	15	4%	89	88	0	1	\$ 8,555,556	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/4/2022 (Actual)	3/16/2022 (Actual)	10/25/2023 (Actual)
32	Fifth Amendment Increase: The Journey (FKA Lincoln Apartments)	Venice Community Housing Corporation	2467 S LINCOLN BLVD LOS ANGELES, CA 90291	11	4%	40	39	0	1	\$ 5,460,000	Y, O, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/25/2022 (Actual)	3/14/2022 (Actual)	6/28/2024
33	Fifth Amendment Increase: Rousseau (fka Enlightenment Plaza - Phase I)	Flexible PSH Solutions	316 N JUANITA AVE LOS ANGELES, CA 90004	13	4%	105	103	0	2	\$ 9,600,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/10/2022 (Actual)	5/25/2022 (Actual)	3/7/2024
34	Fifth Amendment Increase: Santa Monica & Vermont Apartments Phase I & II	LTSC (Little Tokyo Service Center) Community Development Corporation	4718 W SANTA MONICA BLVD LOS ANGELES, CA 90029	13	4%	187	94	91	2	\$ 24,000,000	M, O, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/23/2022 (Actual)	3/1/2022 (Actual)	3/20/2024
35	Sixth Amendment Increase: 4507 Main St	EAH Inc.	4507 MAIN ST LOS ANGELES, CA 90037	9	9%	61	31	29	1	\$ 6,000,000	H, I, CH	7/1/2021 (Actual)	10/20/2021 (Actual)	4/29/2022 (Actual)	5/12/2022 (Actual)	2/16/2024
36	Sixth Amendment Increase: Vermont Manchester Senior (fka Vermont/Manchester)	BRIDGE Housing Corporation; Coalition for Responsible Community Development	8400 S VERMONT AVE LOS ANGELES, CA 90044	8	4%	62	60	0	2	\$ 12,400,000	HF, HS, F, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/3/2022 (Actual)	6/17/2022 (Actual)	8/29/2024
37	Seventh Amendment Increase: Whittier HHH (fka Whittier PSH)	Mercy Housing	3554 WHITTIER BLVD LOS ANGELES, CA 90023	14	4%	64	63	0	1	\$ 6,125,000	H, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/16/2022 (Actual)	7/13/2022 (Actual)	4/17/2024
38	Seventh Amendment Increase: Oak Apartments (fka 2745-2759 Francis Ave)	Koreatown Youth and Community Center	2745 W FRANCIS AVE LOS ANGELES, CA 90005	1	4%	64	63	0	1	\$ 6,610,000	HS, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/24/2022 (Actual)	7/25/2022 (Actual)	7/6/2024
39	Seventh Amendment Increase: The Banning (fka 841 N Banning)	Century Affordable Development, Inc.	841 N BANNING BLVD WILMINGTON, CA 90744	15	4%	64	63	0	1	\$ 8,000,000	H, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/2/2022 (Actual)	6/17/2022 (Actual)	3/27/2024
40	Seventh Amendment Increase: Voltaire Villas (fka Montesquieu Manor/Enlightenment Plaza-Phase II)	Flexible PSH Solutions; The Pacific Companies	316 N JUANITA AVE LOS ANGELES, CA 90004	13	4%	72	71	0	1	\$ 9,940,000	H, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/30/2022 (Actual)	8/12/2022 (Actual)	7/6/2024
41	PHK Amendment Increase: 7639 Van Nuys	Linc-Van Nuys Apts, LP	7639 Van Nuys	6	N/A	36	34	0	1	\$ 2,772,000	H, CH	N/A	N/A	2/12/2024	3/12/2024	7/24/2023 (Actual)
42	PHK Amendment Increase: 1654 Florence	Linc-Florence Apts, LP	1654 W Florence	8	N/A	128	126	0	2	\$ 7,010,000	H,CH	N/A	N/A	1/19/2024 (Actual)	2/19/2024	6/10/2024
43	PHK Amendment Increase: Temple/Alvarado	Alvarado & Temple, LLC	2812 Temple / 916 Alvarado	13	N/A	69	67	0	2	\$ 11,474,427	H,CH	N/A	N/A	12/27/2023 (Actual)	2/12/2024	6/10/2024
44	PHK Amendment Increase: 6531 Sepulveda	6531 Sepulveda LP	6531 S Sepulveda	11	N/A	133	131	0	2	\$ 15,183,704	H,CH	N/A	N/A	12/7/2023 (Actual)	2/6/2024	6/10/2024
45	PHK Amendment Increase: 18602 Vermont	CRCD Vermont LP	18602 S Vermont	15	N/A	136	134	0	2	\$ 4,969,012	H,CH	N/A	N/A	2/12/2024	3/6/2024	6/10/2024
46	PHK Amendment Increase: 20205 Ventura	Volunteers of America of Los Angeles	20205 Ventura	3	N/A	146	144	0	2	\$ 5,499,364	H,CH	N/A	N/A	2/7/2024	3/6/2024	6/10/2024
47	PHK Amendment Increase: 19325 Londelius	Volunteers of America of Los Angeles	19325 Londelius	12	N/A	117	115	0	2	\$ 14,332,435	H,CH	N/A	N/A	2/6/2024	3/6/2024	6/10/2024

**Proposition HHH Permanent Supportive Housing Program
2020-21 Project Expenditure Plan**

No.	Project Name	Developer	Address	CD	Leverage Source	Total Units	PSH Units	Non-PSH units	Mgr Units	Total HHH Request	Population Served	Est. Date Applying to CDLAC	CDLAC Allocation Meeting	Est. Construction Loan Closing	Est. Construction Start Date	Est. Ready for Occupancy Date
48	PHK Amendment Increase: 2010 Highland	Highland PSH, LLC	2010 Highland	4	N/A	62	61	0	1	\$ 8,337,127	H, CH	N/A	N/A	1/25/2024 (Actual)	2/25/2024	6/10/2024
49	PHK Amendment Increase: 21121 Vanowen	Vanowen CP PSH, LLC	21121 Vanowen	3	N/A	101	99	0	2	\$ 20,132,519	H, CH	N/A	N/A	1/25/2024 (Actual)	2/29/2024	6/10/2024
50	PHK Amendment Increase: 10150 Hillhaven	HACLA	10150 Hillhaven	7	N/A	34	33	0	1	\$ 1,850,000	H, CH	N/A	N/A	2/8/2024	1/12/1900	12/1/2022 (Actual)
51	PHK Amendment Increase: 1044 Soto	HACLA	1044 Soto	10	N/A	85	84	0	1	\$ 4,625,000	H, CH	N/A	N/A	2/8/2024	3/4/2024	9/20/2023 (Actual)
52	Eighth Amendment Increase: Ambrosia	Domus Development, LLC	823 W MANCHESTER AVE LOS ANGELES, CA 90044	8	4%	90	80	9	1	\$ 11,200,000	H, I, CH	8/9/2022 (Actual)	11/30/2022 (Actual)	6/1/2023 (Actual)	7/6/2023 (Actual)	5/24/2025
53	Eighth Amendment Increase: Villa Vanowen (fka Confianza)	Century Affordable Development, Inc.	14142 W VANOWEN ST VAN NUYS, CA 91405	2	4%	64	63	0	1	\$ 10,000,000	H, CH	8/9/2022 (Actual)	11/30/2022 (Actual)	6/2/2023 (Actual)	6/5/2023 (Actual)	3/7/2025
54	Ninth Amendment Increase: Western Landing	Abode/Mercy/LA Family Housing	25820-25896 S WESTERN AVE LOS ANGELES, CA 90710	15	4%	81	80	0	1	\$ 8,289,109	H, CH	8/9/2022 (Actual)	11/30/2022 (Actual)	5/25/2023 (Actual)	5/31/2023 (Actual)	1/31/2025
55	Tenth Amendment Increase: Grandview Apartments	Abode Communities	714 S GRAND VIEW ST CA 90057	1	4%	100	54	45	1	\$ 12,000,000	HF, H, F, CH	2/7/2023 (Actual)	5/10/2023 (Actual)	11/15/2023 (Actual)	12/1/2023 (Actual)	12/10/2025
56	Tenth Amendment Increase: 21300 Devonshire	LA Family Housing Corporation	21300 W DEVONSHIRE ST CA 91311	15	4%	100	99	0	1	\$ 10,407,427	HF, CH	2/7/2023 (Actual)	5/10/2023 (Actual)	11/14/2023 (Actual)	1/5/2024	1/5/2026
57	Eleventh Amendment Increase: Safe Harbor I (fka Anaheim West/PSH 3)	Holos Communities; FlyawayHomes	828 W ANAHEIM ST CA 90744	15	N/A	50	49	0	1	\$ 4,900,000	HF, CH	N/A	N/A	7/1/2025	8/1/2025	12/1/2026
58	Eleventh Amendment Increase: Safe Harbor II (fka Lagoon/PSH 5)	Holos Communities; FlyawayHomes	728 N LAGOON AVE CA 90744	15	N/A	40	39	0	1	\$ 3,900,000	HF, CH	N/A	N/A	7/1/2025	8/1/2025	12/1/2026
59	Thirteenth Amendment Increase: Loma Verde (fka RETHINK Housing Westlake)	Holos Communities; Restore Neighborhoods	405 N WESTLAKE AVE CA 90026	13	9%	19	18	0	1	\$ 2,660,000	HF, CH	4/25/2023 (Actual)	7/26/2023 (Actual)	1/18/2024 (Actual)	2/10/2024	2/27/2026
60	Second Homekey Reallocation and Increase	Various	Various 18722 SHERMAN WAY CA 91335	Various	N/A	N/A	N/A	N/A	N/A	\$ 54,493	H, CH	N/A	N/A	N/A	N/A	N/A
61	Fourteenth Amendment Increase: 18722 Sherman Way	LA Family Housing			9%	64	63	0	1	\$ 6,622,908	H, CH	8/8/2023 (Actual)	11/8/2023 (Actual)	12/1/2024	6/1/2025	12/1/2026
62	Fourteenth Amendment Increase: Sunnyside (fka RETHINK Housing 62nd/1408 W. 62nd Street)	Restore Neighborhoods Los Angeles	1408 W 62ND ST CA 90047	8	9%	27	26	0	1	\$ 3,780,000	H, CH	8/8/2023 (Actual)	11/8/2023 (Actual)	5/6/2024	8/8/2024	8/13/2026
63	Fourteenth Amendment Increase: New Hampshire PSH	BRIDGE Housing Corporation	701 S NEW HAMPSHIRE AVE CA 90005	10	9%	95	93	0	2	\$ 12,980,000	O	4/23/2024	8/17/2024	2/3/2025	3/3/2025	3/3/2027
	TOTAL					4,378	3,872	432	73	\$ 501,415,529						
	<i>Average</i>					<i>71</i>	<i>62</i>	<i>7</i>	<i>1</i>	\$ 114,530.73						

Notes:

All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.
Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

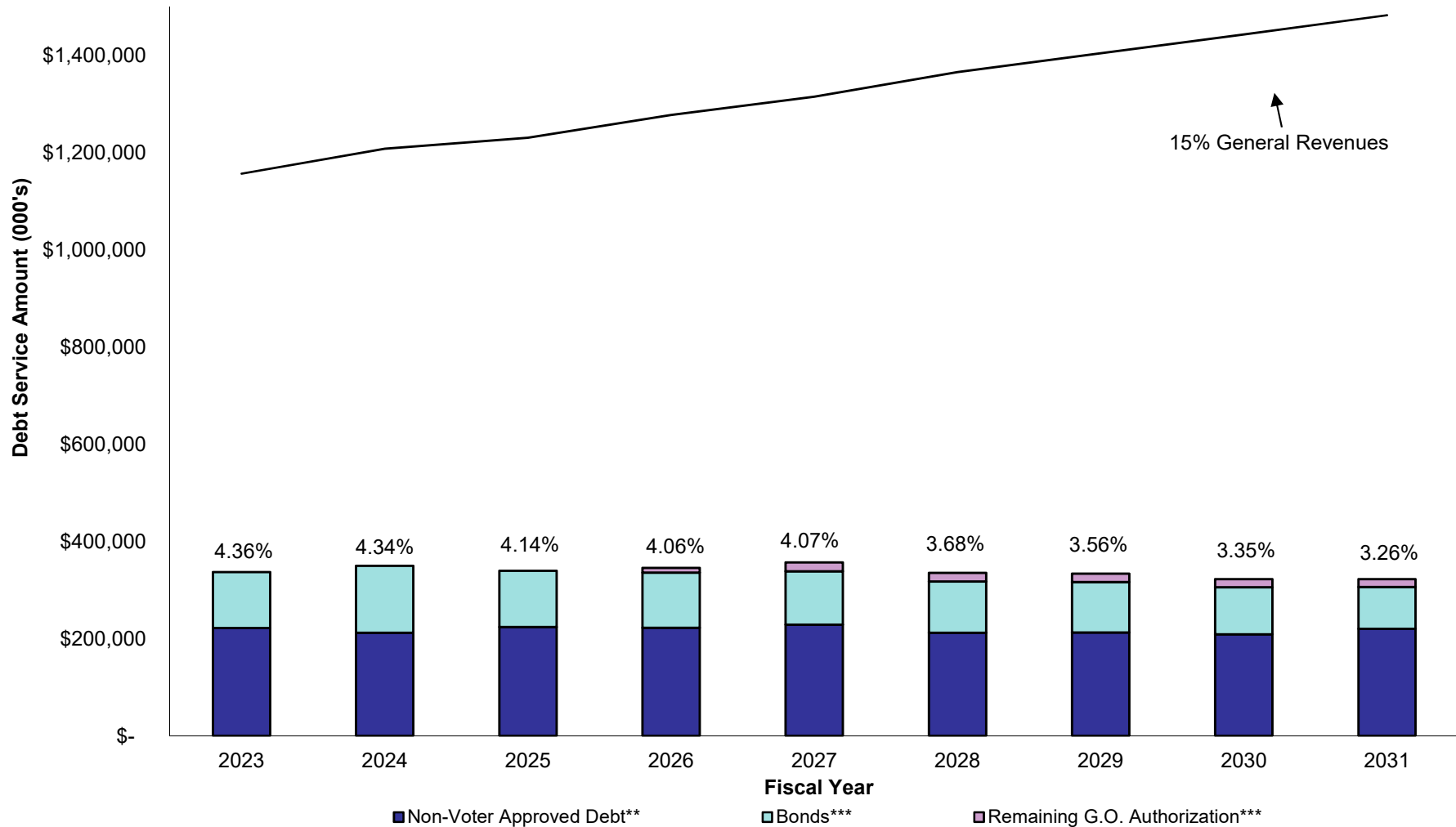
F = Non-homeless Families	V = Non-homeless Veterans	HV = Homeless Veterans	M = Homeless Mental Illness
S = Non-homeless Seniors	H = Homeless Individuals	HS = Homeless Senior	O = Other Homeless
I = Non-homeless Individuals	CH = Chronically Homeless	Y = Homeless Youth	IHA = Homeless individuals with HIV/AIDS
D = Non-homeless disabled	HF = Homeless Families	HD = Homeless Disabled	DV = Homeless survivors of domestic violence & sex trafficking

Attachment B – Voter and Non-Voter Approved Debt Chart

2023-24 ADOPTED BUDGET
VOTER-APPROVED AND NON VOTER-APPROVED DEBT
February 2024
Debt Service to General Revenues*

DEBT MANAGEMENT POLICY

Pursuant to the Debt Management Policy, the Debt Affordability Ceiling for debt service on voter-approved and non voter-approved debt combined shall be no more than 15 percent of General Revenues.



*Projected revenue growth in 2023-24 to 2027-28 is 4.5%, 2.2%, 3.8%, 2.9%, and 4.0%, respectively. Projected revenue growth in 2028-29 through 2030-31 is 2.9%.
**Includes Convention Center, MICLA bond issuances, and MICLA Commercial Paper and Refundings.
***Voter-Approved Debt

Attachment C – Authorizing Resolution

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF LOS ANGELES GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$150,000,000 FOR PROPOSITION HHH PROJECTS, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF INTENTION TO SELL BONDS AND A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE BONDS, AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND MATTERS RELATING THERETO

WHEREAS, pursuant to a Resolution of Necessity adopted by the Council (the “Council”) of the City of Los Angeles, California (the “City”) on June 29, 2016, by a vote of not less than two-thirds of the all of the Council members (the “Proposition HHH Resolution of Necessity”), a resolution adopting the ballot title and question presented, adopted by the Council on June 29, 2016 (the “Proposition HHH Ballot Resolution”), and Ordinance No, 184409 calling for a special election on November 8, 2016 (the “Proposition HHH Election Ordinance” and, together with the Proposition HHH Resolution of Necessity, the Proposition HHH Ballot Resolution, and the affirmative vote of more than two-thirds of the electors mentioned below, the “Proposition HHH Authorization”), the City held an election on November 8, 2016, at which time it submitted to the qualified voters of the City the following proposition, to wit:

“HOMELESSNESS REDUCTION AND PREVENTION, HOUSING, AND FACILITIES BOND. PROPOSITION HHH.

To provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, seniors, foster youth, and the disabled; and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services; shall the City of Los Angeles issue \$1,200,000,000 in general obligation bonds, with citizen oversight and annual financial audits?”

WHEREAS, such proposition received the affirmative vote of more than two-thirds of all of the qualified voters voting on such proposition at the election;

WHEREAS, pursuant to Chapter 11 of Division 6 of Title 1 (commencing with Section 5900) of the Government Code of the State of California (the “Government Code”), the City is authorized to issue bonds, the interest upon which is not excluded from gross income for federal income tax purposes;

WHEREAS, the City desires to issue at this time a portion of the bonds authorized by the Proposition HHH Authorization in the form of its General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”);

WHEREAS, the Council recognizes that Section 53515 of the Government Code provides for a statutory lien on the Pledged Moneys (as defined herein) when collected to secure repayment of the Bonds;

WHEREAS, the pledge made in Section 5.02(D) of this Resolution to secure payment of the Bonds is intended to be a consensual agreement with the Owners (as defined herein) of the Bonds;

WHEREAS, the City proposes to sell the Bonds pursuant to a competitive bidding process;

WHEREAS, a form of the Notice Inviting Bids to be published in connection with the competitive sale of the Bonds has been prepared (the "Notice Inviting Bids");

WHEREAS, a form of the Notice of Intention to Sell Bonds to be published in connection with the competitive sale of the Bonds has been prepared (the "Notice of Intention to Sell Bonds");

WHEREAS, the City will distribute a preliminary official statement (the "Preliminary Official Statement") and a final official statement (the "Official Statement") relating to the Bonds to prospective and actual purchasers of the Bonds;

WHEREAS, the City will execute and deliver a continuing disclosure certificate (the "Continuing Disclosure Certificate") for the benefit of the Owners of the Bonds;

WHEREAS, Section 5852.1 of the California Government Code requires that the City obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

WHEREAS, in compliance with Section 5852.1 of the California Government Code, the City has obtained from its municipal advisor the required good faith estimates and such estimates have been disclosed to the Council prior to the date of this Resolution; and

WHEREAS, it is now proper and necessary that the City issue the Bonds for the purposes specified herein and in the form and manner hereinafter provided; and

WHEREAS, all acts, conditions and things required by the Constitution, laws of the State of California and the Charter of the City to exist, to have happened and to have been performed precedent to the adoption of this Resolution and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner (or, as applicable, will happen and be performed in regular due time, form and manner) as required by law, and the City is now duly authorized and empowered,

pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES, as follows:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND APPROVAL OF DOCUMENTS

Section 1.01 Definitions. The following terms shall for all purposes of this Resolution have the following meanings:

“Administrative Code” means the City of Los Angeles Administrative Code.

“Authorizing Law” means, collectively, (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, and (v) Article XIII A of the California Constitution, as amended.

“Beneficial Owner” means, except for purposes of Section 1.07 hereof, the ownership interest of each actual purchaser of each Bond as recorded in the records of DTC, the DTC Participants or the Indirect Participants. For purposes of Section 1.07 hereof regarding the City’s obligations under the Continuing Disclosure Certificate only, Beneficial Owner means any person that produces documentary evidence that it (a) has the power to directly or indirectly vote or consent with respect to, or to dispose of any Bonds, including but not limited to persons holding Bonds through nominees, depositories or other intermediaries, or (b) is treated as the owner of the Bonds for federal income tax purposes.

“Bond Register” means the books for registration and transfer of Bonds kept by the Paying Agent pursuant to Section 6.03 hereof.

“Bond Year” means the twelve-month period commencing on September 2 in any year and ending on the first day of September in the next succeeding year, both inclusive, provided that the first Bond Year shall commence on the day the Bonds are issued and end on the next succeeding September 1.

“Bonds” means the City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds).

“Business Day” means 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.

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

“City” means the City of Los Angeles, California.

“City Administrative Officer” means any of the City Administrative Officer of the City, any designee thereof and any Assistant City Administrative Officer.

“City Attorney” means the City Attorney of the City, and any other person authorized to act on his or her behalf.

“City Clerk” means the City Clerk of the City, and any other person authorized to act on his or her behalf.

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

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate executed by the City dated the date of issuance and delivery of the Bonds substantially in the form of Exhibit B attached hereto, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Controller” means the Controller of the City, and any other person authorized to act on his or her behalf.

“Costs of Issuance” means all expenses incident to the issuance of the Bonds including but not limited to, all printing and document preparation expenses in connection with this Resolution (and any other resolution that may be adopted in connection with the issuance and sale of the Bonds), the Notice Inviting Bids, the Notice of Intention to Sell Bonds, the Bonds, the Preliminary Official Statement and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; rating agency fees; auditor’s fees; municipal advisors fees; CUSIP service bureau charges; fees and charges, if any, of DTC; legal fees and expenses of bond counsel and disclosure counsel with respect to the financing; the initial fees and expenses of the Paying Agent, if any; and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Proposition HHH Projects, to the extent such fees and expenses are approved by the City Administrative Officer.

“Costs of Issuance Fund” means the Costs of Issuance Fund established in accordance with Section 5.04 hereof.

“Council” means the Council of the City.

“Custodial Agreement” means the Custodial Agreement described in Section 1.08 hereof.

“Custodian” means U.S. Bank Trust Company, National Association, or such other financial institution as may be selected by the City Administrative Officer to serve as custodian for the Costs of Issuance Fund.

“Debt Service Fund” means the “General Obligation Bonds, Series 2024-A (Taxable) Debt Service Fund” established in accordance with Section 5.02 hereof.

“Debt Service Payments” has the meaning given to that term in Section 5.02 hereof.

“Deposit Agreement” means the Good Faith Deposit Agreement described in Section 1.10 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 as securities depository for the Bonds, including any successor appointed pursuant to Section 3.02 hereof.

“DTC Participants” means the participants of DTC.

“Fiscal Year” means the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year selected by the City.

“Independent Certified Public Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the City, which is independent, does not have any substantial interest, direct or indirect, in the City and in which the City does not have any substantial interest, direct or indirect, and is not connected with the City as an officer or employee of the City.

“Indirect Participants” means any entities that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

“Interest Payment Date” means each March 1 and September 1, commencing on March 1, 2025.

“Investment Securities” means (i) any security described in Articles 1 and 2 of Chapter 4, Division 2, Title 5 of the Government Code (commencing with Sections 53600 and 53630, respectively), as amended from time to time, (ii) units of a money-market portfolio maintained by the City restricted as to investments to the securities described in clause (i) of this definition, (iii) The City of Los Angeles Pooled Investment Fund General Pool, and (iv) The Local Agency Investment Fund.

“Outstanding,” when used as of any particular time with reference to the Bonds, means all of the Bonds theretofore or thereupon being authenticated and delivered by the Paying Agent under this Resolution except:

(A) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(B) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Resolution; and

(C) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 9.01 of this Resolution.

“Owner” or “Bondowner” means any person who shall be the registered owner of any one or more of the Bonds.

“Paying Agent” means the Treasurer of the City, as paying agent, transfer agent and registrar for the Bonds, and any successor or successors, or any bank, trust company, national banking association or other financial institution designated as paying agent, transfer agent and registrar for the Bonds, hereafter appointed in the manner provided in Section 6.02 hereof.

“Pledged Moneys” shall have the meaning given to that term in Section 5.02(D) of this Resolution.

“Project Costs” means all expenses necessary and incidental to the acquisition and construction of the Proposition HHH Projects, including Costs of Issuance.

“Proposition HHH Authorization” means the Proposition HHH Resolution of Necessity adopted by the Council on June 29, 2016, the Proposition HHH Ballot Resolution, adopted by the Council on June 29, 2016, Proposition HHH Election Ordinance No. 184409 calling for a special election on November 8, 2016, and the affirmative vote of over two-thirds of all of the qualified voters voting on Proposition HHH at the November 8, 2016 election, which collectively, authorized the City to incur bonded indebtedness in a principal sum of not to exceed \$1,200,000,000, to provide housing and facilities projects, all as further described therein.

“Proposition HHH Projects” means the housing and facilities projects authorized by and described in the Proposition HHH Authorization.

“Record Date” means the fifteenth calendar day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Notice” means the notice given by the Paying Agent pursuant to Section 4.04 hereof.

“Representations Letter” means the Letter of Representations from the City to DTC, or any successor security depository for the Bonds, in which the City makes certain representations to DTC with respect to the Bonds, payments with respect thereto and delivery of notices with respect thereto.

“Resolution” means this “RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF LOS ANGELES GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$150,000,000 FOR PROPOSITION HHH PROJECTS, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF INTENTION TO SELL BONDS AND A CONTINUING

DISCLOSURE CERTIFICATE RELATING TO THE BONDS, AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND MATTERS RELATING THERETO” as from time to time amended or supplemented by Supplemental Resolutions adopted in accordance with the terms hereof.

“Securities Depositories” means The Depository Trust Company, 55 Water Street New York, New York 10041, Telephone: (212) 855-1000, Facsimile: (212) 855-7320, or in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or to no such depositories, as the City shall designate.

“Series 2024-A Construction Fund” means the General Obligation Bonds, Series 2024-A (Taxable) Proposition HHH Construction Fund established in accordance with Section 5.01 hereof.

“Supplemental Resolution” means any resolution supplementing or amending this Resolution, adopted by the City in accordance with Article VIII hereof.

“Term Bonds” means any maturity of Bonds that the successful bidder has designated as a term bond by the combination of any two or more consecutive principal amounts in accordance with Section 2.02 hereof.

“Treasurer” means the Treasurer of the City and any other person designated by the Treasurer to act on his or her behalf.

“Treasury” means the City Treasury.

Section 1.02 Rules of Construction. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, words of the feminine gender shall be deemed and construed to include correlative words of the masculine and neuter genders and words of the neuter gender shall be deemed and construed to include correlative words of the masculine and feminine genders. Unless otherwise specified, the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.03 Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

Section 1.04 Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

Section 1.05 Approval of the Notice Inviting Bids, the Notice of Intention to Sell Bonds and the Award Certificate.

(A) The Bonds shall be offered for sale, and proposals therefor shall be received, by the City Administrative Officer at the place and up to the time and date fixed in a Notice Inviting Bids for the Bonds. The Notice Inviting Bids, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Notice Inviting Bids, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer's execution of the Notice Inviting Bids. The City Administrative Officer is hereby authorized to modify and supplement the Notice Inviting Bids with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate, and to communicate such modifications and supplements as indicated in the Notice Inviting Bids; all references to the Notice Inviting Bids herein shall be deemed to include such modifications and supplements. Pursuant to the requirements of Section 371(d) of the City Charter of the City and Section 5808 of the Government Code at least ten days prior to the date fixed for the receipt of proposals, the City is hereby authorized to cause the Notice Inviting Bids to be published at least once in the *Metropolitan News-Enterprise*, or in such other daily newspaper circulated in the City as the City Administrative Officer shall deem appropriate, with such additions and changes therein as the City Administrative Officer may determine is necessary or desirable or otherwise approve as being in the best interest of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such publication of the Notice Inviting Bids, as described above, with such additions and changes. The terms and conditions of the offering and sale of the Bonds shall be specified in the Notice Inviting Bids for the Bonds.

(B) The Notice of Intention to Sell Bonds, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to deliver the Notice of Intention to Sell Bonds, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer's delivery of the Notice of Intention to Sell Bonds. The City Administrative Officer is hereby authorized to modify and supplement the Notice of Intention to Sell Bonds with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Notice of Intention to Sell Bonds herein shall be deemed to include such modifications and supplements. Pursuant to Section 53692 of the Government Code, the Council hereby authorizes publication (and ratifies publication if publication has occurred) of the Notice of Intention to Sell Bonds for the Bonds once in *The Bond Buyer* at least five days prior to the date fixed for the receipt of proposals, with such additions and changes therein as the City Administrative Officer may determine is necessary or desirable or otherwise approve as being in the best interest of the City, in consultation with the

City Attorney, such determination and approval to be conclusively evidenced by such publication of the Notice of Intention to Sell Bonds, as described above, with such additions and changes.

(C) The Certificate of the City Administrative Officer of the City of Los Angeles Awarding the Bonds to the Best Bidder and Rejecting All Other Bids (the "Award Certificate"), the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to accept the best bid for the Bonds received pursuant to and subject to the terms and conditions set forth in the Notice Inviting Bids and to award the Bonds to said best bidder (or reject all bids) and execute and deliver the Award Certificate to said best bidder, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer's execution of the Award Certificate. The City Administrative Officer is hereby authorized to modify and supplement the Award Certificate with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Award Certificate herein shall be deemed to include such modifications and supplements. In the Award Certificate, the City Administrative Officer, for and in the name of and on behalf of the City, shall: (i) determine that the issuance of the Bonds is in the interest of the City, (ii) set forth the terms, including dates, maturities, principal amounts, interest rates and redemption provisions of the Bonds, and (iii) state the designated Costs of Issuance.

Section 1.06 Authorization of Official Statement.

(A) The proposed form of Preliminary Official Statement relating to the Bonds, copies of which are before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to cause the printing of, and to distribute, a Preliminary Official Statement, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such printing and distribution of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds. The City Administrative Officer is hereby authorized to modify and supplement the Preliminary Official Statement with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Preliminary Official Statement herein shall be deemed to include such modifications and supplements. Upon approval of such additions and changes by the City Administrative Officer, the Preliminary Official Statement shall be deemed final as of its date by the City Administrative Officer, as evidenced by execution of a certificate substantially in the form of Exhibit C attached hereto and incorporated herein by this reference, except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. The City Administrative Officer is hereby authorized, for and in the name of and on behalf of the City, to execute the Official Statement for the Bonds authorized hereby, in substantially the form of such Preliminary Official Statement, with such additions and changes therein as he or she, in consultation with the City Attorney, may require or approve, such approval

to be conclusively evidenced by execution and delivery thereof. The City Administrative Officer is hereby authorized to modify and supplement the Official Statement with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Official Statement herein shall be deemed to include such modifications and supplements. The best bidder is hereby authorized to use and distribute the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds.

Section 1.07 Continuing Disclosure. The Continuing Disclosure Certificate, the form of which is before this Council and attached to this Resolution as Exhibit B, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer's execution of the Continuing Disclosure Certificate. The City Administrative Officer is hereby authorized to modify and supplement the Continuing Disclosure Certificate with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Continuing Disclosure Certificate herein shall be deemed to include such modifications and supplements. Notwithstanding any other provisions hereof, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any Owner or Beneficial Owner may take such actions 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 Continuing Disclosure Certificate. For purposes of the Continuing Disclosure Certificate and this Section 1.07 only, "Beneficial Owner" means any person which (i) has 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 (ii) is treated as the owner of any Bonds for federal income tax purposes.

Section 1.08 Approval of Custodial Agreement. The Custodial Agreement, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Custodial Agreement, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer's execution of the Custodial Agreement. The City Administrative Officer is hereby authorized to modify and supplement the Custodial Agreement with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Custodial Agreement herein shall be deemed to include such modifications and supplements.

Section 1.09 Reserved.

Section 1.10 Approval of Good Faith Deposit Agreement. The Good Faith Deposit Agreement (the “Deposit Agreement”) relating to the good faith deposit(s) to be made by each bidder for the Bonds, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Deposit Agreement, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer’s execution of the Deposit Agreement. The City Administrative Officer is hereby authorized to modify and supplement the Deposit Agreement with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Deposit Agreement herein shall be deemed to include such modifications and supplements.

ARTICLE II

GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.01 Authorization of Bonds. The Bonds of the City are hereby authorized and shall be issued in the aggregate principal amount of not to exceed \$150,000,000 for Proposition HHH Projects in accordance with this Resolution, the Proposition HHH Authorization and the Authorizing Law. The Bonds shall be designated as the “City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds)” with such additional or other series or subseries designations as the City Administrative Officer may approve. The Bonds shall be general obligations of the City, secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City.

Section 2.02 Form and Date of Bonds.

(A) The Bonds shall be dated in the manner determined by the City Administrative Officer and shall bear interest at rates per annum not in excess of the maximum rate permitted by law. The final maturity of the Bonds shall not be later than twenty years from the issuance thereof. The principal amount of the Bonds shall either mature through serial maturities or be payable from mandatory sinking fund redemption payments.

(B) The interest rate or rates to be borne by each maturity of the Bonds and the designation of the principal amount payable in each year as either a serial maturity or a mandatory sinking fund redemption payment will be determined at the time of the award of the Bonds. Bidders for the Bonds may provide that any two or more consecutive annual principal amounts as set forth in Notice Inviting Bids above may be combined into one or more term bonds (the “Term Bonds”).

(C) Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after a Record Date but on or prior to the following Interest Payment Date, in which event it shall bear interest from such following

Interest Payment Date, or (ii) it is authenticated on or prior to February 15, 2025, in which event it shall bear interest from its date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Interest with respect to any Bond shall be computed using a year of 360 days, comprised of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date by check or draft mailed by the Paying Agent to the Owners thereof at their addresses as they appear on the Bond Register kept by the Paying Agent as of the close of business on the Record Date; provided, however, that an owner of at least \$1,000,000 aggregate principal amount of Bonds may request payment by wire transfer by delivering written transfer instructions to the Paying Agent at least seven days prior to the applicable Record Date.

(D) The principal of the Bonds shall be payable in accordance with their terms in lawful money of the United States of America at the office of the Paying Agent, in Los Angeles, California, upon maturity or earlier redemption.

(E) The Bonds shall be in fully registered form without coupons, and shall be in denominations of \$5,000 or any integral multiples thereof. There shall be printed upon or affixed to each of the Bonds a certification and recital that all acts, conditions and things required by law and this Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds exist, have happened and have been performed in due time, form and manner, as required by law.

(F) The form of the Bonds shall be substantially as set forth in Exhibit A and incorporated herein by this reference.

Section 2.03 Modification of Principal Amount of Bonds Prior to and at the Time of Award. In addition to the modifications permitted by Article VIII hereof, at any time up to and concurrently with the award of the Bonds, the City may, subject to Section 2.01, adjust the principal amount of the Bonds and the principal amount of the Bonds payable in each year.

ARTICLE III

TRANSFER, EXCHANGE, REPLACEMENT, CANCELLATION AND EXECUTION OF THE BONDS

Section 3.01 Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Bond Register kept by the Paying Agent for such purposes, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent; provided, however, that the Paying Agent shall not be required to register the transfer of any Bond during the fifteen days next preceding any date established for selection of Bonds for redemption and the Paying Agent shall not be required to register the transfer of any Bond that has been selected for redemption. Any Bond may be exchanged at the office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Bonds of the same maturity and interest rate of other authorized denominations. Whenever any Bond shall be surrendered for transfer or exchange, the City shall

execute and the Paying Agent shall authenticate and deliver a new Bond, of the same maturity and interest rate and for a like aggregate principal amount. The Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, plus such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such transfer. The City and the Paying Agent may treat the registered Owner of any Bond as the absolute Owner thereof for all purposes whatsoever in accordance with this Resolution, and the City and the Paying Agent shall not be affected by any notice to the contrary.

Section 3.02 Book-Entry Bonds.

(A) The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., the City and the Paying Agent shall have no responsibility or obligation to any DTC Participant or to any person on behalf of which a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., any DTC Participant or any Indirect Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Beneficial Owner or any other person, other than a Bondowner as shown in the Bond Register, of any notice with respect to the Bonds, (iii) the payment by DTC, any DTC Participant or any Indirect Participant to any Beneficial Owner or any other person, other than a Bondowner as shown in the Bond Register, of any amount with respect to principal of, premium (if any) or interest on the Bonds, or (iv) any consent given or other action taken by Cede & Co., as the registered Owner of all Bonds. The City and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium (if any) and interest on such Bond, for the purpose of giving notices and other matters with respect to such Bond, and for all other purposes whatsoever.

The Paying Agent shall pay all principal of, premium (if any) and interest on the Bonds only to or upon the order of the respective Bondowners, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to payment of principal of, premium (if any) and interest with respect to the Bonds to the extent of the sum or sums so paid. No person other than a Bondowner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Bondowner, the City and the Paying Agent 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 term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(B) In order to qualify the Bonds for DTC's book-entry system, the City has executed and delivered the Representations Letter. The execution and delivery of the Representations Letter shall not in any way limit the provisions of this Section 3.02 or in any other

way impose upon the Paying Agent or the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondowners, as shown on the Bond Register.

(C) If (i) DTC determines not to continue to act as securities depository for the Bonds, or (ii) the City determines that DTC shall no longer so act and notifies the Paying Agent in writing of such decision, then the Paying Agent will discontinue the book-entry system with DTC. If the City fails to identify another qualified securities depository to replace DTC then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., but shall be registered in whatever name or names Owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 3.01 hereof.

(D) Notwithstanding any other provision hereof to the contrary, so long as any Bond is registered in the name of Cede & Co., all payments with respect to principal of, premium (if any) and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representations Letter or as otherwise instructed by DTC.

Section 3.03 Lost, Destroyed, Stolen or Mutilated Bonds. If any Bond is lost, destroyed, stolen or mutilated, upon the request of the Bondowner and indemnity satisfactory to the City, the City will cause to be issued a new Bond similar to the original to replace it in such manner and upon such reasonable terms and conditions, including the posting of a surety bond if the City deems such surety bond necessary, as may from time to time be determined and prescribed by the Treasurer. The City may require payment of a reasonable fee for each new Bond issued under this Section 3.03 and payment of the expenses that may be incurred by the City. The City may authorize such new Bond to be signed and countersigned in such manner as it determines by resolution, but if said resolution does not specify such manner, such new Bond shall be signed and countersigned as set forth in this Resolution.

Section 3.04 Cancellation of Bonds. All Bonds surrendered to the Paying Agent for payment upon maturity shall upon payment thereof be canceled by the Paying Agent and forthwith destroyed by the Paying Agent. The Paying Agent, if other than the City, shall deliver to the City a certificate specifying the destruction of such Bonds.

Section 3.05 Execution of Bonds. The Mayor and the Treasurer are hereby authorized to sign all of the Bonds for and in the name of and on behalf of the City by their manual or facsimile signatures, one of which must be manual, provided, that if this Resolution is adopted by at least two-thirds vote of the Council of the City, the City Administrative Officer and the Treasurer are hereby authorized and directed to sign all of the Bonds in the name of and on behalf of the City by manual or facsimile signature, one of which must be manual, in lieu of such signing of the Bonds by the Mayor; and the City Clerk or a Deputy City Clerk are hereby authorized to countersign all Bonds by manual signature. Such officers may also cause to be affixed on the Bonds a facsimile of the seal of the City. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated or delivered by the Paying Agent or issued by the City, such Bonds may, nevertheless, be authenticated, delivered and issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed on behalf of the City by such persons as at the time of the execution of such Bonds shall be duly authorized or hold the proper office in the City, although at the date borne by the Bonds

such persons may not have been so authorized or have held such office. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, executed either manually or by facsimile by the Paying Agent or its authorized signatory, shall be valid or obligatory for any purpose or entitled to the benefit hereof, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

ARTICLE IV

REDEMPTION

Section 4.01 Optional Redemption. The City Administrative Officer is hereby authorized and directed to determine on or prior to the date of sale of the Bonds the terms pursuant to which the Bonds shall be subject to optional redemption. Such optional redemption terms for the Bonds may include a “make whole” redemption price formula.

Section 4.02 Mandatory Sinking Fund Redemption. If the successful bidder designates principal amounts to be combined into one or more Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such Term Bonds and continuing on September 1 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year shall be equal to the principal amount for such year, as provided in Section 2.02 hereof (as adjusted for any optional redemption pursuant to Section 4.01) plus accrued interest, without premium. The City, at its option, may credit against any mandatory sinking fund redemption payment Term Bonds of the maturity then subject to redemption, which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

Section 4.03 Selection of Bonds for Redemption. Whenever less than all the Bonds shall be called for redemption, the particular Bonds to be redeemed shall be selected in such maturities as the City may direct. Within a maturity, selection of the particular Bonds to be redeemed shall be pro-rata pursuant to a “Pro-Rata Pass-Through Distribution of Principal” in accordance with DTC procedures; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof. The Paying Agent shall promptly notify the City in writing of the Bonds so selected for redemption.

Section 4.04 Notice of Redemption. When redemption is directed pursuant to this Article IV, the Paying Agent shall give notice (the “Redemption Notice”) of the Redemption of the Bonds. Such Redemption Notice shall specify: (i) the Bonds or designated portions thereof which are to be redeemed, (ii) the date of redemption, (iii) place or places where the redemption will be made, including the name and address of the Paying Agent, (iv) the redemption price, (v) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (vi) the Bond numbers of the Bonds to be redeemed (but only if less than all of the Bonds of a maturity are to be redeemed), and (vii) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together

with interest accrued to the redemption date and that from and after such date, interest thereon shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to each Redemption Notice:

(A) At least twenty (20) but not more than sixty (60) days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before such Redemption Notice is given.

(B) On the date on which the Redemption Notice is mailed to the Owners pursuant to paragraph (A) above, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission or electronic mail, or (iii) overnight delivery service, to each of the Securities Depositories.

Neither failure to receive any Redemption Notice nor any defect in such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest upon redemption as provided in Section 4.06 hereof. Each check or other transfer of funds issued by the Paying Agent for the purpose of redeeming Bonds shall bear or be accompanied by a statement specifying the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of any optional redemption of the Bonds, such notice may state that such redemption is conditional upon receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event a notice of redemption of the Bonds contains such a condition and such moneys are not so received, the redemption of the Bonds as described in the conditional notice of redemption shall not be made and the Paying Agent shall, as soon as reasonably practicable, give notice to the Owners of the Bonds in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of the Bonds pursuant to such notice of redemption. Failure to make a redemption in such circumstances shall not be a default hereunder.

The City may rescind any notice of optional redemption of the Bonds at any time up to and including the date fixed for such redemption by written notice to the Paying Agent. In the event of such rescission, the redemption of the Bonds as described in the notice of redemption shall not be made and the Paying Agent shall, as soon as reasonably practicable, give notice to the Owners of the affected Bonds in the manner in which the notice of redemption was given, that the notice of redemption has been rescinded and that there shall be no redemption of Bonds pursuant to such notice of redemption. Failure to make a redemption in such circumstances shall not be a default hereunder.

The Paying Agent shall provide copies of all notices given under this Section 4.04 and all revocations of notices to the City and other notice parties at the same time it gives notices to Owners.

Section 4.05 Payment Upon Redemption. The redemption price of any Bond called for redemption shall be payable upon surrender of such Bond at the office of the Paying Agent in Los Angeles, California. Upon the surrender of any Bond redeemed in part only, the City shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds of authorized denomination or equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the City and the Paying Agent shall be released and discharged thereupon from all liability to the extent of such payment.

Section 4.06 Effect of Redemption. Notice having been given as aforesaid, and the money for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption. If on such redemption date money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust, without liability for interest thereon, for the account of the Owners of the Bonds so to be redeemed.

ARTICLE V

APPLICATION OF PROCEEDS OF THE BONDS AND ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 5.01 Construction Fund. The proceeds received by the City from the sale of the Bonds shall be deposited in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2024-A (Taxable) Proposition HHH Construction Fund” (the “Series 2024-A Construction Fund”) and the proper record of such transaction shall be recorded upon the books to be kept for such purpose by the Treasurer and the Controller. The City shall, from time to time, disburse moneys from the Series 2024-A Construction Fund to pay the Project Costs, in each case pursuant to regular City procedures for the disbursement of such moneys.

Within the Series 2024-A Construction Fund, the City shall establish such accounts as may be deemed necessary or desirable. Investment earnings on amounts on deposit in the Series 2024-A Construction Fund shall be retained in the Series 2024-A Construction Fund pursuant to Section 7.01 hereof. All amounts on deposit in the Series 2024-A Construction Fund shall remain in the Series 2024-A Construction Fund and used for the purposes thereof.

After completion of all Proposition HHH Projects in accordance with this Resolution, the Treasurer may transfer any amounts remaining in the Series 2024-A Construction Fund to the Debt Service Fund.

Section 5.02 Debt Service Fund; Taxes.

(A) The Controller shall establish in the Treasury of the City, separate and apart from any other funds of or held by the City, a fund designated “General Obligation Bonds, Series

2024-A (Taxable) Debt Service Fund” (the “Debt Service Fund”) for the purpose of paying debt service on the Bonds. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the City.

(B) The Council shall levy an *ad valorem* property tax in each Fiscal Year in accordance with law upon all taxable property in the City, after taking into consideration anticipated delinquencies, in an amount sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the principal of, premium (if any) and interest on the Bonds due and payable, either at maturity or by mandatory sinking fund redemption, in the next succeeding Bond Year.

(C) All taxes levied pursuant to Section 5.02(B) hereof shall be deposited upon collection by the City into the Debt Service Fund and be used for the payment of the principal of, premium (if any) and interest on the Bonds.

(D) The *ad valorem* property taxes levied and collected pursuant to Sections 5.02(B) and 5.02(C) hereof (the “Pledged Moneys”) are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same shall become due. The Pledged Moneys shall be immediately subject to this pledge, and this pledge shall constitute a lien and security interest which shall immediately attach to the Pledged Moneys and amounts held in the Debt Service Fund when collected, to secure the payment of the Bonds, and shall be effective, binding and enforceable against the City, its successors, creditors and all others, irrespective of whether such parties have notice of this pledge and without the need for any notice, physical delivery, recordation, filing or further act. This pledge is an agreement between the City and the Bondowners to provide security for the Bonds, and is, in addition to any statutory lien. The Bonds are obligations of the City payable solely from the levy of *ad valorem* property taxes upon all property within the City subject to taxation. The City covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Resolution and the laws of the State of California.

(E) The accrued interest, if any, received by the City from the sale of the Bonds shall be deposited into the Debt Service Fund. The premium, if any, received by the City from the sale of the Bonds shall be deposited as directed by the City upon the date of delivery of the Bonds. Investment earnings on amounts in the Debt Service Fund shall be retained in the Debt Service Fund pursuant to Section 7.01 hereof.

Section 5.03 Reserved.

Section 5.04 Costs of Issuance Fund. There shall be established in trust a special fund designated the “General Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”) pursuant to the Custodial Agreement, which shall be held by the Custodian and which shall be kept separate and apart from all other funds and accounts. The proceeds received by the City from the sale of the Bonds in the amount determined by the City Administrative Officer to be sufficient to pay the Costs of Issuance shall be deposited in the Costs of Issuance Fund. The City Administrative Officer may direct the Custodian to establish separate accounts and subaccounts within the Costs of Issuance Fund for the purposes hereof. The City shall pay Costs of Issuance using moneys disbursed from time to time, as appropriate, from the Costs of Issuance Fund and

any account or subaccount established therein. The Custodian shall pay the Costs of Issuance in accordance with instructions of the City Administrative Officer. All Costs of Issuance shall be incurred by the City in connection with the sale and issuance of the Bonds. After payment of all Costs of Issuance, any moneys then remaining in the Costs of Issuance Fund, including any interest earnings thereon, may be transferred, pursuant to instructions of the City Administrative Officer to the Debt Service Fund.

Section 5.05 Establishment of Accounts; Transferring of Money Between Funds. If at any time it is deemed necessary or desirable by the City, the City may establish additional funds under this Resolution and/or accounts or sub-accounts within any of the funds or accounts established hereunder. Subject to Section 10.02 hereof, the Council may, in its sole discretion, amend the plan of expenditures adopted by the Council with respect to the Bonds pursuant to Division 11, Chapter 1, Article 5 of the Los Angeles Administrative Code and adopt ordinances to rename any of the funds or accounts established hereunder and to direct that moneys be transferred between and among any funds or accounts established pursuant to this Resolution, whenever established. To the extent that any such renaming or shifting causes any portion of the Bond proceeds to be available or used for purposes other than those originally contemplated and authorized by Section 2.01 hereof, the City Administrative Officer shall revise or reallocate the authorizations established under Section 2.01 hereof accordingly in order to reflect such renaming or shifting. If at any time it is deemed necessary or desirable by the City, the City Administrative Officer may instruct the Controller to transfer funds from the Debt Service Fund to one or more escrow funds established in connection with the refunding of any of the City's outstanding bonds or the Bonds.

ARTICLE VI

PAYING AGENT AND CUSTODIAN

Section 6.01 Appointment of Paying Agent. The City hereby appoints the Treasurer or his or her appointee to act as Paying Agent for the Bonds. If the Treasurer or his or her appointee resigns as Paying Agent, the City Administrative Officer may appoint any other person, according to the criteria set forth in Section 6.02 hereof, as Paying Agent. The City shall pay to such person, from time to time, reasonable compensation for all services rendered under this Resolution.

Section 6.02 Successor Paying Agent. The Treasurer or his or her appointee may resign as Paying Agent, and in such case the City Administrative Officer shall forthwith appoint a successor thereto. Any successor shall be a bank, trust company, national banking association or other financial institution doing business and having an office in California, having (or whose parent holding company has) a combined capital and surplus (exclusive of borrowed capital) of at least seventy-five million (\$75,000,000). If a successor Paying Agent is appointed, the officers of the City are authorized to prepare and present to the Council for approval a Paying Agent agreement relating to the Bonds. The Paying Agent herein appointed or any successor Paying Agent may at any time resign as such upon 30 days' written notice filed with the City, in which event, the City shall forthwith appoint a substitute Paying Agent and the resignation shall become effective upon such appointment. If the Paying Agent or any successor becomes incapable of acting as such, the City shall forthwith appoint a substitute Paying Agent. Any bank, trust company, national banking association or other financial institution into which the Paying Agent

may be merged or with which it may be consolidated shall become the Paying Agent without further action of the City. The Paying Agent (if other than the Treasurer or any other officer of the City) may become the Owner of any of the Bonds with the same rights it would have had if it were not the Paying Agent.

Section 6.03 Bond Register. The Paying Agent (if other than the Treasurer or his or her appointee) shall keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the City, during regular business hours. If the Treasurer or his or her appointee is the Paying Agent, the Paying Agent shall keep, or cause to be kept such books at its office and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on the Bond Register, the Bonds as provided herein.

Section 6.04 Duties of Paying Agent. The Paying Agent shall also perform all duties to be undertaken by the Paying Agent pursuant to the terms hereof; provided, however, that if any duty to be undertaken by the Paying Agent (if other than the Treasurer) pursuant to the terms hereof will be considered to be illegal under applicable law, the Treasurer shall perform all such duties to the extent permitted by applicable law and all references to the Paying Agent in this Resolution shall be construed to refer to the Treasurer in such instances where action by such Paying Agent would be illegal.

Section 6.05 Appointment of Costs of Issuance Fund Custodian. The City Administrative Officer is hereby authorized to appoint a responsible financial institution (which may be the Paying Agent (if other than the Treasurer)) to serve as Custodian of the Costs of Issuance Fund established pursuant to Section 5.04 to be used for the payment of Costs of Issuance as set forth therein. The City Administrative Officer is hereby further authorized, for and in the name of and on behalf of the City, to execute and deliver a Custodial Agreement or any other agreement to effectuate the appointment of U.S. Bank Trust Company, National Association, or another financial institution as may be selected by the City Administrative Officer, as Custodian, and upon such terms as the City Administrative Officer determines to be in the best interests of the City, such determination to be established by the execution and delivery thereof by the City Administrative Officer.

Section 6.06 Other Agents. In connection with the issuance of any bonds, the City Administrative Officer is hereby authorized to retain such additional agents as the City Administrative Officer deems appropriate, including (without limitation) an escrow agent, a verification agent and a bidding agent, under such terms as the City Administrative Officer determines to be in the best interests of the City.

ARTICLE VII

INVESTMENTS

Section 7.01 Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Treasurer or the Paying Agent, as applicable, to the fullest extent practicable in cash deposits or Investment Securities as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts.

Nothing in this Resolution shall prevent any Investment Securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in any construction fund (including any accounts therein) shall be retained in the construction fund and all amounts in the Debt Service Fund shall be retained in the Debt Service Fund.

Section 7.02 Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions hereof for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at the original purchase price of such obligations exclusive of accrued interest or principal accrued following the date of purchase of such obligation.

Except as otherwise provided in this Resolution, the Treasurer or the Paying Agent, as applicable, shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any fund or account held by it. The Paying Agent or the Treasurer, as applicable, shall not be liable or responsible for making any such investment in the manner provided above or for any loss resulting from any such investment.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.01 Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the City and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the City with the written consent of Owners owning at least 60% in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the City (other than a pension fund); provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and materially adversely affected by such amendment or modification.

Section 8.02 Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the City may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

(A) To add to the covenants and agreements of the City in this Resolution, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(B) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(C) To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(D) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(E) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Owners.

Section 8.03 Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions hereof, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms hereof, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the City or any officer thereof from taking any action pursuant thereto.

ARTICLE IX

DEFEASANCE

Section 9.01 Defeasance. If all or any portion of the Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(A) by paying or causing to be paid the principal of and interest on all or such portion of the Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Paying Agent, in trust, cash which together with the amounts then on deposit in the Debt Service Fund (and the accounts therein if any), together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay all or such portion of Bonds Outstanding to the maturity or earlier redemption date thereof, including any premium and all interest thereon, notwithstanding that any of such Bonds shall not have been surrendered for payment; or

(C) by depositing with an institution that meets the requirements of serving as Paying Agent pursuant to Section 6.02 hereof, in trust, lawful money or noncallable direct obligations issued by the United States Treasury or obligations which are unconditionally

guaranteed by the United States of America, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, as verified by the report of an Independent Certified Public Accountant, to pay and discharge all or such portion of Bonds Outstanding, including any premium and all interest thereon, notwithstanding that any Bonds or such portion thereof shall not have been surrendered for payment;

then all obligations of the City and the Paying Agent under this Resolution with respect to all Outstanding Bonds or such portion thereof shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the City to pay to the Paying Agent, if other than the Treasurer or any other officer of the City, the amounts owing to the Paying Agent pursuant to Section 6.01 hereof.

ARTICLE X

MISCELLANEOUS

Section 10.01 Reserved.

Section 10.02 General Covenants.

(A) The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of the Authorizing Law, the Proposition HHH Authorization, and this Resolution.

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required of the City by law, the Authorizing Law, the Proposition HHH Authorization and this Resolution to exist, to have happened and to have been performed in due time, form and manner, precedent to and in the issuance of the Bonds, shall exist, shall have happened and shall have been performed, and the issuance of the Bonds shall be within every debt and other limit prescribed by the Authorizing Law and the laws of the State of California.

(C) The City hereby covenants to levy a property tax or assessment in each Fiscal Year in accordance with Section 5.02(B) hereof at such a rate as to provide for the payment of principal of and interest on the Bonds, as well as all other outstanding indebtedness of the City secured by and payable from such property tax.

Section 10.03 Covenant Regarding Expenditures. The City hereby covenants to expend all Bond proceeds in accordance with applicable law, including but not limited to the Proposition HHH Authorization and the Authorizing Law. The City covenants to spend the amounts on deposit in the Series 2024-A Construction Fund in accordance with Section 5.01.

Section 10.04 General Authorization. The officers of the City are hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purposes. All actions heretofore taken by any officer or officers of the City, with respect to the execution and delivery of the Bonds and the Continuing Disclosure Certificate, and the sale of the Bonds, or in connection with or related to any of the agreements referenced herein,

including the publication and/or printing of any documents or notices, are hereby approved, confirmed and ratified.

Section 10.05 Electronic Signatures. All of the agreements and documents contemplated by this 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 or document.

Section 10.06 No Bids by Municipal Advisor. No municipal advisor with respect to the Bonds shall submit a bid for the Bonds, whether independently or as a member of a syndicate organized to submit a bid for the Bonds.

Section 10.07 Effective Date. This Resolution shall take effect immediately.

Approved as to Form

HYDEE FELDSTEIN SOTO, City Attorney

By:  _____
Deputy City Attorney

Exhibit A - Form of Bonds

EXHIBIT A

FORM OF BOND

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE RESOLUTION) TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND EXECUTED AND DELIVERED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF LOS ANGELES**

No. _____ \$ _____

**CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS
SERIES 2024-A
(TAXABLE) (SOCIAL BONDS)**

<u>Interest Rate</u>	<u>Maturity</u>	<u>Dated</u>	<u>CUSIP</u>
_____%	_____, 20__	_____, 2024	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Los Angeles, County of Los Angeles, State of California (the “City”) organized and existing under the Constitution and laws of the State of California, FOR VALUE RECEIVED, hereby promises to pay to the registered owner out of the funds hereinafter described in the aggregate principal amount hereof and to pay interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid or duly provided for, commencing on March 1, 2025, and semiannually thereafter on March 1 and September 1 (each an “Interest Payment Date”) at the interest rate set forth above, until the principal hereof is paid or made available for payment. The principal hereof, and premium if any, upon early redemption hereof are payable in lawful money of the United States of America at the office of the Treasurer of the City or a successor paying agent (the “Paying Agent”). The interest shall be paid by check or draft mailed by the Paying Agent to the registered owner hereof at the address as it appears on the bond register (the “Bond Register”) kept by the Paying Agent as of the

close of business on the fifteenth calendar day of the month immediately preceding each Interest Payment Date (a “Record Date”); provided, however, that an owner of at least \$1,000,000 aggregate principal amount of Bonds may request payment by wire transfer subject to certain conditions.

This Bond is issued by the City pursuant to a resolution of the Council adopted on [March 5, 2024] (the “Resolution”), and pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (Commencing with Section 53506), as amended, (ii) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, and (v) Article XIII A of the California Constitution, as amended. Capitalized undefined terms used herein shall have the meanings set forth in the Resolution.

This Bond is issued in fully registered form and no transfer hereof shall be valid for any purpose unless made by the registered owner in person or by his or her duly authorized attorney and noted by the Paying Agent in the Bond Register, and the principal hereof shall be payable only to the registered owner or to his or her order.

This Bond is secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City.

This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication hereof unless (i) it is authenticated after a Record Date but on or prior to the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to February 15, 2025, in which event it shall bear interest from its date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Interest with respect to any Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

The Bonds maturing on and after September 1, 20__ are subject to redemption at the option of the City on any date on or after September 1, 20__ at a redemption price of the principal amount thereof plus interest to the date of redemption, without premium.

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption commencing on September 1, 20__ and on each September thereafter through maturity in equal principal amounts from mandatory sinking fund redemption payments made by the City in accordance with the following schedule:

Redemption Date
(September 1)

Mandatory Sinking
Fund Payment

\$

*(maturity)

The City, at its option, may credit against any mandatory sinking fund redemption payment Bonds of the maturity and series then subject to redemption which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

The rights and obligations of the City and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the City with the written consent of owners of at least 60% in aggregate principal amount of the Outstanding (as defined in the Resolution) Bonds, exclusive of Bonds, if any, owned by the City (other than a pension fund); provided, however, that no such modification or amendment shall, without the express consent of the owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest, rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such consent will be required if the owners of the Bonds are not directly and materially adversely affected by such amendment or modification.

A supplemental resolution of the City may be adopted, which, without the requirement of consent of the owners, shall be fully effective accordance with its terms (1) to add to the covenants and agreements of the City in the Resolution, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect, (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect, (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution, (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the owners of the Bonds.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed either manually or by facsimile by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Council of the City has caused this Bond to be signed in the name and on behalf of the City by the manual or facsimile signatures of the [Mayor/Assistant City Administrative Officer] and the Treasurer of the City, countersigned by the manual signature of the City Clerk or a Deputy City Clerk of the City and sealed with the corporate seal of the City and has caused this Bond to be dated the ____th of _____ 2024.

CITY OF LOS ANGELES

By: _____
[Mayor/Assistant City Administrative Officer]

By: _____
Treasurer

Countersigned:

[City Clerk/Deputy City Clerk]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within mentioned Resolution of the City of Los Angeles.

DATED: _____, 2024

Treasurer of the City of Los Angeles, as Paying
Agent

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE Received, the undersigned registered owner hereby sells, assigns and transfers unto:

Name of Transferee: _____

Address for Payment of Interest: _____

Tax Identification No.: _____

the within-mentioned Bond and hereby irrevocably constitutes and assigns _____, attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Date: _____

Registered Owner

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

Signature guaranteed:

Bank, Trust Company or Firm

Authorized Officer

Exhibit B - Continuing Disclosure Certificate

EXHIBIT B

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 \$_____ aggregate principal amount of General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on March __, 2024 authorizing the issuance of the Bonds (the “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 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 March __, 2024, 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 the original underwriter 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, 2025, for the report for the 2023-24 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 City’s audited financial statements 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:

(1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to governmental entities from time to time. If the City's 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.

(2) Tabular information provided in APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT" to the Official Statement under the headings: "BUDGET AND FINANCIAL OPERATIONS," "MAJOR GENERAL FUND REVENUE SOURCES," "BONDED AND OTHER INDEBTEDNESS" and "LITIGATION" (excluding any projections, which need not be updated). The City need not update any particular table or chart included in such sections so long as (i) the City provides updated information generally of the type previously included in such table or chart, or (ii) such table or chart constitutes information not deemed to be operating data under the Rule.

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 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 Resolution for amendments to the 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: April __, 2024

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: \$_____ General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds)

Date of Issuance: April __, 2024

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 April __, 2024. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES

By: _____
Title: _____

EXHIBIT C

FORM OF DEEMED FINAL CERTIFICATE

CITY OF LOS ANGELES
General Obligation Bonds
Series 2024-A
(Taxable)
(Social Bonds)

15c2-12 CERTIFICATE OF THE

CITY OF LOS ANGELES

The undersigned, Assistant City Administrative Officer for the City of Los Angeles (the “City”), has reviewed the Preliminary Official Statement, dated _____, 2024 (the “Preliminary Official Statement”), regarding the offering of the City’s General Obligation Bonds Series 2024-A (Taxable) (Social Bonds), and hereby represents on behalf of the City that the information contained in the Preliminary Official Statement, except for the omissions from the Preliminary Official Statement permitted under Section (b)(1) of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended (the “Rule”), is deemed final by the City as of the date of this certificate within the meaning of the Rule.

IN WITNESS WHEREOF, the City has executed this certificate as of _____, 2024.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

**Exhibit C – Preliminary Official Statement, including
Appendix A, the City’s Disclosure Information Statement**

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.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2024



NEW ISSUE – FULL BOOK-ENTRY ONLY

RATINGS:
Fitch: “__”
Moody’s: “__”
See “RATINGS” herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes. See “TAX MATTERS.”



CITY OF LOS ANGELES
\$ _____*
GENERAL OBLIGATION BONDS
SERIES 2024-A
(TAXABLE)
(SOCIAL BONDS)

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The City of Los Angeles (the “City”) is issuing \$ _____* aggregate principal amount of its General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”).

The Bonds will be issued as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will mature on the dates and in the amounts and bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable on [March 1, 2025], and semiannually thereafter on September 1 and March 1 of each year until maturity. The Bonds will be issued in book-entry form only and, when delivered, will be registered initially 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 Bonds. Purchasers of the Bonds will not receive physical delivery of certificates representing their interests in the Bonds being purchased. Payment of principal of the Bonds at maturity and interest when due will be payable by the Office of the City Treasurer of the City of Los Angeles, as Paying Agent, to DTC, and such payments will be remitted to the participants in DTC for subsequent disbursements to the beneficial owners of the Bonds. See APPENDIX D—“DTC AND THE BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Bonds are secured by and are payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied, without limitation as to rate or amount (subject to certain exceptions), upon property subject to taxation by the City. Proceeds from the sale of the Bonds will be used to (i) finance housing and facilities further described in Proposition HHH (herein defined), and (ii) pay costs of issuance in connection with the Bonds. The City is designating the Bonds as “Social Bonds.” See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Certain of the Bonds are subject to optional and/or mandatory sinking fund redemption prior to their scheduled maturity dates. See “THE BONDS” herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY, IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE BONDS. INVESTORS MUST REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING ANY INVESTMENT DECISIONS.

**BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY
THE CITY UNTIL 9:00 A.M. CALIFORNIA TIME ON [MARCH 27, 2024]
UNLESS POSTPONED OR CANCELLED AS SET FORTH IN THE
NOTICE INVITING BIDS**

For information concerning the competitive sale of the Bonds, contact the City’s Municipal Advisor, Omnicap Group LLC, El Segundo, California. The Bonds are offered when, as and if issued, subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by Hydee Feldstein Soto, City Attorney of the City of Los Angeles. Stradling Yocca Carlson & Rauth LLP, is serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. The Bonds are expected to be available for delivery through the book-entry facilities of DTC on or about April __, 2024.

Dated: March __, 2024

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$ _____ *

CITY OF LOS ANGELES

GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS)

<i>Year</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i> <i>(Base: 544351)</i>
2025	\$	%	%		
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					

\$ _____ % Term Bond due September 1, 20__ ; Yield _____ %; Price _____ %; CUSIP[†]: 544351 _____

* Preliminary, subject to change.

[†] 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© 2024 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. The City, the Municipal Advisor and the Underwriter do not assume any responsibility for the accuracy of such numbers.

CITY OF LOS ANGELES

Mayor

Karen Bass

City Council

Eunisses Hernandez, *District 1*
Paul Krekorian, *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.¹, *District 9*
Heather Hutt, *District 10*

Traci Park, *District 11*
John S. Lee, *District 12*
Hugo Soto-Martinez, *District 13*
Kevin de León, *District 14*
Tim McOsker, *District 15*

CITY OFFICIALS

Hydee Feldstein Soto, *City Attorney*
Kenneth Mejia, *City Controller*
Matthew W. Szabo, *City Administrative Officer*
Holly L. Wolcott, *City Clerk*
Diana Mangioglu, *City Treasurer*

City Department Issuing Debt
Office of the City Administrative Officer
Debt Management Group

PROFESSIONAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP

Municipal Advisor
Omnicap Group LLC
El Segundo, California

Paying Agent
City Treasurer
City of Los Angeles, California

¹ On June 13, 2023, the Los Angeles County District Attorney brought certain criminal charges against Councilmember Price. See APPENDIX A — “OTHER MATTERS—Public Corruption Matters.”

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 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 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 D—"DTC AND THE 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 Advisor or the Underwriter 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 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 UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 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 UNDERWRITER.

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 Standard & Poor's CUSIP Service Bureau and are for convenience of reference only. The City, the Municipal Advisor and the Underwriter 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.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General.....	1
THE BONDS	2
General.....	2
Optional Redemption.....	2
Mandatory Redemption	2
Selection of Bonds for Redemption.....	3
Notice of Redemption.....	3
Effect of Redemption.....	4
DEBT SERVICE SCHEDULE.....	5
PLAN OF FINANCE.....	6
General.....	6
Designation as Social Bonds.....	6
Use of Proceeds	7
Project Evaluation and Selection	7
Management of Proceeds of the Bonds	7
Reporting of Project Funding	7
ESTIMATED SOURCES AND USES OF FUNDS	8
SECURITY FOR THE BONDS.....	8
General.....	8
Pledged Moneys.....	9
Statutory Lien on Taxes.....	9
Property Taxation	9
Supplemental Resolution.....	12
Defeasance.....	13
Limitation on Remedies; Bankruptcy	14
TAX MATTERS.....	16
CERTAIN LEGAL MATTERS	16
FINANCIAL STATEMENTS	17
RATINGS	17
MUNICIPAL ADVISOR	17
UNDERWRITING	17
CONTINUING DISCLOSURE.....	18
MISCELLANEOUS	18
APPENDIX A CITY OF LOS ANGELES INFORMATION STATEMENT.....	A-1
APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION	B-1
APPENDIX C FORM OF CONTINUING DISCLOSURE CERTIFICATE.....	C-1
APPENDIX D DTC AND THE BOOK-ENTRY ONLY SYSTEM	D-1
APPENDIX E PROPOSED FORM OF BOND COUNSEL OPINION	E-1

OFFICIAL STATEMENT
CITY OF LOS ANGELES
\$ _____*
GENERAL OBLIGATION BONDS
SERIES 2024-A
(TAXABLE)
(SOCIAL BONDS)

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 Constitution and laws of the State of California (the “State”) 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 Resolution (as hereinafter defined).

General

The City of Los Angeles (the “City”) is issuing its \$ _____* aggregate principal amount of General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are equally and ratably secured with all outstanding general obligation bonds and all other general obligation bonds that may be issued from time to time by the City payable from the proceeds of *ad valorem* property taxes. Prior to the issuance of the Bonds, the City has \$828,315,000 in aggregate principal amount of general obligation bonds outstanding under Proposition HHH. See APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—BONDED AND OTHER INDEBTEDNESS—General Obligation Bonds” herein for information regarding the City’s outstanding general obligation bonds.

The Bonds are secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City. The Bonds are to be issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on [March 5], 2024 authorizing the issuance of the Bonds (the “Resolution”).

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), all general obligation bonds issued by local agencies will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Pursuant to the Resolution, the City has covenanted to levy an *ad valorem* property tax in each Fiscal Year in accordance with applicable law to pay the principal of, redemption premium (if any) and interest on the Bonds due and payable, either at maturity or by mandatory sinking fund redemption, in the next succeeding Bond Year (as defined in the Resolution). The City has also irrevocably pledged the *ad valorem* taxes levied and collected pursuant to the

* Preliminary, subject to change.

Resolution for the payment of the principal of and interest on the Bonds when and as the same shall become due. See “SECURITY FOR THE BONDS.”

Proceeds from the sale of the Bonds will be used to (i) finance housing and facilities as further described in Proposition HHH (herein defined) (collectively, the “Projects”) and (ii) pay costs of issuance in connection with the Bonds. The City is designating the Bonds as “Social Bonds.” See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

THE BONDS

General

The Bonds will mature on the dates and in the amounts and bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be paid semi-annually each March 1 and September 1 of each year that the Bonds are Outstanding (each an “Interest Payment Date”), commencing on [March 1, 2025]. The Bonds will be dated their date of issuance and when issued will be initially registered in the name of Cede & Co., as registered Owner and nominee of The Depository Trust Company, New York, New York (“DTC”). The Bonds will be issued in book-entry form only and will be available to purchasers of the Bonds (“Beneficial Owners”) under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC participants as described herein. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not receive physical delivery of certificates from the City representing their interests in the Bonds being purchased. Principal of the Bonds, either at maturity or by earlier redemption, and interest on the Bonds will be payable by the City Treasurer of the City of Los Angeles or a successor paying agent (the “Paying Agent”) as appointed by the City, and such payments will be remitted by DTC to the participants in DTC for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX D—“DTC AND THE BOOK-ENTRY ONLY SYSTEM” attached hereto.

Optional Redemption *

The Bonds maturing on or before September 1, 2033 are not subject to optional redemption. The Bonds maturing on or after September 1, 2034 are subject to optional redemption on and after September 1, 2033 at the option of the City, as a whole or in part, on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued and unpaid interest to the date fixed for redemption.

Mandatory Redemption *

The Bonds maturing on September 1, 20__ (the “Series 2024-A Term Bonds”) are subject to mandatory sinking fund redemption commencing on September 1, 20__ and on each September 1 thereafter through maturity in equal principal amounts from mandatory sinking fund redemption payments made by the City in accordance with the following schedule:

***Redemption Date
(September 1)***

***Mandatory Sinking Fund
Payment***

\$

(maturity)

* Preliminary, subject to change.

The City, at its option, may credit against any mandatory sinking fund redemption payment Series 2024-A Term Bonds of the maturity then subject to redemption, which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

Selection of Bonds for Redemption

Whenever less than all the Bonds shall be called for redemption at the option of the City, the particular Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 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 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 fair and appropriate.

If the 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 Bonds, if less than all of the Bonds of a maturity are called for prior redemption, the particular 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 such Bonds are held in book-entry form, the selection for redemption of such 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 Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City’s intent with respect to the Bonds that redemption allocations 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 redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Bonds on a Pro Rata Pass-Through Distribution of Principal basis as described above, then such Bonds will be selected for redemption in accordance with DTC procedures by lot.

Notice of Redemption

Notice of redemption of the Bonds shall be given at least twenty (20) days but not more than sixty (60) days prior to the redemption date to the respective Owners of Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the Bond Register as of the close of business on the day before such redemption notice is given. On the date on which the redemption notice is mailed to the Owners, such redemption notice shall be given by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission or electronic mail, or (iii) overnight delivery service, to each of the Securities Depositories. Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of interest upon redemption as provided in the Resolution. Each check or other transfer of funds issued by the Paying Agent for the purpose of redeeming Bonds shall bear or be accompanied by a statement specifying the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of any optional redemption of the Bonds, such notice may state that such redemption is conditional upon receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event a notice of redemption of the Bonds contains such a condition and such moneys are not so received, the redemption of the Bonds as described in the conditional notice of redemption shall not be

made and the Paying Agent shall, as soon as reasonably practicable, give notice to the Owners of the Bonds in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of the Bonds pursuant to such notice of redemption. Failure to make a redemption in such circumstances shall not be a default under the Resolution.

The City may rescind any notice of optional redemption of the Bonds at any time up to and including the date fixed for such redemption by written notice to the Paying Agent. In the event of such rescission, the redemption of the Bonds as described in the notice of redemption shall not be made and the Paying Agent shall, as soon as reasonably practicable, give notice to the Owners of the affected Bonds in the manner in which the notice of redemption was given, that the notice of redemption has been rescinded and that there shall be no redemption of Bonds pursuant to such notice of redemption. Failure to make a redemption in such circumstances shall not be a default under the Resolution.

So long as the Bonds are in book-entry only form all notices of redemption will be given solely to DTC or its nominee as registered Owner of all Bonds and the Paying Agent will not have any ability to give notice to the Beneficial Owners of the Bonds.

Effect of Redemption

Notice of redemption having been given as provided in the Resolution, and the money for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption. If on such redemption date money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust, without liability for interest thereon, for the account of the Owners of the Bonds so to be redeemed.

DEBT SERVICE SCHEDULE

The following table sets forth the amounts required for the payment of the principal of and interest on the Bonds, assuming no optional redemption of the Bonds and including mandatory redemption as scheduled.

<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Total Debt Service (Fiscal Year)</i>
3/1/2025	\$	\$	\$	\$
9/1/2025				
3/1/2026				
9/1/2026				
3/1/2027				
9/1/2027				
3/1/2028				
9/1/2028				
3/1/2029				
9/1/2029				
3/1/2030				
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3/1/2039				
9/1/2039				
3/1/2040				
9/1/2040				
3/1/2041				
9/1/2041				
3/1/2042				
9/1/2042				
3/1/2043				
9/1/2043				
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

PLAN OF FINANCE

General

Pursuant to various resolutions and an ordinance adopted by the Council of the City, the City held an election on November 8, 2016, at which time the following proposition (“Proposition HHH” and together with the resolutions and ordinance relating thereto, the “Proposition HHH Authorization”) was submitted to the qualified voters of the City:

“HOMELESSNESS REDUCTION AND PREVENTION, HOUSING, AND FACILITIES BOND. PROPOSITION HHH.

To provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, such as battered women and their children, veterans, seniors, foster youth, and the disabled; and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services; shall the City of Los Angeles issue \$1,200,000,000 in general obligation bonds, with citizen oversight and annual financial audits?”

Proposition HHH received the affirmative vote of over two-thirds of all of the qualified voters voting on Proposition HHH. The Bonds are the fifth series of bonds issued under Proposition HHH. The City issued the first series of bonds under Proposition HHH in 2017 in the aggregate principal amount of \$86,370,000, the second series of bonds under Proposition HHH in 2018 in the aggregate principal amount of \$276,240,000, the third series of bonds under Proposition HHH in 2021 in the aggregate principal amount of \$211,940,000, and the fourth series of bonds under Proposition HHH in 2022 in the aggregate principal amount of \$389,435,000. Prior to the issuance of the Bonds, the City has \$236,015,000 authorized and unissued general obligation bond authorization remaining under the Proposition HHH Authorization. Proceeds from the sale of the Bonds will be used to (i) finance the Projects described below in accordance with Proposition HHH and (ii) pay costs of issuance in connection with the Bonds.

Designation as Social Bonds

The City is designating the Bonds as “Social Bonds.” The Projects to be funded with proceeds of the Bonds in accordance with the requirements of Proposition HHH address the needs attendant to persons experiencing homelessness, chronic homelessness or who are at risk of homelessness. The City has determined that the Projects to be financed with the proceeds of the Bonds are “Social Projects” based on the social benefits of addressing homelessness within the City. The designation of the Bonds as “Social Bonds” is designed to generally comport with the four core components described by the International Capital Market Association (“ICMA”) in its June 2023 publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*. These components are (1) use of proceeds, (2) process for project evaluation and selection, (3) management of proceeds and (4) reporting. The ICMA Social Bond Principles include project categories for the most commonly used types of projects supported by or expected to be supported by the Social Bond market, including affordable housing and access to essential care services. The term “Social Bonds” is neither defined in nor related to provisions in the Resolution. Owners of the Bonds do not have any security other than as provided in the Resolution and described under “SECURITY FOR THE BONDS,” nor do such owners of the Social Bonds assume any specific project risk related to any of the projects funded thereby. “Social Projects” and “Social Bonds” are entirely self-designating labels lacking any objective guidelines or criteria. ICMA is a European-based entity with some members from the United States. The City assumes no obligation to ensure that the Projects financed with proceeds of the Bonds comply with any legal or other standards or principles that may relate to “Social Projects” or that the Bonds comply with any legal or other standards or principles that may relate to “Social Bonds.”

Use of Proceeds

To serve the purposes described above in accordance with the Proposition HHH Authorization, the City created (i) a Proposition HHH Facilities Program (the “Facilities Program”) to fund facilities used to provide services or goods to the homeless, which include but are not limited to, shelters, service centers, health centers, storage facilities, and shower facilities, and (ii) a Permanent Supportive Housing Loan Program (the “PSH Program”) under the supervision of the Los Angeles Housing Department (formerly known as the Los Angeles Housing and Community Investment Department) to fund the construction of permanent supportive housing (“PSH”) primarily for chronically homeless and homeless individuals and households, which may include facilities that support mental health and health services, drug and alcohol treatment, education and job training. In accordance with Proposition HHH, 80% of the proceeds of general obligation bonds issued under Proposition HHH are targeted for PSH units, and the remainder of the bond proceeds may be used for affordable housing without services, including housing for veterans and extremely low-income, very low-income, or low-income individuals and families who are at risk of homelessness, and shelters and other measures such as portable showers and storage facilities.

The City expects to use proceeds of the Bonds, together with other available moneys, to finance 31 PSH projects under the PSH Program, which are expected to provide a total of 1,754 permanent supportive housing units. The City may substitute other authorized projects eligible for funding under Proposition HHH for any of the Projects described herein.

Project Evaluation and Selection

The evaluation and selection process for the Projects began in Fiscal Year 2017-18, beginning with a call for projects that comply with established City regulations, policies and procedures. Potential projects were evaluated by a panel of individuals with expertise and professional experience in the applicable service area. Projects that satisfied the City’s policies and procedures were then reviewed by the City Administrative Officer and submitted to the Citizens Oversight Committee (the “COC”) for consideration. Projects approved by the COC were then included in a project expenditure plan that was submitted to the Administrative Oversight Committee for approval and inclusion in the list of projects for financing with general obligation bonds.

Management of Proceeds of the Bonds

Pursuant to the Resolution, proceeds received by the City from the sale of the Bonds shall be placed in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2024-A (Taxable) Proposition HHH Construction Fund” (the “Series 2024-A Construction Fund”). The City may expend moneys from the Series 2024-A Construction Fund to pay the Project Costs for the Projects in accordance with the Resolution. After completion of all Projects, the Treasurer may transfer any amounts remaining in the Series 2024-A Construction Fund to the Debt Service Fund.

Reporting of Project Funding

The City will provide annual fiscal year updates (the “Social Bonds Annual Report”) on (i) each Project financed with proceeds of the Bonds, including the Project location and population served, (ii) the amount of proceeds of the Bonds allocated to and expended on each Project and (iii) the balance of unused proceeds of the Bonds at the end of the applicable fiscal year for each Project. Each Social Bonds Annual Report, commencing with the report for Fiscal Year 2023-24, will be filed on the Electronic Municipal Market Access (“EMMA”) website maintained by the Municipal Securities Rulemaking Board (“MSRB”) at <http://emma.msrb.org> by December 31 after the end of each Fiscal Year until all of the proceeds of the Bonds are expended. No reports will be provided with respect to the Bonds after all the net proceeds of the Bonds have been spent. The information on the EMMA website is not incorporated herein by this reference. The Social Bonds Annual Report described in this paragraph is separate from the City’s continuing disclosure undertaking as described under the caption “CONTINUING DISCLOSURE” and any failure by the City to provide the Social Bonds Annual Report

shall not be deemed a failure to comply with the City’s Continuing Disclosure Certificate or any provision of the Resolution.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	\$
Net Original Issue Premium	
Total	<u><u>\$</u></u>

Uses of Funds

Deposit to Construction Fund	\$
Deposit to Debt Service Fund	
Costs of Issuance ⁽¹⁾	
Underwriter’s Discount	
Total	<u><u>\$</u></u>

⁽¹⁾ Including fees of rating agencies, municipal advisor, legal counsel, printing costs, and other miscellaneous expenses.

SECURITY FOR THE BONDS

General

The Bonds are secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City. The City has covenanted in the Resolution to levy an *ad valorem* property tax in each Fiscal Year upon all taxable property in the City, taking into consideration anticipated delinquencies, in an amount sufficient, together with moneys on deposit in the Debt Service Fund as provided in the Resolution to pay the principal of and interest on the Bonds due and payable in the next succeeding Bond Year. See APPENDIX B—“SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” attached hereto. Said tax will be in addition to all other taxes levied on taxable property in the City and will be collected at the same time and in the same manner as other property taxes are collected. See “—Property Taxation” below.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. In general, if overall assessed values of taxable property in the City were to decline, then the annual levy for the City to pay debt service on the Bonds and its other general obligation bonds would have the effect of increasing the tax rate on that taxable property. A significant level of delinquencies in the payment of the *ad valorem* property tax to pay debt service on the Bonds and other outstanding general obligation bonds of the City has the potential to increase the amounts non-delinquent taxpayers are levied. See “—Property Taxation” below.

Pursuant to the Resolution, the City will pledge the proceeds of the tax levied to pay the Bonds as security for the Bonds and the interest thereon. See “—Pledged Moneys” below.

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016) (“Section 53515”), the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes levied for the Bonds. See “—Statutory Lien on Taxes” below.

Under the Resolution, the City is not obligated to pay debt service on the Bonds from any sources other than as described above. This Official Statement, including Appendix A hereto, provides information on the City’s overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolution and that should not be considered available to pay debt service on the Bonds.

Pledged Moneys

Pursuant to the Resolution, the City has irrevocably pledged the *ad valorem* taxes levied and collected pursuant to the Resolution (the “Pledged Moneys”) for the payment of the principal of and interest on the Bonds when and as the same shall become due. The Pledged Moneys shall be immediately subject to the pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to such Pledged Moneys and amounts held in the Debt Service Fund when collected, to secure the payment of the Bonds, and shall be effective, binding and enforceable against the City, its successors, creditors and all others, irrespective of whether such parties have notice of the pledge and without the need for any notice, physical delivery, recordation, filing or further act. Such pledge is an agreement between the City and the Bondowners to provide security for the Bonds in addition to any statutory lien. The Bonds are obligations of the City payable solely from the levy of *ad valorem* property taxes upon all property within the City subject to taxation. Pursuant to the Resolution, the City covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with the Resolution and the laws of the State.

Statutory Lien on Taxes

Pursuant to Section 53515, all general obligation bonds issued by local agencies will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing body, and will be valid and binding from the time such bonds are executed and delivered. Section 53515 also provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien. See “—Limitation on Remedies; Bankruptcy.”

Property Taxation

General. General property taxes are levied against all taxable property in the City at a rate of 1% of the assessed value of such property. The City receives a portion of the 1% general levy for its general operating purposes. The City also levies *ad valorem* property taxes for the payment of voter-approved general obligation bonds, such as the Bonds. Taxes levied to pay debt service for general obligation bonds may only be applied for that purpose. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. At the start of Fiscal Year 2023-24, the total net assessed valuation of taxable property (net of homeowners’ exemptions and non-reimbursable exemptions) within the City was approximately \$819.78 billion, which represents an increase of approximately 5.9% over such assessed valuation as of the start of Fiscal Year 2022-23. For additional information on the property taxation system, assessed values and appeals to assessed values, see APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—MAJOR GENERAL FUND REVENUE SOURCES—Property Tax.”

The County collects *ad valorem* property taxes for the City. The assessed valuation of property is established by the County Assessor as of each January 1, except for public utility property, which is assessed by the State Board of Equalization. Real property is reassessed at market value on the date property changes

ownership (with limited exceptions) or upon completion of new construction. Upon such reassessment, a supplemental tax is collected for the remainder of the tax year. A property owner may apply for a reduction of the property tax assessment for that owner's property. The County Assessor may also reduce valuations based on current economic value, without a taxpayer appeal. Certain exemptions are also authorized under the State Constitution and statutes. Under the State Constitution and legislation, *ad valorem* taxes on real property (other than taxes relating to certain voter-approved indebtedness) are limited as described under APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the California Constitution—Proposition 13."

The City covenants in the Resolution to levy an *ad valorem* property tax in each Fiscal Year in accordance with law upon all taxable property in the City, at such a rate as to provide for the payment of principal of and interest on the Bonds, as well as other outstanding indebtedness of the City secured by and payable from such property tax, coming due in the next succeeding Bond Year. The City further covenants in the Resolution to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with the Resolution and the laws of the State of California. Upon collection of the property tax levied on taxable property in the City, the County transfers the City's share of the 1% general levy and the *ad valorem* property taxes levied on behalf of the City to pay voter-approved bonded indebtedness to the City.

The City Treasurer holds and invests City tax proceeds, including taxes collected for payment of general obligation bonds, and is charged with the payment of principal of and interest on such bonds, including the Bonds, when due.

Of the \$819.78 billion total net assessed valuation of taxable property within the City at the start of Fiscal Year 2023-24, \$793.80 billion (96.8%) represents secured valuations and \$25.90 billion (3.2%) represents unsecured valuations. Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

Under Article XIII A of the State Constitution added by Proposition 13 in 1978, property must be reassessed to full cash value at the time of sale. Taxpayers may appeal the Assessor-Recorder's determination of their property's assessed value, and the appeals may be retroactive and for multiple years. The State prescribes the assessment valuation methodologies and the adjudication process that counties must employ in connection with counties' property assessments.

The following table, excerpted from Appendix A, shows the historic assessed value of property within the City for the Fiscal Years shown below.

**CITY OF LOS ANGELES
ASSESSED VALUATION⁽¹⁾**

	2019	2020	2021	2022	2023
Locally Assessed					
Land	\$ 352,506,933,714	\$ 375,613,820,236	\$ 394,598,572,212	\$ 424,716,322,981	\$ 452,116,956,465
Improvements	299,590,583,910	319,689,264,560	332,201,374,517	349,641,071,472	367,953,565,186
Personal Property	4,020,257,586	3,997,131,756	4,019,429,073	3,911,428,589	4,893,738,271
Less: Exemptions ⁽²⁾	<u>26,571,608,102</u>	<u>26,822,209,552</u>	<u>29,365,270,443</u>	<u>27,781,247,158</u>	<u>31,166,029,937</u>
Total Locally Assessed	\$ 629,546,167,108	\$ 672,478,007,000	\$ 701,454,105,359	\$ 750,487,575,884	\$ 793,798,229,985
Public Utilities ⁽³⁾	42,153,347	66,084,991	73,778,428	74,459,382	74,232,347
Unsecured Valuations	<u>23,370,052,850</u>	<u>23,469,028,925</u>	<u>22,238,902,102</u>	<u>23,901,652,243</u>	<u>25,900,243,016</u>
Total Revenue-Producing Valuations	\$ 652,958,373,305	\$ 696,013,120,916	\$ 723,766,785,889	\$ 774,463,687,509	\$ 819,772,705,348
Change from Prior Year	6.8%	6.6%	4.0%	7.0%	5.9%

⁽¹⁾ As of January 1 of each year. These values apply to taxes levied in the fiscal year beginning the subsequent July 1. The information above is provided by the County in August of the relevant fiscal year.

⁽²⁾ Exclusive of the Homeowner Exemption, which is reimbursed by the State.

⁽³⁾ Assessed by the State Board of Equalization.

Source: County of Los Angeles, Office of the Auditor-Controller, Assessed Valuations Reports.

Additional information regarding assessed values of property in the City, top property taxpayers in the City, property taxes collected in the City and allocated to the City, and related information is set forth in APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—MAJOR GENERAL FUND REVENUE SOURCES—Property Tax” and “PART 2—HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION—Land Use” and “—Residential Value and Construction Activity.” Also see “—Tax Levy and Collection Process,” below.

Tax Levy and Collection Process. Generally, property taxes levied on real property become a lien on that property by operation of law. A tax levied on personal property does not automatically become a lien against real property without an affirmative act of the taxing authority. Real property tax liens have priority over all other liens against the same property regardless of the time of their creation by virtue of express provision of law.

Property subject to *ad valorem* taxes is entered as secured or unsecured on the assessment roll maintained by the County Assessor. The secured roll is that part of the assessment roll containing State-assessed property and property (real or personal) on which liens are sufficient, in the opinion of the County Treasurer and Tax Collector (the “County Tax Collector”), to secure payment of the taxes owed. Other property is placed on the “unsecured roll.” The method of collecting delinquent taxes is substantially different for the two classifications of property.

The County Tax Collector has four ways of collecting delinquent unsecured personal property taxes: (1) pursuing civil action against the taxpayer; (2) filing a certificate in the Office of the Clerk of the Superior Court specifying certain facts, including the date of mailing a copy thereof to the affected taxpayer, in order to obtain a judgment against the taxpayer; (3) filing a certificate of delinquency for recording in the County Recorder’s Office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the delinquent taxpayer.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes. A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared “tax defaulted” and subject to eventual sale by the County Tax Collector. Such property may thereafter be

redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

Information regarding the property tax levy and collection rates is provided in the following table for the Fiscal Years shown below.

**CITY OF LOS ANGELES
HISTORIC PROPERTY TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)**

Fiscal Year	Total Tax Levy ^(a) for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ^(b)	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy ^(c)
2022-23	\$1,890,694	\$1,817,348	96.12%	\$64,785	\$1,882,133	99.55%
2021-22	1,775,646	1,664,040	93.71	25,082	1,689,122	95.13
2020-21	1,714,309	1,644,823	95.95	13,357	1,658,180	96.73
2019-20	1,618,316	1,555,461	96.12	12,848	1,568,309	96.91
2018-19	1,514,759	1,465,802	96.77	25,343	1,491,145	98.44

(a) One percent basic levy only, which is a General Fund revenue; excludes City levy for debt service.

(b) Includes collections on adjustments for undetermined prior fiscal year(s).

(c) Based on available information by fiscal year. Details of delinquent taxes by levy year necessary to identify taxes remaining unpaid by taxpayers as applied to specific fiscal year are not available.

Source: City of Los Angeles Audited Financial Statements for Fiscal Year Ended June 30, 2023.

No Teeter Plan. The County has not elected to implement the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly referred to as the “Teeter Plan”), whereby counties may opt to remit to local agencies the amount of uncollected taxes in exchange for retaining any subsequent delinquent payments, penalties and interest that would have been due to the local agency. As such, the City’s property tax revenues reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments. See the table “HISTORIC PROPERTY TAX LEVIES AND COLLECTIONS” under the caption “—Property Taxes,” above, for information regarding the historic levy and collection of property taxes in the City.

Supplemental Resolution

The Resolution, and the rights and obligations of the City and of the Owners of the Bonds issued thereunder, may be modified or amended at any time by a supplemental resolution (the “Supplemental Resolution”) adopted by the City with the written consent of Owners owning at least 60% in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the City (other than a pension fund); provided, however, that no such modification or amendment will, without the express consent of the Owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor will any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution will change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything therein to the contrary, no such consent will be required if the Owners are not directly and materially adversely affected by such amendment or modification.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the City may be adopted, which, without the requirement of consent of the Owners, will be fully effective in accordance with its terms:

1. To add to the covenants and agreements of the City in the Resolution, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect;
2. To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect;
3. To confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution;
4. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or
5. To amend or supplement the Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Owners.

Any act done pursuant to a modification or amendment so consented to will be binding upon the Owners of all the Bonds and will not be deemed an infringement of any of the provisions of the Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of the Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the City or any officer thereof from taking any action pursuant thereto.

Defeasance

Pursuant to the Resolution, if all or any portion of the Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

1. by paying or causing to be paid the principal of and interest on all or such portion of the Bonds Outstanding, as and when the same become due and payable;
2. by depositing with the Paying Agent, in trust, cash which together with the amounts then on deposit in the Debt Service Fund (and the accounts therein if any), together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay all or such portion of Bonds Outstanding to the maturity or earlier redemption date thereof, including any premium and all interest thereon, notwithstanding that any of such Bonds shall not have been surrendered for payment; or
3. by depositing with an institution that meets the requirements of serving as Paying Agent pursuant to the Resolution, in trust, lawful money or noncallable direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed by the United States of America, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, as verified by the report of an Independent Certified Public Accountant, to pay and discharge all or such portion of Bonds Outstanding, including any premium and all interest thereon, notwithstanding that any Bonds or such portion thereof shall not have been surrendered for payment;

then all obligations of the City and the Paying Agent under the Resolution with respect to all Outstanding Bonds or such portion thereof will cease and terminate, except only the obligation of the Paying Agent to pay or cause

to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the City to pay to the Paying Agent, if other than the City Treasurer or any other officer of the City, the amounts owing to the Paying Agent under the terms of the Resolution.

Limitation on Remedies; Bankruptcy

Limitations on Remedies. The various opinions to be delivered concurrently with the Bonds will be qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditors' rights. Enforceability of the rights and remedies of the holders of the Bonds, and the obligations incurred by the City, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally and the limitations on remedies against cities in the State now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy. California law allows local governments to file for relief under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), but only after attempting to resolve their fiscal problems with creditors, employee groups and other interested parties through a mediation process, unless the government entity declares a fiscal emergency.

Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of a political subdivision debtor, unless the political subdivision approves a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* property taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the City in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the City's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the City's share of the 1% limited tax imposed by the County is the only *ad valorem* property tax revenue that may be raised and expended to pay liabilities and expenses of the City other than its voter-approved debt, such as its general obligation bonds. If the City should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not approve a plan unless it finds, among other conditions, that the City is not prohibited by law from taking any action necessary to carry out the plan and that the plan is in the best interests of creditors and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* property taxes is respected in a bankruptcy case, then *ad valorem* property tax revenue in excess of the City's share of the 1% limited County tax could not be used by the City for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

If the City were a debtor in bankruptcy, it may be prevented from making payments to the Bondholders from funds in its possession. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, which could have an adverse effect on the liquidity and value of the Bonds.

Statutory Lien on Ad Valorem Property Taxes. Pursuant to California Government Code Section 53515, general obligation bonds issued and sold by a local agency, including the City, are secured by a statutory lien on the *ad valorem* property taxes levied and collected to pay the principal of and interest on such general obligation bonds. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective,

binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing or further act. The statutory lien provides bondholders with a security interest in the *ad valorem* property taxes that should survive a bankruptcy of the City. The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except as described under “—*Special Revenues*” below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service subject to the matters discussed below, including a decision by the United States Court of Appeals for the First Circuit.

“Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The City has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the City’s other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the City’s debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of “special revenues.”

However, on January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of monies held in a county investment pool upon bankruptcy of the county and held that a state statute purporting to create a priority secured lien on a portion of such monies was ineffective unless such funds could be traced. The City is expected to be in possession of the annual *ad valorem* taxes to repay the Bonds, which taxes when collected and deposited are held in the Debt Service Fund. Under the City’s investment policy, such funds, together with certain other funds of the City, may be invested together in the City of Los Angeles Pooled Investment Fund General Pool (“General Pool”). See APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—BUDGET AND FINANCIAL OPERATIONS—City Treasury Investment Practices and Policies” attached hereto. If the City were to file for bankruptcy and in connection therewith to petition for the adjustment of its debts under Chapter 9 of the federal bankruptcy code, if sufficient funds are not available to address all obligations, a court might hold that the owners of the Bonds do not have a valid lien on the taxes where such amounts are deposited in the General Pool, and such lien may not provide the Bond owners with a priority interest in such amounts. In that circumstance, unless the Bond owners could “trace” the funds, such owners may only be unsecured creditors of the City. There can be no assurance that the Bond owners could successfully so “trace” the taxes on deposit in the Debt Service Fund, where such amounts are invested in the General Pool.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the

application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit's interpretation is upheld and applied by courts in the Ninth Circuit and the City were to file for protection under Chapter 9, the bondholders may be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), which would leave bondholders with only state court remedies. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues," a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the City failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

In addition, the Bankruptcy Code provides that any consensual lien on special revenues "derived" from a project or system is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the City's tax collections are "derived" from a City project or system, then even if pledged *ad valorem* tax revenues are determined to be "special revenues," the court could determine that such revenues may not be ordered (by itself or a state court) to pay debt service to the extent that they are needed to pay necessary operating expenses of the City and may lawfully be applied for that purpose.

Risks of Commingling of Ad Valorem Property Taxes. The County is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds until it transfers such funds to the City. The County Treasurer may commingle *ad valorem* property tax revenues that it receives on behalf of the City for payment of the Bonds with other funds held by the County Treasurer before it turns over the *ad valorem* property tax revenues to the City. If the County goes into bankruptcy and has possession of *ad valorem* property tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily turn over such *ad valorem* property tax revenues to the City, it is not entirely clear what procedures the Bondholders would need to follow to obtain possession of such *ad valorem* property tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

TAX MATTERS

The interest on the Bonds is not intended by the City to be excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall, A Professional Law Corporation ("Bond Counsel"), San Francisco, California, interest on the Bonds is exempt from California personal income taxes.

The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix E.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the City, will render an opinion with respect to the Bonds, which opinion will be substantially in the form set forth in APPENDIX E to this Official Statement. Certain legal matters will be passed on for the City by the City Attorney. Stradling Yocca Carlson & Rauth LLP, is serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. Compensation for Bond Counsel and Disclosure Counsel's services is entirely contingent upon the sale and delivery of the Bonds.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2023 (the "Financial Statements") and the Independent Auditor's Report regarding the Financial Statements are available on the EMMA site at <https://emma.msrb.org/P21765901-P21355691-P21792346.pdf> and is incorporated herein by reference thereto. No other information from the EMMA site or the City's website is incorporated by reference into this Official Statement. The Financial Statements have been audited by Macias Gini & O'Connell LLP, certified public accountants. Macias Gini & O'Connell LLP has not consented to the inclusion by reference of its report in this Official Statement and has not undertaken to update its report 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 Gini & O'Connell LLP with respect to any event subsequent to the date of the Independent Auditor's Report.

RATINGS

Fitch Ratings ("Fitch") and Moody's Investors Service Inc. ("Moody's") have assigned ratings of "___" and "___," respectively, to the Bonds. The ratings provided by each of the rating agencies reflect only the views of such organizations and an explanation of the significance of such ratings may only be obtained from the respective agencies at the following website addresses: Fitch, at <https://www.fitchratings.com>, and Moody's, at <https://www.moody's.com>. No information from such websites is incorporated herein by reference. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revisions or withdrawals of such ratings may have an adverse effect on the market price of the Bonds. The City undertakes no responsibility to maintain any rating on the Bonds or to take any action, except as may be required by the Continuing Disclosure Certificate, in the event of a downgrade, suspension or withdrawal of a rating.

MUNICIPAL ADVISOR

Omnicap Group LLC, El Segundo, California, has served as municipal advisor (the "Municipal Advisor") to the City in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement. Compensation for the Municipal Advisor's services is entirely contingent upon the sale and delivery of the Bonds.

UNDERWRITING

The Bonds were sold at a competitive sale on March __, 2024. The Bonds were awarded to _____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price of \$ _____ (which amount represents the principal amount of the Bonds, plus a net original issue premium of \$ _____, less an underwriter's discount of \$ _____). The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof.

CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Certificate, to be dated the date of delivery of the Bonds (the “Continuing Disclosure Certificate”), which provides for certain disclosure obligations on the part of the City. See APPENDIX C—“FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. Under the Continuing Disclosure Certificate, pursuant to which Digital Assurance Certification, L.L.C. will serve as the initial dissemination agent, the City will covenant for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than June 30 of each year, commencing June 30, 2025 for the report for the 2023-24 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 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA website at <http://emma.msrb.org>. These covenants will be made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the “Rule”).

The City and its related entities issue a variety of bonds, notes and obligations (“Obligations”), including Obligations issued through the City’s 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 City’s Judgment Obligation Bonds and the bonds and notes issued through the Los Angeles Convention and Exhibition Center Authority and the Municipal Improvement Corporation of Los Angeles (the “Corporation”)), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds, and Landscape and Lighting District 96-1 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 separate continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

The City failed to provide notice within 10 business days of the incurrence of the financial obligations set forth in the Purchase and Assignment Agreement with the Corporation and Banc of America Public Capital Corporation and the Sublease Agreement executed in connection therewith in accordance with certain of the City’s continuing disclosure undertakings. On October 24, 2019, the City filed notice of the incurrence of these agreements with the MSRB on the EMMA website.

The City omitted from the annual report filed for Fiscal Year 2018 for its Wastewater System Subordinate Revenue Bonds, Series 2018-A (Green Bonds) and the Wastewater System Subordinate Revenue Bonds, Refunding Series 2018-B an update to the information in the Official Statement for such bonds under the caption “LITIGATION.” This information was included in an update to the annual report for Fiscal Year 2019 that was filed on April 28, 2020 with the MSRB on the EMMA website.

The City failed to provide in a timely manner notice of redemption and failed to file a notice of defeasance for the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2009-D (Recovery Zone Economic Development Bonds) in accordance with the City’s continuing disclosure undertakings relating to these bonds. These bonds were paid in full on September 1, 2019 and are no longer outstanding.

MISCELLANEOUS

APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT” attached hereto contains information about the City, including financial information. Notwithstanding the presentation of the information in APPENDIX A to this Official Statement, it should not be inferred that the principal of or the

interest on the Bonds is payable from the general fund of the City. The Bonds are secured by and payable from an *ad valorem* tax required to be levied by the City upon property subject to taxation by the City in an amount sufficient for the payment thereof.

Additional information regarding this Official Statement and copies of the documents referred to herein may be obtained by contacting the Office of the City Administrative Officer, 200 North Main Street, City Hall East, Room 1500, Los Angeles, California 90012, Attention: Debt Management Group, cao.debt@lacity.org. The successful bidder(s) for the Bonds will be required to file a copy of this Official Statement, including any supplements prepared by the City, with the MSRB through EMMA.

This Official Statement contains brief descriptions of, among other things, the Bonds, the Resolution, the Continuing Disclosure Certificate and the City. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by references to such documents, and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Resolution.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the City.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

DRAFT*

APPENDIX A

CITY OF LOS ANGELES INFORMATION STATEMENT

** Appendix A to be updated as appropriate prior to being finalized for the posted Preliminary Official Statement, including to reflect information contained in the mid-year financial status report.*

TABLE OF CONTENTS

	Page
PART 1: FINANCIAL INFORMATION	A-1
OVERVIEW OF THE CITY’S FINANCIAL CONDITION	A-1
Financial Results and Budget.....	A-1
Certain Significant Challenges.....	A-2
MUNICIPAL GOVERNMENT	A-5
BUDGET AND FINANCIAL OPERATIONS	A-6
Financial Reporting and Fiscal Year 2022-23 Results	A-6
City’s Budgetary Process	A-10
Fiscal Year 2022-23	A-10
Fiscal Year 2023-24 Adopted Budget.....	A-10
Fiscal Year 2023-24 Financial Status	A-11
General Fund Budget Outlook	A-12
Budgetary Reserves and Contingencies	A-14
Financial Management Policies	A-17
Risk Management and Retention Program	A-17
Workers’ Compensation, Employee Health Care and Other Human Resources Benefits	A-19
Labor Relations	A-19
City Treasury Investment Practices and Policies	A-22
Capital Program	A-24
MAJOR GENERAL FUND REVENUE SOURCES	A-27
Property Tax.....	A-27
Utility Users Taxes	A-32
Departmental Receipts	A-32
Business Tax	A-33
Sales Tax	A-34
Documentary Transfer Tax	A-36
Power Revenue Transfers to General Fund.....	A-36
Transient Occupancy Tax	A-37
Parking-Related Revenues	A-38
Impact of State of California Budget	A-39
LIMITATIONS ON TAXES AND APPROPRIATIONS	A-40
Article XIII A of the California Constitution – Proposition 13	A-40
Article XIII B of the California Constitution.....	A-40
Articles XIIC and XIID of the California Constitution – Proposition 218.....	A-41
Proposition 26	A-42
Proposition 1A	A-42
Future Initiatives	A-42
BONDED AND OTHER INDEBTEDNESS	A-43
Introduction.....	A-43
General Obligation Bonds.....	A-44
Lease Obligations.....	A-44
Commercial Paper Programs	A-45
Revenue Bonds	A-46
Conduit Debt Obligations	A-46
Cash-flow Borrowings	A-47
Summary of Long-Term Borrowings.....	A-47

Debt Management Policies	A-50
Variable Rate Obligations and Swap Agreements	A-52
Projected Additional Financings	A-52
Overlapping Bonded Debt	A-52
OTHER MATTERS	A-53
Seismic Considerations	A-53
Environmental and Social Considerations	A-54
Cybersecurity	A-55
Clean Water Compliance	A-55
General Fund Subsidy of Solid Waste Activities	A-57
General Fund Subsidy of Other Special Fund Activities	A-58
2028 Olympic and Paralympic Games	A-58
Public Corruption Matters	A-59
City Mobility Plan Street Improvement Measures Initiative Ordinance	A-60
LITIGATION	A-60
RETIREMENT AND PENSION SYSTEMS	A-65
<u>PART 2: HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION</u>	A-79
Introduction	A-79
History	A-79
Population	A-80
Industry and Employment	A-80
Major Employers	A-83
Personal Income	A-84
Retail Sales	A-86
Land Use	A-87
Residential Value and Construction Activity	A-88
Education	A-89

PART 1: FINANCIAL INFORMATION

Certain statements included or incorporated by reference in this Appendix A constitute “forward-looking statements.” Such forward-looking statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “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 that may cause actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by such forward-looking statements. 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 City has no plans to issue any updates or revisions to those 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.

This Appendix A contains historic financial, economic and demographic information regarding the City. The principal of and interest on the securities offered in this Official Statement are payable either primarily or secondarily from moneys deposited in, or available for transfer to, the General Fund of the City as more particularly described in the front part of this Official Statement and in this Appendix A. Accordingly, information concerning the City’s finances that does not materially impact the availability of moneys deposited in, or available for transfer to, the General Fund, or the expenditure of such moneys, and, in each case, material risks related thereto (including information relating to the City’s proprietary departments (such as the Department of Airports, Harbor Department, and Department of Water and Power) and enterprise funds (such as the City’s Sewer Construction and Maintenance Fund and Solid Waste Resources Revenue Fund), is generally not included in Appendix A or, if included, is not described in detail.

The information provided in this Appendix A is limited to the time periods indicated and reflect data, assumptions and other information available as of the indicated dates. It is not possible to predict whether the trends shown continued beyond the historical data set forth herein (certain of which may be subject to subsequent adjustment) will continue.

Numbers in tables in this Appendix A may not sum to the total due to rounding.

OVERVIEW OF THE CITY’S FINANCIAL CONDITION

Financial Results and Budget

The City began Fiscal Year 2022-23 with Total General Fund Reserves (defined below) totaling \$818 million, or 11.0 percent of budgeted revenues. The Reserve Fund component of these reserves was \$601.7 million, or 8.1 percent of budgeted revenues. The City ended Fiscal Year 2022-23 with General Fund revenues exceeding Fiscal Year 2022-23 Adopted Budget projections by \$135.7 million.

The City’s Fiscal Year 2023-24 Adopted Budget is balanced, with total General Fund revenues and appropriations of \$7.90 billion, including a transfer from the Reserve Fund of \$136.4 million. After taking into account this transfer from the Reserve Fund, the Reserve Fund balance at the beginning of Fiscal Year 2023-24 was \$648 million, or 8.2 percent of budgeted revenues. The City began Fiscal Year 2023-24 with Total General Fund Reserves totaling \$876 million, or 11.1 percent of budgeted General Fund revenues. Revenue assumptions for Fiscal Year 2023-24 were based on trends in receipts, analyses conducted by departments and relevant industry forecasts as of May 2023, and assume there will not be a new outbreak of a COVID-19 variant that prompts the reissuing of stay at home orders and also assume that an economic recession will not occur. Future economic uncertainty presents particular challenges in connection with the revenue forecast for Fiscal Year 2023-24, as well as future fiscal years included in the Four-Year Budget Outlook.

The Four-Year Budget Outlook (the “Outlook”), prepared annually in connection with the budget and last updated in May 2023 in connection with the Fiscal Year 2023-24 Adopted Budget, projects an operating

deficit of \$68 million in Fiscal Year 2024-25 and operating surpluses in the next three fiscal years (\$234 million in Fiscal Year 2025-26, increasing to \$544 million in Fiscal Year 2027-28). The surpluses are based on the expectation that revenues will continue to grow at historic averages; the Outlook does not take inflation into account beyond Fiscal Year 2023-24. On the spending side, a major driver is the expectation that the City's contributions to its retirement systems will decline in the future. Further, the Outlook projections do not assume any negotiated employee compensation increases after the expiration of labor agreements in 2023 and 2024. (As described in "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies," in August 2023 the City entered into a new agreement with the Los Angeles Police Protective League ("LAPPL"). In addition, the City is currently in negotiations with other represented employees.) The Outlook also excludes certain potential large capital projects. In addition, the Outlook projections do not take into account any potential impacts of an economic recession. "See "BUDGET AND FINANCIAL OPERATIONS—General Fund Budget Outlook."

[As described in "BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2023-24 Financial Status," on October 27, 2023, the City Administrative Officer ("CAO") released the First Financial Status Report for Fiscal Year 2023-24 (the "First FSR"). The First FSR reports that after three months of Fiscal Year 2023-24, receipts are \$138 million below projections in the Fiscal Year 2023-24 Adopted Budget. The First FSR also identified \$265 million in overspending largely attributable to the Police Department's unbudgeted salary increases resulting from the August 2023 agreement with the LAPPL and sworn overtime.]

[Prioritized Critical Hiring. On January 19, 2024, the CAO released a report entitled "Fiscal Concerns and Prioritization of Critical Hiring", which reported that General Fund revenues as of December 31, 2023 were \$158 million behind plan. Further, the CAO reported that it expected year-end overspending to increase with the approval of tentative labor agreements. Due to the collective fiscal impacts of a revenue shortfall, overspending, and ongoing risk of an economic downturn, the CAO recommended that the City Council prioritize critical hiring for the remainder of the fiscal year. By limiting hiring to critical positions, which were defined in the report, the CAO expects that the majority of the City's current vacant positions will remain unfilled and thus will generate the needed salary savings to address the current year revenue shortfall and overspending gap. On January 26, 2024, the City Council approved the CAO's recommendations, which included instructions for the CAO to develop and implement a process for prioritizing critical hiring, propose the elimination of all non-critical vacant positions, and report on opportunities to update fees for service and other revenue enhancement opportunities.]

Certain Significant Challenges

Homelessness. The City faces challenges in connection with its large homeless population. Voters approved Measure H in 2017, increasing County-wide sales taxes by ¼ percent to fund services to the homeless population. Voters also approved Proposition HHH in 2016, authorizing \$1.2 billion in City general obligation bonds to finance low income and supportive housing, of which \$86.4 million was issued in 2017, \$276.2 million was issued in 2018, \$211.9 million was issued in 2021, and \$389.4 million was issued in 2022, leaving remaining authorization of \$236.0 million. However, the Measure H and Proposition HHH funding is still inadequate to meet the needs of this population.

The Fiscal Year 2023-24 Adopted Budget anticipates approximately \$1.3 billion in spending to combat homelessness. This includes \$473.8 million in General Fund spending. It also includes \$803.9 million in spending from various special funds, including federal and State grants, the City's Proposition HHH general obligation bonds, and ULA (defined below) special tax proceeds.

[Recent guidance from the Federal Emergency Management Agency ("FEMA") indicates that they will reduce the amount of funding for costs incurred by the City and other public agencies under "Project Roomkey," a program instituted by the State of California in response to the COVID-19 pandemic under which cities, counties, and housing authorities cooperate to secure hotel and motel rooms for people experiencing homelessness. Unless FEMA revises this guidance, the impact of the FEMA rule change will reduce the

reimbursements FEMA would have provided to the City for costs to implement Project Roomkey by up to \$60.0 million.]

The City was subject to a lawsuit (*LA Alliance for Human Rights et al. v. City of Los Angeles et al.*) for violating various State and federal laws in connection with the City's and County's alleged failures in responding to homelessness. On June 14, 2022, a settlement between the City and the plaintiffs was approved by the court. On July 13, 2022, the homeless rights advocates who intervened in the case filed a notice of appeal of the District Court's Order approving the stipulated dismissal and settlement between the City and Plaintiffs. The court granted the stipulated motion to voluntarily dismiss the appeal on November 1, 2023. See "LITIGATION—*LA Alliance for Human Rights et al. v. City of Los Angeles et al.*"

Measure ULA Special Tax. On November 8, 2022, the City's voters approved "Measure ULA—Funding for Affordable Housing and Tenant Assistance Programs Through A Special Tax on Real Property Transfers Over \$5 Million" ("ULA"), a voter initiative to fund affordable housing projects and programs. ULA, which passed with approximately 58 percent of the vote, amends the City's present documentary transfer tax by adding a new tax, subject to certain exemptions, of (a) 4.0 percent on the sale or transfer of real property exceeding \$5 million but less than \$10 million, and (b) 5.5 percent on the sale or transfer of real property of \$10 million or more. The City imposes a documentary transfer tax at a rate of approximately 0.45 percent on properties sold for over \$100. Proceeds of the City's present documentary transfer tax are deposited in the General Fund, while proceeds of the ULA special tax will be deposited into a special fund to be used for affordable housing projects and programs as set forth under ULA. The ULA special tax became effective pursuant to its terms on April 1, 2023.

On December 21, 2022, Howard Jarvis Taxpayers Association and Apartment Association of Greater Los Angeles filed, in Los Angeles County Superior Court, a reverse validation action to invalidate the ULA special tax (*Howard Jarvis Taxpayers Assn. et al. v. City of Los Angeles et al.*) ("Jarvis Action") pursuant to California Code of Civil Procedure section 860 et seq. On January 6, 2023, Newcastle Courtyards, LLC and Jonathan Benabou (collectively "Newcastle") also filed a reverse validation action in Los Angeles County Superior Court (*Newcastle Courtyards, LLC et al. v. City of Los Angeles et al.*) pursuant to California Code of Civil Procedure section 860 et seq., which was consolidated with the Jarvis Action. Newcastle filed an additional complaint in the United States District Court for the Central District of California to challenge the validity of ULA and the ULA special tax (collectively "Newcastle Actions"). The Jarvis Action seeks to enjoin the ULA special tax by alleging that the enactment of the ULA special tax violates Section 450 of the Charter and Section 4 of Article XIII A of the California Constitution. The Newcastle Actions, similarly, seek to enjoin the ULA special tax based on allegations that it violates Section 4 of Article XIII A of the California Constitution and would infringe various taxpayer protections and rights granted under the U.S. Constitution and California Constitution. On September 5, 2023, the United States District Court dismissed Newcastle's federal court action for lack of subject matter jurisdiction, without prejudice to Newcastle's separate action filed in Los Angeles County Superior Court. On October 24, 2023, the Superior Court for the consolidated Jarvis Action concluded that the plaintiffs failed to state facts sufficient to support any claim against the City and ULA to invalidate its enactment. In rejecting the plaintiff's arguments, the Superior Court ruled, amongst others, that (1) ULA did not violate Section 4 of Article XIII of the California Constitution because it was passed as a voter initiative, not as a City-sponsored tax measure; (2) Section 450 of the City Charter did not limit the initiative power of voters of the City; and (3) ULA either satisfied or did not violate a number of other constitutional considerations, such as the Equal Protection Clause and the Takings Clause. The plaintiffs have appealed the Superior Court's ruling to the California Court of Appeals. The City will continue to defend ULA and its interests in these matters. Due to the preliminary nature of the matters, the City cannot provide any assurances that ULA and the ULA special tax will ultimately be upheld in court.

The City also cannot predict whether the statewide ballot initiative, known as the "Taxpayer Protection and Government Accountability Act," will be approved by a majority of voters casting a ballot at the November 5, 2024 statewide election (see "LIMITATIONS ON TAXES AND APPROPRIATIONS—Future

Initiatives”). If passed, the Taxpayer Protection and Government Accountability Act could impact the ability of the City to levy the ULA special tax.

Notwithstanding the above challenges to the ULA, the Fiscal Year 2023-24 Adopted Budget appropriates \$150 million in ULA special tax revenues to pay for affordable housing and homelessness prevention programs. Total ULA special tax revenues in Fiscal Year 2023-24 were projected to be approximately \$672 million. The excess over the \$150 million described above is not budgeted for expenditure. In the event the ULA special tax is invalidated in court, the General Fund may be at risk of repaying ULA special tax receipts collected that have been expended. The City has attempted to mitigate this risk with the intent to use eligible future year FEMA reimbursements from previous COVID-19 response activities to make any required repayments, but the receipt of FEMA reimbursements is uncertain in both amount and timing and any repayment obligation, should it occur, would ultimately fall on the General Fund.

In addition to the legal challenges to the ULA, the availability of ULA special tax revenues is subject to actual receipt of these tax revenues. Documentary Transfer Tax revenues such as the ULA special tax are volatile because the growth (or decline) of this revenue source is magnified when home prices and sales volume move together. The ULA special tax revenue projected for Fiscal Year 2023-24 of approximately \$672 million has not materialized. From the implementation of the ULA in April 2023 through December 2023, the City has collected approximately \$172 million of ULA special tax revenues.

Street and Sidewalks Maintenance; Americans With Disabilities Act Compliance. The City faces costs in the billions of dollars relating to the repair and maintenance of streets and sidewalks in the City, and compliance with the Americans With Disabilities Act (“ADA”). See “BUDGET AND FINANCIAL OPERATIONS—Capital Program.” These costs include costs relating to the City’s Pavement Preservation Program and Sidewalk Repair Program for street repairs and sidewalk (including access and curb ramps) remediation projects. Certain of the activities under the Pavement Preservation Program, such as street resurfacing and reconstruction, trigger the application of current ADA provisions, which requires the updating of existing access ramps or the construction of new ramps where there are none. These expenditures related to street and sidewalk repair and maintenance also include expenditures required by the settlement of previous litigation in 2016 (*Willits, et al. v. City of Los Angeles*), under which the City committed to expend approximately \$1.4 billion over a 30-year period for various sidewalk remediation projects.

The Fiscal Year 2023-24 Adopted Budget appropriates \$274.9 million (of which \$57.1 million represents appropriations from the General Fund) for street and sidewalk repair and maintenance (including costs of ADA compliance required in connection with such repair and maintenance and \$35.7 million appropriated in said budget pursuant to the *Willits* litigation settlement). The amount and timing of expenditures relating to the repair and maintenance of streets and sidewalks in the City, and compliance with the ADA related thereto, is uncertain. There can be no assurances that the annual cost of such work (or the portion of such cost to be paid from the General Fund) will not significantly increase from the levels in Fiscal Year 2023-24 in future fiscal years, or that there will not be further actions or enforcement activities under the ADA. Significant increases above currently contemplated levels could materially adversely impact the General Fund.

Litigation. The City is routinely party to a variety of pending and threatened lawsuits. These matters include litigation relating to homelessness, as mentioned above, and with the U.S. Department of Justice (“DOJ”) over the City’s alleged violation of the False Claims Act in connection with certain federal accessibility law compliance certifications to the U.S. Department of Housing and Urban Development, the latter of which if the DOJ is successful in its suit could result in potential exposure to the City estimated to be approximately \$1.7 billion (which includes treble damages), as well as related civil penalties. See “LITIGATION.”

Clean Water Compliance. On July 23, 2021, the Los Angeles Regional Water Quality Control Board (“LARWQCB”) adopted the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit (“MS4 Permit”). Eighty-four of the 88 cities in Los Angeles County (including the City), the Los Angeles County Flood Control District (LACFCD), and the Counties of Los Angeles and Ventura are

covered by the MS4 permit, which requires the collective expenditure of tens of billions of dollars by the impacted municipalities through 2037. The City's share of the costs is estimated to be approximately \$8 billion. While a portion of these costs will be funded through a county-wide parcel tax, like many other impacted municipalities, the City has not identified funding sources for a significant portion of these costs. To the extent other funding sources are not available, the General Fund could be impacted. See "OTHER MATTERS—Clean Water Compliance."

[Expiring Labor Contracts.] [The vast majority of the City's employee labor contracts were to expire in 2023.] On August 23, 2023, the City council approved a contract with the LAPPL, which represents over 8,900 sworn police officers. See the caption "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies." Contracts with the Coalition of LA City Unions, the Engineering and Architects Association, and the Municipal Construction Inspectors Association, representing a total of 29,500 civilian employees, expire by the end of December 2023. No successor deals are yet in place and, while it is possible that those deals would require compensation adjustments in 2023-24, there is no appropriation for those potential costs in the Fiscal Year 2023-24 Adopted Budget.

The City has strategies to address potential Fiscal Year 2023-24 costs associated with compensations adjustments that it may negotiate. The City is experiencing high vacancy rates in many departments, which, if they continue, will continue to generate savings that could be used to absorb a portion of these costs. Further, the Fiscal Year 2023-24 Adopted Budget reappropriates \$73 million of the Fiscal Year 2022-23 \$93 million appropriation in the Unappropriated Balance for payroll reconciliation, which the City can use to offset these costs. The City is currently in negotiations, as described above. There can be no assurances that actual cost impacts will not exceed the ability of departments to absorb costs and amounts available in the Unappropriated Balance (the "UB") (see "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies"). As a final option, the City would access additional General Fund reserves during Fiscal Year 2023-24 for costs that it cannot absorb through these other means.]

MUNICIPAL GOVERNMENT

The City provides a full range of governmental services, which include police, fire and paramedics; residential refuse collection and disposal, wastewater collection and treatment, street maintenance, traffic management, storm water pollution abatement, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries, recreation and parks and cultural events; community development, housing and aging services; and planning. The City also operates and maintains the water and power utilities, harbor and airport, all served by proprietary departments within the City.

The City is a charter city; under the State Constitution, charter cities such as the City are generally independent of the State Legislature in matters relating to municipal affairs. Charter cities, however, are subject to State Constitutional restrictions; see "LIMITATIONS ON TAXES AND APPROPRIATIONS." The most recent Charter was adopted in 1999, became effective July 1, 2000, and has been amended a number of times by voter approval.

The City is governed by the Mayor and the Council. The Mayor is elected at-large for a four-year term. As executive officer of the City, the Mayor has the overall responsibility for administration of the City. The Mayor recommends and submits the annual budget to the Council and passes upon subsequent appropriations and transfers, approves or vetoes ordinances, and appoints certain City officials and commissioners. The Mayor supervises the administrative process of local government and works with the Council in matters relating to legislation, budget, and finance. The Mayor operates an executive department, of which the Mayor is the ex-officio head. The current Mayor, Karen Bass, was elected to the office at the November 8, 2022 general election and assumed office on December 12, 2022.

The Council, the legislative body of the City, is a full-time council. The Council enacts ordinances subject to the approval of the Mayor and may override the veto of the Mayor by a two-thirds vote. The Council

orders elections, levies taxes, approves utility rates, authorizes public improvements, approves contracts, adopts zoning and other land use controls, and adopts traffic regulations. The Council adopts or modifies the budget proposed by the Mayor. The Council consists of 15 members elected by district for staggered four-year terms.

On October 13, 2021, Mark Ridley-Thomas, then a member of the Council, was indicted on federal charges of conspiracy, bribery, mail fraud and wire fraud relating to alleged actions taken while he served on the Board of Supervisors of the County. On October 20, 2021, the Council voted to suspend Mr. Ridley-Thomas from office in light of the charges. On March 30, 2023, Mr. Ridley-Thomas was convicted of seven felony charges, which resulted in his office becoming vacant in accordance with the Charter. To fill the vacant office, Heather Hutt, who has been filling the District 10 Council seat by appointment (at times in a non-voting caretaker capacity) since July 20, 2022, was appointed by the Council as the District 10 Council member for the remainder of the unexpired term on April 11, 2023. See also “OTHER MATTERS—Public Corruption Matters.”

The other two elective offices of the City are the Controller and the City Attorney, both elected for four-year terms. The Controller is the chief accounting officer for the City. The current Controller, Kenneth Mejia, assumed office on December 12, 2022.

The City Attorney is the attorney and legal advisor to the City and to all City boards, departments, officers, and entities, and prosecutes misdemeanors and violations of the Charter and City ordinances. The current City Attorney, Hydee Feldstein Soto, assumed office on December 12, 2022.

All citywide elected officials are subject to term limits of two four-year terms, while Council members are subject to term limits of three four-year terms.

The City Administrative Officer (“CAO”) is the chief fiscal advisor to the Mayor and Council and reports directly to both. The CAO is appointed by the Mayor, subject to Council confirmation.

The Office of Finance (“Finance”) serves as the custodian of all funds deposited in the City Treasury and all securities purchased by the City. Finance actively manages the investment of the City’s general and special pool investment portfolios and cash programs.

The City has 41 departments and bureaus for which operating funds are annually budgeted by the Council. Two additional departments, the Los Angeles City Employees’ Retirement System (“LACERS”) and the Los Angeles Fire and Police Pension Plan (“LAFPP”), are under the control of boards whose memberships consist of mayoral appointees and representatives elected by system members. In addition, three departments (the Department of Water and Power (“DWP”), the Harbor Department, and the Department of Airports) and one State-chartered public agency (the Housing Authority of the City) are under the control of boards appointed by the Mayor and confirmed by the Council.

BUDGET AND FINANCIAL OPERATIONS

Financial Reporting and Fiscal Year 2022-23 Results

The City prepares its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) as promulgated by the Governmental Accounting Standards Board (“GASB”). The Financial Statements include a consolidated statement of governmental activities, which accounts for all functions of the City that are principally supported by taxes and other revenues not intended to recover costs through user fees and charges. GAAP requires the inclusion of both pension and retiree health liabilities in the government-wide Statement of Net Position. The City’s Annual Comprehensive Financial Report (the “ACFR”) for the Fiscal Year Ended June 30, 2023 reported a deficit balance for the governmental activities’ unrestricted net position of \$5.227 billion, largely due to a net long-term pension liability of \$6.559 billion and net liability of \$1.125 billion for Other Post-Employment Benefits such as health care (“OPEB”).

The General Fund is the primary operating fund of the City, and the focus of this Appendix A. It is used to account for all financial resources of the general government, except those required to be accounted for in other funds.

The post-COVID pandemic recovery, which started in Fiscal Year 2021-22, continued in Fiscal Year 2022-23 and resulted in growth in most General Fund revenue sources. The City ended the Fiscal Year 2022-23 with total General Fund revenues growing \$576 million or 9.3 percent above the previous fiscal year.

The following two tables summarize financial information for the General Fund contained in the City's audited Basic Financial Statements presented in the ACFR and prepared in accordance with GAAP for the periods indicated.

Table 1
BALANCE SHEETS FOR THE GENERAL FUND
For Fiscal Years Ending June 30
(\$ in thousands)

	2019	2020	2021	2022	2023
Assets					
Cash and Pooled Investments ⁽¹⁾	\$ 1,291,607	\$ 1,433,584	\$1,856,003	\$1,992,342	\$2,160,051
Other Investments	-	451	762	727	305
Taxes Receivable	675,777	682,470	782,303	1,116,337	874,789
Accounts Receivable	109,123	127,181	139,628	147,123	178,284
Special Assessments Receivable	3,174	2,863	3,550	4,459	4,693
Investment Income Receivable	15,680	10,014	7,812	10,463	18,025
Intergovernmental Receivable	149,002	152,247	193,305	284,965	215,079
Leases Receivable	-	-	-	1,977	1,623
Loans Receivable	-	42	1,331	1,382	1,417
Due from Other Funds	84,183	196,394	104,675	111,970	95,198
Inventories	46,653	42,053	39,760	39,228	49,643
Prepaid Items and Other Assets	7	11	34	408	430
Advances to Other Funds	8,688	20,831	21,374	26,859	19,863
Properties Held for Housing Development	-	-	-	-	15,438
Total Assets	\$ 2,383,894	\$ 2,668,141	\$3,150,537	\$3,738,240	\$3,634,838
Liabilities:					
Accounts, Contracts and Retainage Payable	\$ 93,312	\$ 254,392 ⁽⁵⁾	\$ 272,990	\$ 286,482	\$ 278,353
Obligations Under Securities Lending Transactions	21,874	13,799	19,333	39,182	11,690
Accrued Salaries and Overtime Payable	221,902	252,022	120,242	181,678	160,568
Accrued Compensated Absences Payable	8,381	7,912	11,529	5,385	10,869
Estimated Claims and Judgments Payable	66,284	35,741	37,511	42,358	51,899
Intergovernmental Payable	56	1,010	882	953	948
Due to Other Funds	141,905	188,702	174,796 ⁽⁶⁾	102,491 ⁽⁶⁾	122,554 ⁽⁶⁾
Unearned Revenue	1,535	-	322,085 ⁽⁷⁾	302,455 ⁽⁷⁾	105,235 ⁽⁷⁾
Deposits and Advances	12,974	9,184	11,901	21,739	14,967
Advances from Other Funds	12,499	131,093	81,148	56,130	6,451
Other Liabilities	37,248	53,177	89,104	66,079	78,502
Total Liabilities	\$ 617,970	\$ 947,032	\$1,141,521	\$1,104,932	\$ 842,036
Deferred Inflows of Resources					
Real Estate Tax	\$ 68,813	\$ 88,615	\$ 88,635	\$ 86,191	\$ 88,413
Taxes Other than Real Estate	377,206	398,251	431,719	699,740	531,063
Receivables from Other Government Agencies	131,890	129,309	142,325	135,673	133,824
Interest Receivable on Loans and Others	81,974	112,805	122,360	212,092	184,500
Leases	-	-	-	1,918	1,422
Total Deferred Inflows of Resources	\$ 659,883	\$ 728,980	\$ 785,039	\$1,135,614	\$ 939,222
Fund Balances					
Nonspendable ⁽²⁾	\$ 55,348	\$ 62,895	\$ 61,168	\$ 66,495	\$ 69,936
Restricted	-	-	-	-	-
Committed	33,092	37,386	71,733	85,078	52,600
Assigned ⁽³⁾	334,195	356,167	426,654	724,278	397,413
Unassigned ⁽⁴⁾	683,406	535,681	664,422	621,843	1,333,631
Total Fund Balances	\$ 1,106,041	\$ 992,129	\$1,223,977	\$1,497,694	\$1,853,580
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,383,894	\$ 2,668,141	\$3,150,537	\$3,738,240	\$3,634,838

⁽¹⁾ Includes securities held under securities lending transactions, offset by the Liability "Obligations Under Securities Lending Transactions."

⁽²⁾ Includes inventories and certain advances to other funds.

⁽³⁾ Includes encumbrances, various revolving funds, and certain net receivables.

⁽⁴⁾ Primarily consists of the City's Reserve Fund and BSF (defined below).

⁽⁵⁾ The significant increase in Accounts Payable balances beginning in Fiscal Year 2019-20 is due to the implementation of GASB 84, which reclassifies what were previously Business-Type Funds (Custodial Funds) to Governmental Funds.

⁽⁶⁾ Includes approximately \$90.8 million, \$34.8 million, and \$29.9 million to be paid to the City's wastewater enterprise fund for Fiscal Year 2020-21, Fiscal Year 2021-22, and Fiscal Year 2022-23 respectively that may be accelerated in connection with potential budgetary constraints of the wastewater enterprise fund.

⁽⁷⁾ Represents unspent cash balances of ARPA receipts.

Source: City of Los Angeles, ACFRs.

Table 2
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES FOR THE GENERAL FUND
For Fiscal Years Ending June 30
(\$ in thousands)

	2019	2020	2021	2022	2023
Revenues:					
Property Taxes	\$ 2,075,764	\$ 2,213,899	\$ 2,401,848	\$ 2,492,320	\$ 2,658,390
Sales Taxes	596,465	536,362	562,217	694,218	704,915
Utility Users Taxes	606,369	643,564	610,946	632,433	705,538
Business Taxes	617,169	668,035	686,520	756,960	817,325
Other Taxes	729,649	620,653	521,955	778,563	820,981
Licenses and Permits	34,157	34,999	29,390	31,493	33,344
Intergovernmental	23,062	27,284	28,145	43,171	53,143
Charges for Services	306,462	351,983	358,772	341,191	367,473
Services to Enterprise Funds	326,650	368,706	328,481	327,326	377,220
Fines	135,526	113,643	100,559	116,805	120,670
Special Assessments	1,825	769	1,731	2,691	2,592
Investment Earnings	84,257	99,248	28,579	35,770	77,448
Change in Fair Value of Investments ⁽¹⁾	-	-	(34,572)	(145,900)	(40,425)
Program Income	-	-	-	-	22
Other	99,717	65,406	46,107	62,094	46,360
Total Revenues	\$ 5,637,072	\$ 5,744,551	\$ 5,670,678	\$ 6,169,135	\$ 6,744,996
Expenditures:					
Current:					
General Government ⁽²⁾	\$ 1,336,331	\$ 1,553,572	\$ 1,478,060	\$ 1,573,832	\$ 1,585,693
Protection of Persons and Property	3,095,356	3,269,764	3,221,865	3,414,251	3,419,259
Public Works	193,846	219,657	147,933	201,042	259,554
Health and Sanitation	111,680	107,329	121,325	164,898	210,706
Transportation	107,590	102,720	112,490	139,871	125,186
Cultural and Recreational Services	61,120	52,220	44,018	79,454	92,120
Community Development	54,000	84,944	134,074	108,209	163,922
Capital Outlay	110,000	54,241	29,164	53,975	67,738
Debt Service: Principal	-	-	-	20,682	35,589
Debt Service: Interest	23,538	19,609	5,194	3,752	38,970
Debt Service: Cost of Issuance	518	559	1,103	867	806
Total Expenditures	\$ 5,093,979	\$ 5,464,615	\$ 5,295,226	\$ 5,760,833	\$ 5,999,543
Excess (Deficiency) of Revenues Over Expenditures	\$ 543,093	\$ 279,936	\$ 375,452	\$ 408,302	\$ 745,453
Other Financing Sources (Uses)					
Transfers In ⁽³⁾	\$ 265,723	\$ 292,948	\$ 584,808	\$ 910,652	\$ 460,094
Transfers Out ⁽⁴⁾	(724,032)	(714,147)	(728,412)	(1,060,079)	(864,763)
Loans from Capital Leases	78,393 ⁽⁶⁾	-	-	14,842	15,102
Total Other Financing Sources (Uses)	\$ (379,916)	\$ (421,199)	\$ (143,604)	\$ (134,585)	\$ (389,567)
Net Change in Fund Balance	\$ 163,177	\$ (141,263)	\$ 231,848	\$ 273,717	\$ 355,886
Fund Balances, July 1	\$ 929,215	\$ 1,106,041	\$ 992,129	\$ 1,223,977	\$ 1,497,694
Cumulative Effect of Change in Accounting Principle ⁽⁵⁾	-	27,351	-	-	-
(Decrease) Increase in Reserve for Inventories	13,649	-	-	-	-
Fund Balances, July 1 Restated	-	\$ 1,133,392	-	-	-
Fund Balances, June 30	\$ 1,106,041	\$ 992,129	\$ 1,223,977	\$ 1,497,694	\$ 1,853,580

⁽¹⁾ When minor, any losses due to fair market valuation is netted out of interest earnings. Losses were reported separately in Fiscal Years 2020-21, 2021-22, and 2022-23 to provide a more meaningful illustration of real investment earnings.

⁽²⁾ The increase in general government expenditures from Fiscal Years 2018-19 to 2019-20 primarily represent the purchase of testing kits and personal protective equipment for COVID-19 and the construction costs of multiple homeless projects.

⁽³⁾ Historically, this line item has constituted primarily of transfers from the Power Revenue Fund; see "MAJOR GENERAL FUND REVENUE SOURCES—Power Revenue Transfers to General Fund." For Fiscal Year 2020-21, includes \$317 million in ARPA funds. For Fiscal Year 2021-22, includes \$659.1 million in ARPA funds.

⁽⁴⁾ Primarily Charter-required transfers to the Library Department and the Department of Recreation and Parks of amounts equal to 0.0300 percent and 0.0325 percent, respectively, of assessed value of all property in the City and includes transfers to pay for General Fund lease-financing obligations.

⁽⁵⁾ In compliance with implementation guidelines for GASB Statement 84, certain activities were re-categorized from a Fiduciary Fund type to the appropriate governmental funds, including the General Fund as reported above.

⁽⁶⁾ Represents certain privately placed financings for the acquisition of equipment.

Source: City of Los Angeles, ACFRs.

City's Budgetary Process

The City's fiscal year extends from July 1 through June 30. Under the Charter, the Mayor is required each year to submit to the Council a Proposed Budget (the "Proposed Budget") by April 20. The Proposed Budget is based on the Mayor's budget priorities and includes estimates of receipts from the City's various revenue sources. By Charter, the Mayor presents and the Council adopts a balanced budget with no deficit.

The Mayor's Proposed Budget is reviewed by the Council's Budget, Finance and Innovation Committee, which reports its recommendations to the full Council. The Council is required by Charter to adopt the Mayor's Proposed Budget, as modified by the Council, by June 1. If Council does not act on the Mayor's Proposed Budget by June 1, pursuant to the Charter, the Mayor's Proposed Budget becomes the City Budget for the ensuing fiscal year. If the Council acts and modifies the Mayor's Proposed Budget, the Mayor has five working days after adoption to approve or veto any items modified by the Council. The Council then has five working days to override by a two-thirds vote any items vetoed by the Mayor. After that time, the budget becomes the "Adopted Budget."

The budget is subject to revision throughout the fiscal year to reflect any changes in revenue and expenditure projections. During the fiscal year, the City monitors its revenues, expenditures and reserve estimates, and the CAO issues interim financial status reports (each an "FSR") as deemed appropriate. These reports identify various potential expenditures that could exceed budgeted amounts and recommend transfers to address them. These reports also update revenue projections and the condition of budgetary reserves and raise issues of concern. These and other changes approved by the Mayor and Council throughout the fiscal year become the basis of the "revised budget" reported in each subsequent year's Proposed and Adopted Budget. FSRs are typically issued each fiscal year at the end of October, early December, early March and end of May.

Fiscal Year 2022-23

The City's Fiscal Year 2022-23 receipts total \$7.58 billion, which is \$135.7 million above the original adopted budget of \$7.45 billion and \$17.4 million above the revised budget of \$7.56 billion. Property tax, franchise income, and business taxes were among the General Fund revenues that outperformed budget expectations. Partially offsetting these positive variances from the revised budget were shortfalls in departmental and grant receipts.

The Reserve Fund balance as of July 1, 2023 (after adjustments to the year-end balance) was \$648.3 million, or 8.2 percent of Fiscal Year 2023-24 projected General Fund revenues.

Fiscal Year 2023-24 Adopted Budget

Total budgeted General Fund revenue for Fiscal Year 2023-24 is \$7.90 billion, which represents an increase of 4.2 percent from Fiscal Year 2022-23 revenues. Excluding Reserve Fund transfers in Fiscal Year 2022-23 and Fiscal Year 2023-24, the increase is 2.9 percent. This increase is below historical average growth for General Fund revenues, resulting from lower than average projected increases in General Fund taxes of only 1.7 percent over Fiscal Year 2022-23 revised estimates. This lower growth is offset by a \$136.4 million Reserve Fund transfer. The Fiscal Year 2023-24 Adopted Budget balances significant investments to combat homelessness, increases capital and technology spending by \$37 million, authorizes the hiring of up to 980 sworn police officers for a potential net increase of 390 officers through both fully filled recruit classes and an optional retiree call back program, while maintaining the Total General Fund Reserves in compliance with Financial Policies (defined below). Although the Fiscal Year 2023-24 Adopted Budget authorizes police hiring described above, in anticipation that the target hiring levels may not be achievable it does not fully fund it. [See the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Financial Results and Budget—Prioritized Critical Hiring."]

The following table presents the Fiscal Year 2023-24 Adopted Budget and the Adopted Budgets for the preceding Fiscal Years. The table does not reflect changes made to the budgets subsequent to their original adoption, which for Fiscal Years 2019-20, 2020-21, and 2021-22 in particular were substantial due to pandemic-related revenue shortfalls and the availability of federal relief funds.

The City does not prepare the budget based on GAAP classifications, so that historic revenues and expenditures in the table below will vary from those used in Table 2 above, which is derived from the City's ACFR and prepared on a GAAP basis. Besides the basic accounting basis of recognition of revenues on a cash basis (budget) rather than accrual basis (GAAP), inter-fund transfers and other transactions are classified in a different manner. For example, certain line items such as Licenses and Permits are substantially different between the budget and the financial statements; in the financial statements, significant reimbursements to the General Fund from special revenues funds are netted out along with corresponding expenditures.

With respect to both the historical budgetary information and the projected budgetary information set forth below and elsewhere in this Appendix A, it is not possible to predict whether the trends set forth in the tables will continue in the future.

Table 3A
CITY OF LOS ANGELES GENERAL FUND ADOPTED BUDGET

	2019-20	2020-21	2021-22	2022-23	2023-24
General Fund Revenues					
Property Taxes ⁽¹⁾	\$ 2,115,611,000	\$ 2,297,080,000	\$ 2,400,250,000	\$ 2,535,005,000	\$ 2,640,250,000
Property Tax – Ex-CRA Tax Increment	100,386,000	95,900,000	111,990,000	153,800,000	143,730,000
Other Taxes ⁽²⁾	2,564,605,000	2,424,603,000	2,442,702,000	2,783,590,000	2,897,065,000
Licenses, Permits, Fees and Fines ⁽³⁾	1,432,853,292	1,560,189,689	1,466,009,998	1,526,675,386	1,620,128,165
Intergovernmental ⁽⁴⁾	235,600,000	224,100,000	225,819,000	229,721,000	236,502,000
Other General Fund ⁽⁵⁾	83,994,246	50,856,187	835,848,794	180,646,799	288,661,081
Interest	36,700,000	34,613,000	20,603,000	36,610,000	77,000,000
Total General Fund Revenue	\$ 6,569,749,538	\$ 6,687,341,876	\$ 7,503,222,792	\$ 7,446,048,185	\$ 7,903,336,246
General Fund Appropriations					
Fire Department	\$ 682,509,340	\$ 723,143,241	\$ 737,168,351	\$ 771,870,860	\$ 826,191,237
Police Department	1,676,632,617	1,796,387,613	1,702,988,343	1,803,434,641	1,785,894,868
Other Budgetary Departments	971,170,179	886,359,305	1,042,389,720	1,097,320,359	1,222,282,938
Tax and Revenue Anticipation Notes ⁽⁶⁾	1,302,296,587	1,323,536,029	1,333,686,071	1,336,147,626	1,373,059,172
Capital Finance Administration ⁽⁷⁾	223,750,313	211,750,313	224,436,534	228,856,646	178,053,731
Human Resources Benefits	743,564,377	800,593,969	774,377,710	805,331,098	861,864,205
Other General Fund Appropriations	969,826,125	945,571,406	1,688,176,063	1,403,086,955	1,655,990,095
Total General Fund Appropriations	\$ 6,569,749,538	\$ 6,687,341,876	\$ 7,503,222,792	\$ 7,446,048,185	\$ 7,903,336,246

⁽¹⁾ Property taxes include all categories of the City allocation of 1% property tax collections such as secured, unsecured, State replacement, redemptions and penalties, supplemental receipts and other adjustments and is net of refunds and County charges. Also included are property taxes remitted to the City as replacement revenue for both State Vehicle License Fees and sales and use taxes.

⁽²⁾ Other taxes include utility users tax, business tax, sales tax, transient occupancy tax, documentary transfer tax, parking occupancy tax, and residential development tax. See "MAJOR GENERAL FUND REVENUE SOURCES" for a discussion of these taxes.

⁽³⁾ This item has been renamed "Departmental Receipts" beginning with the Fiscal Year 2020-21 Budget. Also includes State Vehicle License Fees, parking fines and franchise income, which are described under "MAJOR GENERAL FUND REVENUE SOURCES."

⁽⁴⁾ Intergovernmental revenues include proprietary departments' transfers.

⁽⁵⁾ Other General Fund receipts include grant receipts, tobacco settlement, transfers from the Special Parking Revenue Fund, and any transfers from the Reserve Fund or the BSF. For 2021-22, this item includes one-time revenues from ARPA.

⁽⁶⁾ A significant portion of the City's TRAN proceeds are used to pay the annual contribution to LACERS and LAFPP. The budget line item for TRAN repayment is primarily for principal for this portion of the program and is made in lieu of direct appropriations for contributions to the two retirement systems. See "RETIREMENT AND PENSION SYSTEMS." Interest due on the TRAN is also included in this line item.

⁽⁷⁾ This fund is used to make lease payments on various lease revenue bonds, privately placed leases and commercial paper notes.

Source: City of Los Angeles, Office of the City Administrative Officer.

Fiscal Year 2023-24 Financial Status

[The CAO released the First FSR on October 27, 2023. The First FSR identified risks to current year revenues from economically sensitive taxes, most notably the Documentary Transfer Tax, as the economy faces

potential headwinds caused by the Federal Reserve’s ongoing efforts to tame inflation and the resulting increase in interest rates. The report also identified a potential upside to property tax receipts based on the County Assessor’s forecasted growth for City properties of 5.9 percent. (The Fiscal Year 2023-24 Adopted Budget assumed 5.3 percent growth.) The First FSR further stated that after three months of the fiscal year, receipts are \$138 million below projections in the Fiscal Year 2023-24 Adopted Budget although this amount could be recoverable.

The report also identified \$265 million in overspending largely attributed to the Police Department’s unbudgeted salary increases resulting from the August 2023 agreement with the LAPPL and sworn overtime, Fire Department’s constant staffing overtime and contractual services costs, petroleum and utility costs, and the City Attorney’s outside counsel, litigation, and liability claims costs. In addition to this known overspending amount, the First FSR also raises the potential that the ongoing negotiations with civilian labor unions could impact the current year budget. The City cannot estimate the current year impacts because negotiations are ongoing. While it is possible that some departments will be able to absorb a portion of these costs, any amount that departments cannot absorb would exacerbate the reported overspending. The First FSR addresses \$11 million of this overspending and identifies \$143 million in potential future actions leaving \$111 million unresolved. Such potential actions include use of the UB – Reserve for Mid-Year Adjustments and the UB – Department Payroll Reconciliation accounts.

Finally, the report identifies that as of October 17, 2023, the City’s Total General Fund reserves are \$763 million, or 9.65 percent of budgeted revenues, which includes a Reserve Fund balance of \$537 million, or 6.79 percent of budgeted revenues. The First FSR notes that the City may be required to use these reserves to address unresolved overspending or if the risks to revenues are realized.]

General Fund Budget Outlook

The CAO periodically prepares a four-year Outlook, which compares projected revenues to projected expenditures in order to identify trends and potential future pressures. The most recent Outlook, presented below, was prepared in May 2023 to reflect the Fiscal Year 2023-24 Adopted Budget (referred to as “the Outlook,” herein).

Each Outlook the CAO prepares begins with the balanced budget for the current budget year, in compliance with the City’s requirement to adopt a balanced budget, and projects revenue and expenditure changes for the next four fiscal years. The Outlook projects a budget gap in Fiscal Year 2024-25 with a surplus in Fiscal Years 2025-26 through 2027-28. Any budget gap is addressed with the adoption of the budget in future fiscal years.

Significant assumptions used by the City in the development of the most recent Outlook include the following:

- Revenues will increase moderately each year. Projected increases range from 2.2 percent to 4.0 percent. The Outlook does not assume the occurrence of a recession, continuing extraordinary inflation or a new outbreak of a COVID-19 variant that prompts the reissuing of stay-at-home orders and a resulting economic downturn.
- Expenditures reflect major expenses known at the time of preparation of the Outlook.
- The City’s pension contribution rates are based on information calculated by the systems’ actuary. See “RETIREMENT AND PENSION SYSTEMS.”
- The Outlook does not assume any increases in employee compensation arising from labor agreements beyond those in place in May 2023, and “natural” cost growth from such events as promotions and salary step-increases. Subsequent to the preparation of the Outlook, the City

entered into a successor agreement with the Los Angeles Police Protective League (LAPPL), which will result in an estimated \$97 million in salary increases in Fiscal Year 2023-24 that are not included in the Fiscal Year 2023-24 Adopted Budget and an additional estimated \$26 million in associated pension costs, which the City will incur as future fiscal year contributions. The City estimates that the agreement will increase the Fiscal Year 2024-25 shortfall by \$123.4 million and reduce the Fiscal Year 2025-26, 2026-27, and 2027-28 projected surpluses by \$75.2 million, \$90.8 million, and \$94.9 million respectively. Further, the tentative agreements with the Coalition of LA City Unions and potential impacts from yet-to-be negotiated labor contracts widens the shortfall to a range between \$350 million to \$400 million in Fiscal Year 2024-25. See the caption “BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2023-24 Financial Status.” Most other current agreements expire in Fiscal Year 2023-24. New labor agreements are likely to increase salary and pension costs in future fiscal years.

- The Outlook also does not include certain, potentially large, capital expenditures, including potential expenditures in connection with the City’s Civic Center Master Plan, the Convention Center expansion project, acceleration of the sidewalk access ramp program, restoration of the Los Angeles River, or the mitigation of stormwater pollution, which the City has yet to approve. The Fiscal Year 2024-25 expenditure projection deletes funding for one-year projects. The Outlook assumes capital and technology funding in future years at the amount required to meet the policy spending level of 1.5 percent of General Fund revenue. See “BUDGET AND FINANCIAL OPERATION—Capital Program.”
- The Outlook does not assume the continuation of large, one-time expenditures related to homelessness. This includes the \$250 million for the City’s “Inside Safe” program, which the Outlook assumes will partially continue in Fiscal Year 2024-25 and then end, and the \$20 million for additional homeless services budgeted for Fiscal Year 2023-24, which the Outlook assumes will not continue in future years.
- The Outlook assumes the City will pay \$100 million per year in litigation losses. Actual payments may exceed that amount. See “—Risk Management and Retention Program” and “LITIGATION.”

While the City believes that the assumptions used in the development of the Outlook were reasonable when the Outlook was prepared, actual results will differ, and such differences may be material and adverse. There can be no assurance that circumstances not reflected in the Outlook will not arise which could materially adversely impact the financial condition of the City. [(As described in “BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2023-24 Financial Status,” the First FSR issued on October 27, 2023 notes that fiscal-year-to-date revenues are approximately \$138 million below projections in the Fiscal Year 2023-24 Adopted Budget, and identified approximately \$265 million in overspending.)]

Following is a summary presentation of the Outlook.

Table 3B
GENERAL FUND BUDGET OUTLOOK SUMMARY
As prepared and updated in May 2023 in connection with the Fiscal Year 2023-24 Adopted Budget
(\$ in millions)

	<i>Adopted</i> 2023-24	2024-25	2025-26	2026-27	2027-28
ESTIMATED GENERAL FUND REVENUE					
General Fund Base ⁽¹⁾	\$7,446.0	\$7,903.3	\$8,079.0	\$8,385.0	\$8,631.0
<u>Incremental Revenue Growth:</u>					
Property Related Taxes	(4.6)	177.2	153.5	176.5	183.8
Business and Sales Taxes	79.8	53.4	57.8	54.8	51.8
Departmental Receipts	90.4	57.8	66.1	69.2	72.4
Other Fees, Taxes, and Transfers ⁽²⁾	291.7	(112.7)	28.6	(54.5)	38.4
Total Revenue	\$7,903.3	\$8,079.0	\$8,385.0	\$8,631.0	\$8,977.4
General Fund Revenue Increase %	6.1%	2.2%	3.7%	2.9%	4.0%
General Fund Revenue Increase \$	\$457.3	\$175.7	\$306	\$246.0	\$346.4
ESTIMATED GENERAL FUND EXPENDITURES					
General Fund Base ⁽¹⁾	\$7,446.0	\$7,903.3	\$8,147.2	\$8,150.9	\$8,249.8
<u>Incremental Expenditure Growth:</u>					
Employee Compensation Adjustments	111.8	154.5	59.5	60.7	73.5
City Employees' Retirement System	39.3	109.7	(20.0)	37.4	25.6
Fire and Police Pensions	(23.6)	26.4	(118.3)	2.1	9.3
Benefits	56.6	40.3	37.4	40.8	44.6
Debt Service	(50.8)	7.5	(1.7)	6.5	(12.2)
Net-Other Additions and Deletions ⁽³⁾	324	(94.5)	46.8	(48.6)	42.4
Total Expenditures	\$7,903.3	\$8,147.2	\$8,150.9	\$8,249.8	\$8,433.0
Expenditure Growth (Reduction) %	6.1%	3.1%	0.0%	1.2%	2.2%
Expenditure Growth (Reduction) \$	\$457.3	\$243.9	\$3.7	\$98.9	\$183.2
REVENUES OVER (BELOW) EXPENDITURES	\$ --	\$(68.2)	\$234.1	\$381.2	\$544.4

⁽¹⁾ Based on prior year revenues and expenditures.

⁽²⁾ Growth in Fiscal Year 2023-24 average historical growth, not increased for inflation. Reduction in Fiscal Year 2024-25 reflects deduction of Fiscal Year 2023-24 transfer from Reserve Fund of \$136.4 million. Reduction in Fiscal Year 2026-27 reflects completion of COVID-related payments from FEMA.

⁽³⁾ Fiscal Year 2023-24 includes the restoration of one-time reductions and efficiencies and ongoing changes and new regular positions added to the base budget. Among the significant increases are a net increase of 785 regular authority positions, increased appropriations to Recreation and Parks, the Library, and increased expenditures for hotel development incentive agreements. Fiscal Year 2023-24 also reflects new and increased ongoing costs to a variety of departmental programs. Subsequent years include projected expenditures for the restoration of one-time expenditure reductions, hotel development incentive agreements, the recycling incentives program, Police vehicles, and increased appropriations to Recreation and Parks and the Library. The negative expenditure in Fiscal Year 2026-27 reflects, in part, reductions to the appropriation of FEMA reimbursements, which the Outlook assumes will reduce concurrently.

Source: City of Los Angeles, Office of the City Administrative Officer.

Budgetary Reserves and Contingencies

The City maintains a number of budgetary reserves and other funds designed to help manage its risks and ensure sufficient resources to meet contingencies. These funds represent a major component of what is reported as Unassigned Fund Balance at year-end in the City's financial reports. See the footnotes for "Table 1—Balance Sheets for the General Fund."

The City maintains a Reserve Fund, which was created by the Charter. The City may transfer moneys from the Reserve Fund as part of an Adopted Budget or throughout the fiscal year for unanticipated expenditures, or may transfer funds from the Reserve Fund as a loan to other funds. The City may also transfer moneys to the Reserve Fund from time to time throughout the year. All unencumbered cash amounts in the General Fund revert to the Reserve Fund at the end of the Fiscal Year; some of those funds will be re-appropriated at the beginning of the following fiscal year (primarily for General Fund capital projects, advances, and technical adjustments).

The City's Financial Policies ("Financial Policies") include a Reserve Fund policy setting forth the goal that the City maintain a budget-based Reserve Fund balance equal to at least 5 percent of General Fund revenues. The City's Reserve Fund policy addresses budget-based reserves and does not set specific goals for GAAP-based year-end fund balances.

After falling short of this goal for the first time in seven years in Fiscal Year 2020-21 due to the revenue impacts of the COVID-19 pandemic, the combination of ARPA receipts (which were used as revenue replacement to fund general government services) and the general recovery of City revenues to pre-pandemic levels facilitated the growth of budgetary reserves in Fiscal Year 2021-22, and the City exceeded this goal in the Fiscal Year 2022-23 and the Fiscal Year 2023-24 Adopted Budgets. As of July 1, 2023, the Reserve Fund balance was \$648 million, or 8.2 percent of budgeted General Fund revenues.]

The Reserve Fund is composed of two accounts—an Emergency Reserve Account and a Contingency Reserve Account. Amounts in the Emergency Reserve Account, representing 2.75 percent of General Fund revenues, are restricted under the Charter for funding an "urgent economic necessity" upon a finding by the Mayor and Council of such necessity. If the City were to utilize amounts in the Emergency Reserve Account, the City would be expected to replenish the amount expended therefrom in the subsequent fiscal year except in the case of a catastrophic event, in which case the requirement can be temporarily suspended by Council and Mayoral action. The balance of the available Reserve Fund is allocated to the Contingency Reserve Account and is available to address unexpected expenditures relating to existing programs or revenue shortfalls upon authorization by the Mayor and Council.

[The First FSR reported a Reserve Fund balance of \$537 million, a net reduction of approximately \$111 million from the July 1, 2023 balance of \$648 million. The largest transaction contributing to the reduction is \$68 million to front fund ULA expenditures. On August 29, 2023, the Mayor and Council authorized a loan from the Reserve Fund of \$112 million for cash flow purposes related to the ULA. The loan has reduced the Reserve Fund balance but is expected to be repaid in 2023-24 upon receipt of ULA revenue. As of August 2023, \$44 million in additional ULA revenue has been received in Fiscal Year 2023-24 resulting in a reduced loan authority of \$68 million.

The Reserve Fund will be impacted by an agreement with the LAPPL for MOU 24 (Police Officers, Lieutenant and Below), which was approved by the City Council on August 23, 2023. The LAPPL agreement has an estimated cost impact of approximately \$97 million in salary increases in Fiscal Year 2023-24 that are not included in the Fiscal Year 2023-24 Adopted Budget and an additional estimated \$26 million in associated pension costs, which the City will incur as future fiscal year contributions. The City's high vacancy rates, if they continue, will generate savings to absorb a portion of the cost as well. The City also has \$73 million in the UB carried over from the prior year that can be used to offset the costs of labor agreements, including the LAPPL agreement.]

In addition, the City maintains a number of other funds that can be used to finance contingencies as they arise, the most important of which are the Budget Stabilization Fund (the "BSF") and the UB line item for mid-year adjustments. Taken together, the Reserve Fund, the BSF, and the UB line item for mid-year adjustments comprise what the City considers to be its "Total General Fund Reserves."

Pursuant to the ordinance that regulates the BSF, as part of the annual budget process, a portion of the economically sensitive revenues projected to be above the historical average must be deposited into the BSF, which can then be used to help fund future expenditures when revenue is stagnant or is in decline. The economically sensitive revenues consist of seven General Fund tax revenue sources: property, utility users, business, sales, transient occupancy, documentary transfer, and parking occupancy taxes. For purposes of the Fiscal Year 2023-24 Adopted Budget, the growth rate used to determine BSF contributions was calculated to be 4.3 percent, based on the 20-year historical average of these tax revenues.

Under the BSF Financial Policy, excess projected revenue in the Fiscal Year 2023-24 Adopted Budget was \$25.9 million, which was not enough growth to trigger a required appropriation to the BSF. [As of October 17, 2023, the current balance in the BSF was \$198.6 million.]

[The Unappropriated Balance (the “UB”) was created by the Charter, which requires that an amount be included in the budget to be available for appropriations later in the fiscal year to meet contingencies as they arise. The amount and types of items identified in the UB vary each year depending on the specific challenges, the risks identified, and programs that have been approved but for which an appropriation for expenditure is premature. The Fiscal Year 2023-24 Adopted Budget allocated \$297 million toward the UB. These allocations include \$30 million as a Reserve for Mid-Year Adjustments (considered part of the City’s Total General Fund Reserves), \$20 million as a Reserve for Extraordinary Liability, and \$42 million as a contingency reserve for anticipated reimbursements from FEMA, which could be delayed. If these reimbursements from FEMA are paid during Fiscal Year 2023-24, the Fiscal Year 2023-24 Adopted Budget intends that a portion of these funds will be used to increase the Reserve Fund balance. As in all years, the UB contains allocations for a number of other potential expenditures, the largest of which include \$23 million for the decarbonization and development of solar on City facilities, \$20.4 million for Police Department costs, \$15 million to finance the acquisition of interim housing beds to support individuals experiencing homelessness, and \$13 million to support the implementation of an unarmed crisis response pilot program. The UB budget for Fiscal Year 2023-24 also includes \$14.1 million to pay expenses of the 2023 special runoff election and the March 2024 primary election.

In addition to the Fiscal Year 2023-24 appropriations described above, \$73 million that had been appropriated in Fiscal Year 2022-23 was reappropriated for Department Payroll Reconciliation for Fiscal Year 2023-24, in recognition of the number of labor agreements expiring during the fiscal year and therefore pending new negotiations.]

The City adopted a revision to its Financial Policies in January 2020 to add the stated goal of maintaining the cumulative value of its Total General Fund Reserves at an amount equal to at least 10 percent of all General Fund revenues anticipated for that fiscal year in the Adopted Budget. Based on the actual Reserve Fund balance as of July 1, 2023, the City began Fiscal Year 2023-24 with budgetary Total General Fund Reserves totaling 11.1 percent of budgeted General Fund revenues. [After accounting for transactions approved since July 1, 2023, and pending transfers, the First FSR reported that Total General Fund Reserves total approximately \$763 million or 9.7 percent of Fiscal Year 2023-24 budgeted General Fund revenue.]

The following table summarizes both budgeted and actual reserves. The history of projected Reserve Fund balances as of July 1, as anticipated in past Adopted Budgets, and the actual Reserve Fund balances that occurred on July 1 of those years is intended to illustrate the historical variance between budgeted and actual amounts. A number of factors affect the actual balance at the beginning of the year, including final expenditures and revenues for the preceding fiscal year, the reversion of unencumbered funds at year end, the reappropriation of a portion of those reversions through the budget, and appropriations to and from the Reserve Fund. The table also sets forth the City’s other major contingency resources, in addition to the City’s Reserve Fund, namely the BSF and the UB line item for mid-year adjustments. These balances are reported as of the beginning of the fiscal year rather than the end of the prior year to avoid overstating them as a result of year-end reversions, many of which are reappropriated as of July 1, and to account for any transfers made as part of an Adopted Budget.

Table 4
HISTORICAL RESERVE FUND BALANCE AS OF JULY 1
Adopted Budget and Actual
(Cash Basis; \$ in millions)

	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>
Adopted Budget										
Emergency Reserve	\$ 141.3	\$ 148.8	\$ 153.4	\$ 160.2	\$ 170.2	\$ 180.7	\$ 183.9	\$ 206.4	\$ 204.8	\$ 217.3
Contingency	<u>142.8</u>	<u>164.6</u>	<u>181.5</u>	<u>138.1</u>	<u>180.7</u>	<u>229.7</u>	<u>59.4</u>	<u>303.5</u>	<u>272.7</u>	<u>350.2</u>
	\$ 284.1	\$ 313.4	\$ 334.9	\$ 298.3	\$ 350.9	\$ 410.4	\$ 243.3	\$ 509.9	\$ 477.5	\$ 567.5
Total Budgeted General Fund Revenues	\$5,138.3	\$ 5,410.4	\$ 5,576.4	\$5,826.5	\$6,190.6	\$ 6,569.7	\$6,687.3	\$7,503.2	\$ 7,446.0	\$ 7,903.3
Reserve Fund Balance as % of Budgeted General Fund Revenues	5.53%	5.79%	6.01%	5.12%	5.67%	6.25%	3.64%	6.80%	6.41%	7.18%
Budget Stabilization Fund (BSF)	\$ 64.4	\$ 91.5	\$ 92.4	\$ 95.1	\$ 107.3	\$ 113.9	\$ 116.6	\$ 118.0	\$ 192.1	\$ 196.8
Reserves for Mid-Year in UB	<u>20.7</u>	<u>17.0</u>	<u>15.0</u>	<u>20.0</u>	<u>20.3</u>	<u>35.0</u>	<u>30.1</u>	<u>14.9</u>	<u>24.3</u>	<u>30.0</u>
Total General Fund Budget Reserves	\$ 369.2	\$ 421.9	\$ 442.3	\$ 413.3	\$ 478.6	\$ 559.4	\$ 390.0	\$ 642.8	\$ 693.9	\$ 794.3
% of Budgeted General Fund Revenues	7.19%	7.80%	7.93%	7.09%	7.73%	8.51%	5.83%	8.57%	9.32%	10.05%
Actual										
Emergency Reserve	\$ 141.3	\$ 148.8	\$ 153.3	\$ 160.2	\$ 170.2	\$ 180.7	\$ 183.9	\$ 206.3	\$ 204.8	\$ 217.3
Contingency	<u>241.7</u>	<u>293.8</u>	<u>180.9</u>	<u>194.3</u>	<u>175.6</u>	<u>226.5</u>	<u>119.8</u>	<u>440.7</u>	<u>396.9</u>	<u>431.0</u>
	\$ 383.0	\$ 442.6	\$ 334.2	\$ 354.5	\$ 345.8	\$ 407.2	\$ 303.7	\$ 647.0	\$ 601.7	\$ 648.3
Reserve Fund Balance as % of Budgeted General Fund Revenues	7.45%	8.18%	5.99%	6.08%	5.59%	6.20%	4.54%	8.62%	8.08%	8.20%
Total General Fund Reserves	\$ 467.8	\$ 551.3	\$ 442.9	\$ 469.7	\$ 471.6	\$ 556.5	\$ 450.4	\$ 780.2	\$ 818.3	\$ 876.2
Total General Fund Reserves as % of Budgeted General Fund Revenues	9.10%	10.19%	7.94%	8.06%	7.62%	8.47%	6.74%	10.40%	10.99%	11.09%

Source: City of Los Angeles, Office of the City Administrative Officer.

Financial Management Policies

The City has adopted a number of Financial Policies. Several of these policies relate to the City's Reserve Fund and BSF. See "Budgetary Reserves and Contingencies" above for a description of these Financial Policies.

Another component of the Financial Policies requires that one-time revenues only be used for one-time expenditures. The Fiscal Year 2023-24 Adopted Budget satisfies this policy by allocating \$245 million in one-time revenues toward \$488 million in one-time expenditures.

The Financial Policies provide for the City to annually budget 1.5 percent of General Fund revenues to fund capital and technology infrastructure improvements. The Fiscal Year 2023-24 Adopted Budget complies with this policy by providing \$160 million in General Fund capital and technology spending, equivalent to 2.02 percent of General Fund revenues.

The City also has limits on the amount of debt service it considers affordable and is well below those thresholds. See "BONDED AND OTHER INDEBTEDNESS—Debt Management Policies."

Risk Management and Retention Program

Because of its size and its financial capacity, the City has long followed the practice of directly assuming most insurable risks without procuring commercial insurance policies. The extent and variety of City exposure

is such that the cost of the premiums outweighs the benefits of such coverage. The City administers, adjusts, settles, defends and pays claims from budgeted resources. The City is self-insured for workers' compensation as permitted under State law. The City procures commercial insurance when required by bond or lease financing covenants and for other limited purposes.

Funds are budgeted annually to provide for claims and other liabilities based both on the City's historical record of payments and an evaluation of known or anticipated claims. From time to time, the City has issued judgment obligation bonds to finance larger judgments or settlements, as it did in Fiscal Years 2008-09 and 2009-10. There are no judgment obligation bonds currently outstanding.

The City's recent budget and claims payment experience is listed in the table below.

Table 5
LIABILITY CLAIMS PAID⁽¹⁾
(\$ in millions)

<i>Fiscal Year</i>	<i>Total Amount Budgeted</i>			<i>Total</i>	<i>Total Claims Paid (Actual)</i>
	<i>General Fund⁽²⁾</i>	<i>Special Funds</i>	<i>Unappropriated Balance</i>		
2019-20	\$80.0	\$10.5	\$20.0	\$110.5	\$126.9
2020-21	80.0	7.9	-	87.9	87.3
2021-22	80.0	7.4	23.9	111.3	111.3
2022-23	80.0	7.4	20.0	107.4	172.6 ⁽³⁾
2023-24	80.0	7.4	20.0	107.4	[28.8] ⁽⁴⁾

⁽¹⁾ Cash basis. Does not include Workers' Compensation claims paid by the City; see Table 6. Also, does not include claims paid in connection with Fair Labor Standards Act disputes and other labor matters, which are paid out of departmental operating budgets.

⁽²⁾ Excludes appropriation in the UB as a "Reserve for Extraordinary Liabilities."

⁽³⁾ Increase from budget due to various liability payments, the largest of which is a \$57.5 million payment from the Sewer Construction and Maintenance Fund, relating to the class action lawsuit, *Hoffman et al. v. City of Los Angeles*. See "LIMITATIONS ON TAXES AND APPROPRIATIONS—Articles XIII C and XIII D of the California Constitution – Proposition 218."

⁽⁴⁾ Total liability claims paid as of [November 14, 2023.]

Source: City of Los Angeles, Office of the City Administrative Officer.

The City's ACFR provides estimates of potential liabilities. Under GAAP, the City is required to accrue liabilities arising from claims, litigation and judgments when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The City's ACFR discloses and takes into account estimates of such potential liabilities. As reported in the City's ACFR (Note 4 (N): Risk Management—Estimated Claims and Judgments Payable), the City, as of June 30, 2023, estimated the amount of tort and non-tort liabilities that were "probable" of occurring at approximately \$1.2 billion. In addition, and as reported in the City's ACFR, the City Attorney, as of June 30, 2023, estimated that certain other pending lawsuits and claims have a "reasonable possibility" of resulting in additional liability totaling \$80.5 million. See "LITIGATION" for a discussion of certain recently completed, pending or threatened litigation matters involving the City.

The City is only aware of minimal existing claims against the City as a result of the enactment of Assembly Bill 218, which became effective in January 2020, and Assembly Bill 2777, which became effective in January 2023. These laws allow alleged victims of sexual abuse to bring claims which previously had been barred by the applicable statute of limitations. There can be no assurances that additional claims will not be brought against the City as a result of these laws.

Also, as of June 30, 2023, the City estimated its workers' compensation liability at \$2.1 billion; see Table 6 for recent and budgeted expenditures for this liability.

The City generally does not maintain earthquake insurance coverage. Instead, the City relies on its general reserves as well as the expectation that funds will be available from FEMA to manage earthquake and other major natural disaster risk. The City has received a waiver from the requirement under federal law that it acquire earthquake insurance on facilities that were the beneficiaries of prior FEMA grants. There is no guarantee that sufficient City reserves or FEMA assistance would be available in the event of a major natural disaster to adequately address the emergency and maintain the cash flow needed to pay City obligations. See “OTHER MATTERS—Seismic Considerations.”

In addition, the City does not maintain insurance for cybersecurity risk. See “OTHER MATTERS—Cybersecurity.”

Workers’ Compensation, Employee Health Care and Other Human Resources Benefits

The City appropriates funds to a Human Resources Benefits Fund to account for various programs to provide benefits to its employees, in addition to retirement and other post-employment benefits, as described below. Total benefits expenditures are shown in the following table.

Table 6
HUMAN RESOURCES BENEFITS⁽¹⁾
(\$ in thousands)

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>
Civilian FLEX Program ⁽²⁾	\$ 291,509	\$ 308,627	\$ 292,711	\$ 306,756	\$ 338,125
Contractual Services	23,430	22,494	24,191	32,680	33,965
Employee Assistance Program	1,369	1,915	1,675	1,828	1,844
Fire Health and Welfare Program	58,938	61,875	62,066	65,289	69,730
Police Health and Welfare Program	157,451	158,385	158,007	160,360	163,972
Supplemental Civilian Union Benefits	5,544	6,446	5,830	6,086	6,228
Unemployment Insurance	1,961	9,295	2,769	2,175	3,000
Workers’ Compensation/Rehabilitation	203,356	215,915	219,801	239,432	245,000
Total	\$ 743,558	\$ 784,951	\$ 767,052	\$ 814,605	\$ 861,864

⁽¹⁾ Cash basis.

⁽²⁾ Reflects all civilian health, dental, union supplemental benefit and life insurance subsidies.

Source: City of Los Angeles, Office of the City Administrative Officer.

Labor Relations

In 1971, the City adopted an employee relations ordinance (Los Angeles Administrative Code, Division 4, Chapter 8, Section 4.800 *et seq.*) under the provisions of the Meyers-Milias-Brown Act (“MMBA”). Under the MMBA, management must bargain with recognized employee organizations on terms and conditions of employment, including wages, hours, and other working conditions. The CAO is the formal management representative on employee relations matters, representing the Mayor and Council in negotiations with recognized employee organizations. The CAO receives direction from the Executive Employee Relations Committee, consisting of five *ex officio* members, namely the Mayor, the President of the Council, the President Pro-Tempore of the Council, the chairperson of the Council’s Budget, Finance and Innovation Committee, and the chairperson of the Council’s Personnel, Audits and Hiring Committee. Formal Memoranda of Understanding (“MOUs”) are negotiated between the City and recognized employee organizations, which may represent one or more formal bargaining units. Negotiated MOUs incorporate wages and working conditions. For expired MOUs, terms and conditions remain in effect until a successor MOU is successfully negotiated or impasse proceedings conclude, unless a provision has a specific termination date.

There are 45 individual MOUs, affecting about 34,800 full-time and 7,800 part-time City employees (including employees of the Airport and Harbor departments, but excluding DWP employees) that are

represented by 22 labor unions/employee associations. The remaining approximately 800 full-time and 900 part-time employees are not represented. See “RETIREMENT AND PENSION SYSTEMS.”

To address the projected budget gap in Fiscal Year 2020-21 occasioned by the COVID-19 pandemic, the City renegotiated terms of MOUs with the majority of its labor organizations whose salaries most significantly impacted the City’s General Fund. The renegotiated terms focused primarily on deferring previously scheduled wage increases. Following the receipt of federal COVID-19 funding, the MOUs were reopened. The Fiscal Year 2022-23 Adopted Budget allocated \$93 million in the UB in connection with such renegotiations. Due to high vacancy rates in many departments, most of the Fiscal Year 2022-23 costs were absorbed out of existing departmental budgets and as a result, the Fiscal Year 2023-24 Adopted Budget reappropriates \$73 million of this amount to Fiscal Year 2023-24 to partially address unbudgeted compensation adjustments that may be negotiated to go into effect during Fiscal Year 2023-24.

[The majority of the City’s current MOUs expire in 2023 or 2024. The agreement with the Los Angeles Police Protective League (LAPPL), which represents over 8,900 sworn police officers, expires in June 2027. The Fiscal Year 2023-24 Adopted Budget and the Outlook do not include potential increased costs associated with the successor agreements with the exception of the \$73 million in the UB that was reappropriated to Fiscal Year 2023-24. Furthermore, since staffing at most City departments is currently below the levels contemplated in the Fiscal Year 2023-24 Adopted Budget, the City anticipates that a portion of any increased costs resulting from the renegotiated MOUs will be absorbed by existing departmental budgets. The City is currently in negotiations. There can be no assurances that actual cost impacts will not exceed the ability of departments to absorb costs and amounts available in the UB. As a final option, the City would access its General Fund reserves during Fiscal Year 2023-24 for costs that it cannot absorb through these other means. See “BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies.”]

For a number of years, the City has accumulated liability for banked Los Angeles Police Department (“LAPD”) uncompensated overtime, valued at approximately \$142.0 million as of January 27, 2024. Those hours that are not used as leave become more expensive over time due to promotions and other salary increases of applicable LAPD personnel.

The following table summarizes the membership and status of the largest unions and employee associations.

**[Table 7]
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS**

Organization	Employees Represented⁽¹⁾	Number of Bargaining Units	Status of Memorandum of Understanding	Base Wage Adjustments⁽²⁾
Los Angeles Police Protective League	8,794	1	Contract expires 6/26/27	3% effective 7/16/23 3% effective 6/30/24 3% effective 6/29/25 3% effective 6/28/26
United Firefighters of Los Angeles City	3,292	1	Contract expires 6/29/24	2% effective 7/7/19 4.75% effective 7/5/20 4.5% effective 1/1/23 3% effective 1/14/24 ⁽³⁾
Coalition of LA City Unions	24,439	21	[Contracts expire 12/30/23]	3.0% effective 1/1/23 5% cash payment 7/26/23
Engineers and Architects Association	5,980	4	[Contracts expire 12/31/23]	2.75% effective 1/19/20 2% effective 6/19/22 2% effective 1/29/23 1.5% effective 6/18/23 3% effective 7/2/23 ⁽³⁾
Municipal Construction Inspectors Association	910	1	[Contract expires 12/30/23]	2% effective 1/19/20 2.75% effective 7/5/20 2% effective 7/3/22 2% effective 1/29/23 3% effective 7/2/23 ⁽³⁾

⁽¹⁾ Total full-time and part-time employees in all departments except DWP, as of February 12, 2024.

⁽²⁾ Adjustments for the term covered by the specific MOU.

⁽³⁾ Increase resulting from the salary reopener discussions that concluded in late May 2022.

Source: City of Los Angeles, Office of the City Administrative Officer.

The table below shows total authorized City staffing for all departments except Airports, Harbor, DWP, LACERS, and LAFPP. The LAPD represents the single largest department in terms of authorized positions. The 2023-24 Adopted Budget authorized the hiring of 980 police officers. [Given the challenging recruitment environment, the Mayor and Council appropriated funding for 800 police officers in the LAPD's budget and additional funding for 180 police officers in the Unappropriated Balance.] [See the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Financial Results and Budget—Prioritized Critical Hiring."]

Table 8
AUTHORIZED CITY STAFFING⁽¹⁾

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>
Sworn					
Police	10,552	10,554	10,557	10,557	10,597
Fire	<u>3,382</u>	<u>3,416</u>	<u>3,424</u>	<u>3,510</u>	<u>3,520</u>
Subtotal Sworn	13,934	13,970	13,981	14,067	14,117
Civilian					
Police	3,454	3,451	3,187	3,292	3,321
Fire	406	415	380	392	415
All Others	<u>16,378</u>	<u>16,795</u>	<u>16,014</u>	<u>16,670</u>	<u>17,353</u>
Subtotal Civilian	20,238	20,661	19,581	20,354	21,089
Total	34,172	34,631	33,562	34,421	35,206

⁽¹⁾ As authorized in the Adopted Budget. Includes permanent ("regular") positions and excludes temporary personnel (also referred to as "resolution authority positions"), which total 3,568 for Fiscal Year 2023-24. Also excludes personnel of the departments of Airports, Harbor, DWP, LACERS and LAFPP.

Source: City of Los Angeles, Office of the City Administrative Officer.

City Treasury Investment Practices and Policies

The Director of Finance, serving in the capacity of City Treasurer, invests available cash for the City, including that of the proprietary departments, as part of a pooled investment program that combines general receipts with special funds for investment purposes and allocates interest earnings on a pro-rata basis when the interest is earned. The Treasurer also maintains a limited number of special pools established for specific purposes.

The City's General Pool is further divided into a Core Pool, a Reserve Pool, and an Extended Reserve Pool. The core or liquidity portion is targeted at the City's net liquidity requirements for six months. All investments in the core section of the portfolio have maturities of one year or less. Most of the balance of the General Pool that is not required for the City's six-month liquidity requirement is invested in the Reserve Portfolio. The Reserve Portfolio holds investments ranging from one to five years. In January 2020, the City created an Extended Reserve Portfolio, which pursues a primary investment objective of providing an enhancement of overall interest earnings with longer-term investments. Holdings in that portfolio consist of U.S. Treasury and Agency bonds only, with a maximum maturity of ten years.

Table 9
POOLED INVESTMENTS
Portfolio Characteristics
As of December 31, 2023

<i>Portfolio Funds</i>	<i>Amount of Funds at Market Value</i>	<i>Percent of Investment Pool</i>	<i>Effective Yield</i>	<i>Average Weighted Maturity</i>
Core Portfolio	\$ 4,174,338,538	29.6%	3.59%	110 Days
Reserve Portfolio	7,482,109,236	53.1	2.54	2.9 Years
Extended Reserve Portfolio	<u>2,447,249,498</u>	<u>17.4</u>	<u>2.65</u>	<u>7.1 Years</u>
Total Investment Pool	\$ 14,103,697,271	100.0%	2.87%	2.8 Years

Source: City of Los Angeles, City Treasurer.

The following summarizes the City's pooled investment program as of its most recent investment report.

Table 10
POOLED INVESTMENT FUND
GENERAL POOL
As of December 31, 2023

<i>Description</i>	<i>Par Value</i>	<i>Market Value</i>	<i>Percent of Total Funds (Market Value)</i>	<i>Average Days</i>
Bank Deposits ⁽¹⁾	\$ 57,918,067	\$ 57,918,067	0.41%	0
Money Market Funds	69,447,168	69,447,168	0.49	0
LAIF (State of California)	<u>4,151,660</u>	<u>4,151,660</u>	<u>0.03</u>	<u>0</u>
Subtotal: Cash and Overnight Investments	\$ 131,516,896	\$ 131,516,896	0.93%	0
Commercial Paper	\$ 873,337,000	\$ 870,498,190	6.17%	20
Negotiable Certificates of Deposit	275,000,000	275,000,000	1.95	24
Corporate Notes	369,000,000	364,941,740	2.59	183
U.S. Agencies/Munis/Supras	792,537,000	786,736,107	5.58	76
U.S. Treasuries	<u>1,771,500,000</u>	<u>1,745,645,605</u>	<u>12.38</u>	<u>175</u>
Subtotal: Pooled Investments	\$ 4,081,374,000	\$ 4,042,821,643	28.66%	113
Total Short-Term Core Portfolio	\$ 4,212,890,896	\$ 4,174,338,538	29.60%	110
Money Market Funds	\$ 960,080	\$ 960,080	0.01%	0
Corporate Notes	1,646,500,000	1,612,640,055	11.43	903
Asset-Backed Securities	291,568,421	286,002,385	2.03	1,083
U.S. Agencies/Munis/Supras	596,540,000	562,660,653	3.99	1,329
U.S. Treasuries	<u>7,902,000,000</u>	<u>7,467,095,560</u>	<u>52.94</u>	<u>1,566</u>
Total Long-Term Reserve Portfolios	\$10,437,568,501	\$ 9,929,358,733	70.40%	1,431
Total Cash and Pooled Investments	\$14,650,459,397	\$14,103,697,271	100.00%	1,040

⁽¹⁾ Collected balance for Wells Fargo and JPMorgan Chase Active Accounts.
Source: City of Los Angeles, City Treasurer.

The City's treasury operations are managed in compliance with the California Government Code and according to the City's Statement of Investment Policy (the "Investment Policy"), which sets forth liquidity parameters, maximum maturities and permitted investment vehicles, which include U.S. Treasuries, U.S. Government Agencies and Corporate Notes. Additionally, daily investment activity is reviewed independently by an outside investment advisor to ensure that all security transactions are in accordance with all policies as delineated above.

The Treasurer does not invest in range notes, inverse floating rate investments, or mortgage-derived interest or principal-only strips, among other instruments prohibited by State law and the City's Investment Policy.

The Investment Policy permits the Treasurer to engage custodial banks to enter into short-term arrangements to loan securities to various brokers, the fees from which increase investment earning. Cash and/or securities (U.S. Treasuries, U.S. Government Agencies and Corporate Notes) collateralize these lending arrangements, the total value of which is at least 102 percent of the market value of securities loaned out. The securities lending program is limited to a maximum of 20 percent of the market value of the Treasurer's pool by the City's Investment Policy and the California Government Code.

Capital Program

The City adopted a revised Capital and Technology Improvement Policy (the “Capital Policy”) in May 2020 to help guide the City’s process for planning, identifying, evaluating, and prioritizing funding for new capital and technology projects. Among other things, the new Capital Policy includes an annual minimum investment target of 1.5 percent of General Fund revenue for the City’s capital and technology improvements.

Consistent with the Capital Policy, in September 2023, the CAO released an updated Five-Year Capital and Technology Improvement Plan (“CTIP”). The CTIP, which reflects approved projects as of July 2023 and, for prior years, reflects completed, inactive or canceled projects as of June 30, 2023, is divided into three major improvement types: municipal facilities, physical plant and technology. The municipal facilities components include administrative buildings and other facilities; public safety facilities for the animal services, fire and police departments; recreational and cultural facilities; the Convention Center; and various seismic, yard, shop, and bridge improvements. Physical plant components include wastewater (referred to as clean water), stormwater (referred to as watershed management), streets and other public rights-of-way, street lighting, and transportation projects. Technology components include city-wide infrastructure, major projects, and system replacements costing \$1 million or more. The CTIP does not include projects that are funded and are under the control of the three proprietary departments, or projects related to housing and solid waste operations.

The CTIP also identifies sources of funding for these projects, indicating whether the projects are going to be financed by the General Fund, Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds (the debt service for which is usually paid from General Fund appropriations) or by one or more special funds. The CTIP includes the approved funding for Fiscal Year 2023-24 and anticipated funding amounts for Fiscal Years 2024-25 through 2027-28, which will be considered for appropriation through the City’s budget and appropriation processes in the future.

In accordance with the Capital Policy, projects are funded based on five prioritization criteria: Risk to Health and Safety; Compliance with Legal, Regulatory, or other policy Mandated Requirements; Resilience and Sustainability; Impact to City Operations, Asset Condition, Annual Recurring Costs and Asset Longevity; and Equitable Community Investment and Economic Considerations. See also “OTHER MATTERS—Environmental and Social Considerations.

The following tables summarize the CTIP by project type and funding source, as of September 2023.

Table 11
CAPITAL AND TECHNOLOGY IMPROVEMENT PLAN
BY ASSET CATEGORIES

	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>Future Years</i>	<i>Total</i>
Municipal Facilities							
Deferred Maintenance	\$ 24,661,530	\$ 25,284,345	\$ 25,284,345	\$ 24,895,000	\$ 14,895,000	\$ -	\$ 115,020,220
Office Development and Capital Program	31,490,712	13,000,000	13,500,000	27,800,000	40,100,000	-	125,890,712
Public Safety Facilities and Security Upgrades	21,218,701	27,890,000	4,490,000	4,490,000	4,240,000	-	62,328,701
Recreation and Cultural Facilities	92,231,447	150,768,297	161,076,553	111,864,887	29,868,479	-	545,809,663
Seismic & Bridge Improvements, Yards and Shops	38,579,823	36,944,133	16,211,825	15,336,096	11,336,388	5,956,193	124,364,458
Los Angeles Convention Center	20,470,000	4,790,000	3,300,000	2,550,000	-	-	31,110,000
Other	221,371	221,371	8,068,599	221,371	221,371	-	8,954,083
Subtotal	\$ 228,873,584	\$ 258,898,146	\$ 231,931,322	\$ 187,157,354	\$ 100,661,238	\$ 5,956,193	\$ 1,013,477,837
Physical Plant							
Clean Water Projects	\$ 265,777,393	\$ 421,262,166	\$ 484,241,153	\$ 415,539,092	\$ 329,607,655	\$ 985,908,230	\$ 2,902,335,689
Watershed Management Projects	80,538,764	61,592,999	49,052,133	5,945,036	-	-	197,128,932
Street Projects	562,694,735	469,105,542	376,083,680	792,432,515	346,761,527	-	2,547,077,999
Street Lighting Projects	4,368,541	2,037,147	700,000	700,000	700,000	-	8,505,688
Subtotal	\$ 913,379,433	\$ 953,997,854	\$ 910,076,966	\$ 1,214,616,643	\$ 677,069,182	\$ 985,908,230	\$ 5,655,048,308
Technology							
Citywide Infrastructure	\$ 6,995,316	\$ 9,285,009	\$ 22,888,605	\$ 21,629,502	\$ 18,250,000	\$ -	\$ 79,048,432
Major Projects and System Replacements	32,237,374	28,783,490	24,923,490	10,683,490	8,483,490	-	105,111,334
Subtotal	\$ 39,232,690	\$ 38,068,499	\$ 47,812,095	\$ 32,312,992	\$ 26,733,490	\$ -	\$ 184,159,766
TOTAL - ALL PROJECTS	\$ 1,181,485,707	\$ 1,250,964,499	\$ 1,189,820,383	\$ 1,434,086,989	\$ 804,463,910	\$ 991,864,423	\$ 6,852,685,911

Source: City of Los Angeles, Capital and Technology Improvement Plan, 2023-24 to 2027-28, released September 2023.

Table 12
CAPITAL AND TECHNOLOGY IMPROVEMENT PLAN
BY FUNDING SOURCE

	<i>2023-24</i>	<i>Future Cost</i>	<i>Total</i>
Municipal Facilities			
General Fund	\$ 43,833,510	\$ 141,198,028	\$ 185,031,538
Lease Revenue Bonds	154,190,081	514,847,760	669,037,841
Special Funds	<u>30,849,993</u>	<u>128,558,465</u>	<u>159,408,458</u>
Subtotal	\$ 228,873,584	\$ 784,604,253	\$ 1,013,477,837
Physical Plant			
General Fund	\$ 82,759,159	\$ 254,693,465	\$ 337,452,624
Lease Revenue Bonds	1,502,502	2,151,698	3,654,200
Special Funds ⁽¹⁾	<u>829,117,772</u>	<u>4,484,823,712</u>	<u>5,313,941,484</u>
Subtotal	\$ 913,379,433	\$ 4,741,668,875	\$ 5,655,048,308
Technology			
General Fund	\$ 24,347,690	\$ 118,407,076	\$ 142,754,766
Special Funds	<u>14,885,000</u>	<u>26,520,000</u>	<u>41,405,000</u>
Subtotal	\$ 39,232,690	\$ 144,927,076	\$ 184,159,766
All Programs			
General Fund	\$ 150,940,359	\$ 514,298,569	\$ 665,238,928
Lease Revenue Bonds	155,692,583	516,999,458	672,692,041
Special Funds	<u>874,852,765</u>	<u>4,639,902,177</u>	<u>5,514,754,942</u>
Total	\$ 1,181,485,707	\$ 5,671,200,204	\$ 6,852,685,911

⁽¹⁾ Includes the proceeds of wastewater revenue bonds and general obligation bonds.

Source: City of Los Angeles, Capital and Technology Improvement Plan, 2023-24 to 2027-28, released September 2023.

A number of large infrastructure projects the City is considering could result in major long-term commitments of funds that have not yet been identified and which are not included in the tables above. One major capital expenditure could include development of approximately 3.5 million square feet of housing and approximately 1.5 million square feet of City office space within the City's civic center. The potential civic center masterplan project is currently in the request for proposals process. An additional \$2 billion in recreation and park facility needs have also been identified. Physical plant improvements could include more than an additional \$5 billion for street and sidewalk (including access and curb ramp) repairs. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges – Street and Sidewalks Maintenance; Americans With Disabilities Act Compliance."

The City is also exposed to major costs associated with compliance with the Clean Water Act, which regulates the discharges of pollutants by establishing water quality standards. The City is responsible for helping to ensure that up to 192 pollutants in five bodies of water do not exceed certain maximum levels. The City's share of the costs of projects required to meet these requirements could total \$8 billion through 2037. See "OTHER MATTERS—Clean Water Compliance."

The City has also sought funding from the Army Corps of Engineers for restoration of the Los Angeles River, which could cost in excess of \$1.5 billion and require substantial matching funds from the City.

MAJOR GENERAL FUND REVENUE SOURCES

The following is a discussion of the City's principal General Fund revenue sources. The table below presents actual General Fund revenues for Fiscal Years 2019-20, 2020-21, 2021-22, and 2022-23 and budgeted revenues for Fiscal Year 2023-24.

Table 13
GENERAL FUND RECEIPTS⁽¹⁾
(\$ in thousands)

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>	<i>% of Budget 2023-24</i>
Property Tax	\$ 2,132,308	\$ 2,261,356	\$ 2,323,454	\$ 2,562,881	\$ 2,640,250	33.4%
Property Tax Increment (Former CRA/LA)	84,054	128,042	120,479	136,762	143,730	1.8
Departmental Receipts	1,198,296	1,257,516	1,154,263	1,232,107	1,363,324	17.2
Business Tax	655,849	692,386	757,601	825,79	847,200	10.7
Sales Tax	556,237	524,618	687,299	713,603	724,230	9.2
Utility Users Tax	638,379	615,238	638,151	707,127	650,490	8.2
Documentary Transfer Tax	205,473	235,922	308,805	221,265	198,610	2.5
Transient Occupancy Tax	253,539	110,427	239,124	310,017	342,430	4.3
Power Revenue Transfer	229,913	218,355	225,015	232,043	236,502	3.0
Parking Fines	114,865	93,347	110,273	108,274	115,000	1.5
Grants Receipts	18,398	43,690 ⁽²⁾	40,527 ⁽³⁾	106,480 ⁽⁴⁾	109,193 ⁽⁵⁾	1.4
Franchise Income ⁽⁶⁾	84,020	84,303	105,971	173,496	137,810	1.7
Parking Occupancy Tax	106,979	58,844	101,055	125,064	129,195	1.6
Interest Income	46,429	27,112	28,514	59,922	77,000	1.0
Special Parking Revenue Transfer	31,294	-	8,477	30,426	32,388	0.4
Tobacco Settlement	10,178	11,489	11,810	10,714	10,710	0.1
Residential Development Tax	4,821	4,392	4,866	5,087	4,910	0.1
State Motor Vehicle License Fees	3,198	2,942	4,532	3,994	3,994	0.1
American Rescue Plan Transfer	-	639,450	639,483	-	-	-
Subtotal General Fund Revenues	\$ 6,374,231	\$ 7,009,427	\$ 7,509,700	\$ 7,565,062	\$ 7,766,966	
Reserve Fund Transfer	195,465	-	85,090	16,648	136,370	1.7%
Total General Fund	\$ 6,569,696	\$ 7,009,427	\$ 7,594,790	\$ 7,581,710	\$ 7,903,336	

⁽¹⁾ Cash basis.

⁽²⁾ Includes \$30.7 million in FEMA reimbursement.

⁽³⁾ Includes \$29.4 million in FEMA reimbursement.

⁽⁴⁾ Includes \$96.3 million in FEMA reimbursement.

⁽⁵⁾ Includes \$80.4 million in FEMA reimbursement.

⁽⁶⁾ See "LITIGATION—Apartment Owners Association of Ca. v. City of Los Angeles."

Source: City of Los Angeles, Office of the City Administrative Officer.

Both the Fiscal Year 2020-21 and the Fiscal Year 2021-22 actual revenues reflect ARPA funding. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION" and "BUDGET AND FINANCIAL OPERATIONS" for a discussion of the appropriation of these funds to the General Fund.

For purposes of this Appendix A and in the City's various budget documents, revenues are reported on a "cash" basis, meaning receipts are recognized when cash is received. This method differs from GAAP, which recognizes revenues on a "modified accrual" basis. The City's ACFR includes reporting of revenues based on GAAP. See the City's ACFR Note 1-D for a discussion of the basis for reporting.

Property Tax

Property taxes, including various State replacements and the reallocation of tax increment from the dissolution of redevelopment agencies, represent the largest source of General Fund revenues.

The assessed valuation of property is established by the County Assessor as of each January 1, except for public utility property, which is assessed by the State Board of Equalization. Real property is reassessed at

market value on the date property changes ownership (with limited exceptions) or upon completion of new construction. Upon such reassessment, a supplemental tax is collected for the remainder of the tax year. Under the State Constitution and legislation, *ad valorem* taxes on real property (other than taxes relating to certain voter-approved indebtedness) are limited as described under “LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the California Constitution – Proposition 13.”

A property owner may apply for a reduction of the property tax assessment for that owner’s property (known as a “Proposition 8” appeal). The County Assessor may also reduce valuations based on current economic value, without a taxpayer appeal.

The State Constitution and statutes provide exemption from reassessment of property upon certain changes of ownership, such as between spouses or certain intergenerational transfers, and from *ad valorem* property taxation for certain classes of property, such as local governments, churches, colleges, nonprofit hospitals, and charitable institutions. State law also allows exemptions from *ad valorem* property taxation at \$7,000 of full value of owner-occupied dwellings and 100 percent of business inventories. Revenue losses to the City from the homeowner’s exemption are replaced by the State.

The County collects the *ad valorem* taxes. Taxes arising from the 1 percent levy are apportioned among local taxing agencies on the basis of a formula established by State law. Taxes relating to voter-approved indebtedness are allocated to the relevant taxing agency. The County deducts the pro-rata cost of collecting property taxes from the City’s allocation.

All taxable real and personal property is classified as either “secured” or “unsecured.” The “secured roll” contains real property (land and improvements), certain taxable personal property (such as business equipment on business-owned property), and possessory interests (a leasehold on otherwise exempt government property). The “unsecured roll” contains all other taxable property, the majority of which is business equipment on leased or rented premises, other taxable personal property such as boats and aircraft, and delinquent possessory interests. The balance of personal property has been exempted by State law from property taxes.

Property taxes on the secured roll are due in two installments, which become delinquent after December 10 and April 10, respectively. A 10 percent penalty is added to delinquent taxes. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5 percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, title to the property passes to the State and is subject to sale by the County Tax Collector.

Property taxes on the unsecured roll become delinquent on August 31. A 10 percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5 percent per month begins to accrue on November 1. The taxing authority has several ways of collecting delinquent unsecured personal property taxes.

The County has not elected to implement the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly referred to as the “Teeter Plan”), whereby counties may opt to remit to local agencies the amount of uncollected taxes in exchange for retaining any subsequent delinquent payments, penalties and interest that would have been due to the local agency. As such, the City’s property tax revenues reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

Recent assessed valuations by revenue category appear in the table below.

Table 14
ASSESSED VALUATION⁽¹⁾

	2019	2020	2021	2022	2023
Locally Assessed					
Land	\$ 352,506,933,714	\$ 375,613,820,236	\$ 394,598,572,212	\$ 424,716,322,981	\$ 452,116,956,465
Improvements	299,590,583,910	319,689,264,560	332,201,374,517	349,641,071,472	367,953,565,186
Personal Property	4,020,257,586	3,997,131,756	4,019,429,073	3,911,428,589	4,893,738,271
Less: Exemptions ⁽²⁾	<u>26,571,608,102</u>	<u>26,822,209,552</u>	<u>29,365,270,443</u>	<u>27,781,247,158</u>	<u>31,166,029,937</u>
Total Locally Assessed	\$ 629,546,167,108	\$ 672,478,007,000	\$ 701,454,105,359	\$ 750,487,575,884	\$ 793,798,229,985
Public Utilities ⁽³⁾	42,153,347	66,084,991	73,778,428	74,459,382	74,232,347
Unsecured Valuations	<u>23,370,052,850</u>	<u>23,469,028,925</u>	<u>22,238,902,102</u>	<u>23,901,652,243</u>	<u>25,900,243,016</u>
Total Revenue-Producing Valuations	\$ 652,958,373,305	\$ 696,013,120,916	\$ 723,766,785,889	\$ 774,463,687,509	\$ 819,772,705,348
Change from Prior Year	6.8%	6.6%	4.0%	7.0%	5.9%

⁽¹⁾ As of January 1 of each year. These values apply to taxes levied in the fiscal year beginning the subsequent July 1. The information above is provided by the County in August of the relevant fiscal year.

⁽²⁾ Exclusive of the Homeowner Exemption, which is reimbursed by the State.

⁽³⁾ Assessed by the State Board of Equalization.

Source: County of Los Angeles, Office of the Auditor-Controller, Assessed Valuations Reports.

Prior to Fiscal Year 2010-11, a portion of the property taxes collected in the City were allocated to redevelopment project areas as tax increment. As part of the State's Fiscal Year 2011-12 Budget, legislation was approved to eliminate redevelopment agencies. While a portion of property tax increment revenue is still allocated to pay previously incurred enforceable obligations, a portion of the funds previously allocated to the City's Community Redevelopment Agency, including the proceeds from the sale of property, is now allocated to overlapping taxing jurisdictions, including the City, based on a legislatively mandated process. Because the proceeds from property sales were difficult to predict, the City has chosen to report property tax increment revenue from the former Community Redevelopment Agency separately from its other property tax revenues, as reported in the "General Fund Receipts" table, above.

Property taxes arising from the 1 percent levy are apportioned among local taxing agencies on the basis of a formula established by State law. Over the years, State budget pressures have resulted in various reallocations of property tax revenues, including transfers to school and community college districts by means of an Educational Revenue Enhancement Fund, the dissolution of redevelopment, the "Triple Flip" of property tax and sales tax receipts to secure certain State bonds (which ended in Fiscal Year 2016-17), and the "backfill" of reallocated Vehicle License Fee revenues with an increased allocation of property taxes. While limits on such reallocations have been instituted, no assurance can be given that property tax reallocations will not occur in the future. See "LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A."

The table below summarizes the City's receipt of the basic 1 percent property tax and those reallocations received as property tax. This table excludes property tax attributable to the dissolution of the Los Angeles Community Redevelopment Agency and the *ad valorem* tax levied to pay general obligation bond debt service; the latter is not reported in the General Fund. Variance between the rate of change in property tax receipts summarized in the table below and the rate of change in assessed valuation summarized above may be attributed to the timing of the County's tax remittances to the City—as the property tax remittance period does not align with the City's fiscal year, and to property tax revenue that is realized outside of the annual billing cycle such as redemptions, supplemental bills, refunds and other adjustments.

Table 15
PROPERTY TAX - ALL SOURCES⁽¹⁾
Annual Property Tax by Account
(\$ in thousands)

	2019-20	2020-21	2021-22	2022-23	<i>Adopted Budget 2023-24</i>
Secured	\$ 1,528,635	\$ 1,612,184	\$ 1,645,439	\$ 1,839,844	\$ 1,887,660
Unsecured	59,230	57,782	60,641	65,648	67,320
Homeowner Exemption	7,941	7,771	7,776	7,705	7,640
Supplemental	39,039	40,469	49,783	52,401	48,180
Redemptions	21,375	31,241	31,351	34,327	34,720
County Admin Charges	(21,153)	(22,723)	(22,868)	(23,211)	(24,210)
Refunds	(19,547)	(15,701)	(15,872)	(23,456)	(22,140)
Adjustments	911	56	(1,312)	202	-
Miscellaneous Property	<u>10,167</u>	<u>11,221</u>	<u>7,967</u>	<u>9,606</u>	<u>9,480</u>
1% Property Tax	\$ 1,626,598	\$ 1,722,300	\$ 1,762,904	\$ 1,963,067	\$ 2,008,650
Percent Change ⁽²⁾	5.3%	5.9%	2.4%	11.4%	2.3%
State Vehicle License Fee	<u>505,710</u>	<u>539,055</u>	<u>560,550</u>	<u>599,815</u>	<u>631,600</u>
Replacement					
Property Tax All Sources	\$ 2,132,308	\$ 2,261,356	\$ 2,323,454	\$ 2,562,881	\$ 2,640,250
Percent Change	5.7%	6.1%	2.7%	10.3%	3.0%

(1) Cash basis.

(2) Note that changes in 1% Property Tax receipts do not directly correspond to changes in assessed valuation, as it includes prior year delinquencies and penalties, among other adjustments.

Source: City of Los Angeles, Office of the City Administrative Officer.

A list of the 20 largest property taxpayers, based on secured assessed valuations within the City, for Fiscal Year 2023-24, appears in the table below. The tax roll for the next fiscal year is typically released in the summer.

Table 16
CITY OF LOS ANGELES
TWENTY LARGEST 2023-24 SECURED PROPERTY TAXPAYERS

<i>Property Owner</i>	<i>Primary Land Use</i>	<i>Secured Assessed Valuation 2023-24</i>	<i>Percent of Secured AV⁽¹⁾</i>
Douglas Emmett LLC	Office Building	\$ 2,976,972,693	0.38%
Essex Portfolio LP	Apartments	1,527,023,163	0.19
Century City Mall LLC	Shopping Center	1,135,220,987	0.14
Next Century Partners LLC	Hotel	1,097,659,368	0.14
Phillips 66	Petroleum	1,024,112,286	0.13
FSP South Flower Street	Office Building	1,003,714,148	0.13
Valero Energy Corporation	Petroleum	977,158,942	0.12
CJDB LLC	Shopping Center	967,010,182	0.12
Marathon Petroleum	Petroleum	938,036,274	0.12
Hanjin International Corp	Hotel	891,027,387	0.11
Rochelle H. Sterling	Apartments	861,881,752	0.11
Anheuser Busch Commercial	Industrial	843,163,069	0.11
One Hundred Towers LLC	Office Building	715,390,295	0.09
Trizec 333 LA LLC	Office Building	701,018,682	0.09
Onni Wilshire Courtyard LLC	Office Building	673,342,925	0.08
Maguire Partners 355 S. Grand LLC	Office Building	655,596,686	0.08
BRE HH Property Owner LLC	Office Building	650,561,002	0.08
Olympic and Georgia Partners LLC	Hotel	625,519,745	0.08
Tishman Speyer Archstone Smith	Apartments	623,996,307	0.08
APM Terminals Pacific Ltd.	Terminal Operations	614,119,000	0.08
TOTAL		\$ 19,502,524,893	2.46%

⁽¹⁾ Based on 2023-24 Local Secured Assessed Valuation of \$793,798,229,985. Table does not reflect any changes in ownership since publication of 2023-24 assessed valuations. See “Potential Impact of Increased Office Vacancies” below.
Source: California Municipal Statistics, Inc.

Potential Impacts of Increased Office Vacancies. The COVID-19 pandemic resulted in significant changes to the way people work. More employees are working from home at least a portion of the time, resulting in reduced requirements for commercial office space. As a result, vacancies in commercial office buildings in many major metropolitan areas, including Los Angeles, have increased, which may result in reduced rental rates and reduced market valuations of such property. According to a Cushman and Wakefield report, the commercial office vacancy rate for Greater Los Angeles was 24 percent as of the fourth quarter of 2023, compared to 22 percent one year prior. As another indicator of changing work patterns, the Los Angeles County Metropolitan Transportation Authority has seen a drop in average weekday boardings from approximately 1,195,000 in Fiscal Year 2018-19 (the last full Fiscal Year prior to the start of the COVID 19 pandemic) to approximately 826,000 in Fiscal Year 2022-23. (Average weekday boardings were approximately 774,000 for Fiscal Year 2021-22.) For the first six months of Fiscal Year 2023-24, average weekday boardings were 899,791, compared with average weekday boardings of 804,906 for the first six months of Fiscal Year 2022-23.

Commercial office space constitutes approximately 15.6 percent of the total assessed valuation of property in the City. (Residential properties constitute approximately 75.4 percent of the total assessed valuation.) While the City has no direct data on the current rate of vacancies in commercial office buildings or information regarding commercial office buildings that are under financial stress (including facing potential defaults on loans and foreclosures), there can be no assurances that the pressures facing owners of commercial office buildings will not result in significant declines in the value of such properties. Any such reductions in valuation would result in reduced property tax revenues with respect to such properties, and would likely result in reduced documentary transfer tax revenues with respect to such properties.

For additional information on the City's property tax base, see "PART 2—HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION—Land Use" and "—Residential Value and Construction Activity."

Utility Users Taxes

The City imposes taxes on users of natural gas, electricity and communication services within the City's limits. The tax rate is 9 percent of utility charges on taxable communication services, 10 percent for natural gas and residential electricity, and 12.5 percent for commercial and industrial electricity.

Revenue estimates account for known impacts, such as DWP rate increases, and market indicators, such as natural gas futures. Utility users tax receipts can be variable, as they reflect not only power, gas and telephone rates, but also business activities and changing technologies. Both electricity and natural gas sales are sensitive to weather (warm winters and cool summers reduce demand).

Projected revenues for the electricity users tax are based on estimates provided by DWP. Communication users tax receipts have declined as consumers abandon landline communication and switch to cheaper voice and texting mobile communication plans.

The table below shows the actual and budgeted receipts from utility users taxes.

Table 17
UTILITY USERS TAX RECEIPTS⁽¹⁾
(\$ in thousands)

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>
Electric Users Tax	\$ 434,847	\$ 429,228	\$ 438,427	\$ 453,634	\$ 449,800
Gas Users Tax	73,837	72,752	88,539	144,552	99,610
Communications Users Tax	<u>129,695</u>	<u>113,259</u>	<u>111,185</u>	<u>108,940</u>	<u>101,080</u>
Total	\$ 638,379	\$ 615,238	\$ 638,151	\$ 707,127	\$ 650,490
Change from Prior Year	(0.9)%	(3.6)%	3.7%	10.8%	(8.0)%

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

Departmental Receipts

This category of revenues includes reimbursements to the General Fund from various special revenue and enterprise funds of the City, and charges for special services performed by City departments. Reimbursements include the costs of police, fire and other City services to the Airports and Harbor departments, staff costs for the sewer construction and maintenance program, and reimbursements from the Los Angeles County Metropolitan Transportation Authority ("MTA") for police services on its bus and rail lines pursuant to a contract between the MTA and the City. These revenues also include charges imposed as regulatory measures by City departments, and fees charged for paramedic ambulance services. In prior years, this revenue category was called "Licenses, Permits, Fees and Fines."

In Fiscal Year 2023-24, departmental receipts are projected to increase by 131.2 million or 10.6 percent over Fiscal Year 2022-23 estimates, which is primarily attributable to special funded related costs, MTA reimbursements, and gas tax reimbursements, and is partially offset by reductions in ambulance billings, one-time reimbursements, and solid waste fee reimbursements.

The table below shows receipts from departmental receipts.

Table 18
DEPARTMENTAL RECEIPTS⁽¹⁾
(\$ in thousands)

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>
Ambulance Fees	\$ 94,074	\$ 80,385	\$ 100,749	\$ 147,173	\$ 119,000
Services to Dept. of Airports	86,242	93,948	89,654	83,421	90,794
Services to Harbor Dept.	39,065	44,808	40,989	45,136	47,465
Services to DWP	32,473	14,490 ⁽²⁾	28,812	44,961	41,401
Services to Sewer Program	109,264	93,941	129,695	127,098	119,834
Solid Waste Fee ⁽³⁾	75,427	83,042	18,621	22,629	5,133
Gas Tax Reimbursements	21,769	41,963	26,384	26,303	42,356
Services to Stormwater Fund	4,732	3,037	-	-	2,185
Special Funds Related Costs	261,845	253,725	262,110	267,764	377,866
MTA Reimbursement	105,507	86,256	65,492	84,739	135,490
One Time Reimbursements	17,577	140,397 ⁽⁴⁾	38,617	23,625	5,333
Library Reimbursements	71,915	74,233	73,470	77,768	75,563
Recreation and Parks Reimbursements	49,287	52,813	64,725	64,725	64,725
State Mandated	7,172	3,806	3,907	3,234	2,750
Other Departmental Receipts	<u>221,947</u>	<u>190,672</u>	<u>211,038</u>	<u>213,529</u>	<u>233,429</u>
Total General Fund	\$ 1,198,296	\$ 1,257,516	\$1,154,263	\$1,232,107	\$1,363,324
Change from Prior Year	6.1%	4.9%	(8.2)%	6.7%	10.6%

⁽¹⁾ Cash basis.

⁽²⁾ Reflects a credit due to prior-year overpayments.

⁽³⁾ The solid waste fee does not generate full cost recovery. Accordingly, in Fiscal Years 2021-22, 2022-23, and 2023-24 the General Fund only receives partial reimbursements from the Bureau of Sanitation for overhead costs.

⁽⁴⁾ Includes \$125 million from the Coronavirus Aid, Relief, and Economic Security Act (also known as the CARES Act) allocated towards reimbursement for related expenses in 2020-21.

Source: City of Los Angeles, Office of the City Administrative Officer.

Business Tax

The business tax is imposed on persons engaged in a business within the City. The tax rate formula, which is established by ordinance, varies based upon the type of business.

In March 2017, voters approved City Measure M, which approved the cultivation and sale of recreation cannabis within the City, enables the formation of cannabis policy and regulation, decreases the business tax paid by medical cannabis businesses and implements a new business tax on recreational cannabis businesses. The Fiscal Year 2023-24 Adopted Budget includes cannabis business tax revenue projected at \$110 million, representing 13.0 percent of business tax revenue.

The table below shows receipts from business tax.

Table 19
BUSINESS TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$655,849	8.7%
2020-21	692,386	5.6
2021-22	757,601	9.4
2022-23	825,799	9.0
2023-24 Adopted Budget	847,200	2.6

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

Sales Tax

Sales and use taxes are collected on the total retail price of tangible personal property sold, unless specifically exempted. Included in the current County-wide tax rate is a sales tax collected by the State on behalf of cities (or, for unincorporated areas, on behalf of counties). The current local tax rate is 1 percent. Allocation of the 1 percent local component (often referred to as the “Bradley-Burns Sales Tax”) is on the basis of “situs,” or the point of sale. Additional sales taxes can be collected based on local voter approval. Included in the current County-wide rate are sales taxes collected for the Los Angeles County Metropolitan Transportation Authority for transportation purposes and taxes collected by the County for homeless services. A portion of those taxes is remitted to the City for deposit in special revenue funds.

The components of the current sales taxes collected in the City are presented below.

Table 20
LOS ANGELES CITY
SALES TAX COMPONENTS
As of July 1, 2023

<u>State Rate</u>		
General Fund Portion	3.9375%	
Local Revenue Fund	1.5625%	To support local health program costs (1991 realignment) and public safety services (2011 realignment).
Local Public Safety	<u>0.50%</u>	For the Local Public Safety Fund, approved by the State voters in 1993 as Proposition 172 to support local criminal justice activities. The City has budgeted \$57 million in Fiscal Year 2022-23 receipts, which are deposited in a special fund and appropriated to the Police and Fire Departments.
Total State Rate	6.00%	
<u>Uniform Local Tax Rate</u> (Statewide)		
County Transportation	0.25%	The County allocates a small portion of this to the City.
Local Point of Sale	<u>1.00%</u>	This is the “Bradley-Burns” sales tax, allocated to cities and counties (for unincorporated areas) by point of sale.
Total Uniform Local Rate	<u>1.25%</u>	
Total Statewide Rate	7.25%	
<u>Optional Local Rates</u> ⁽¹⁾		
Proposition A (LACMTA)	0.50%	} Voter-approved measures to improve public transit and reduce traffic congestion. The City receives a portion of these funds, with the percentage varying by measure.
Proposition C (LACMTA)	0.50%	
Measure R (LACMTA)	0.50%	
County Measure M (LACMTA)	0.50%	
County Measure H (LA County)	0.25%	Voter-approved measure for homeless services.
Total Optional Local Rate	<u>2.25%</u>	
Total Sales Tax Rate	9.50%	

⁽¹⁾ State law permits optional voter approval of local tax rates, up to a combined maximum, which is 10.25% in the County. These rates are levied in 0.25% and 0.5% increments.

Source: City of Los Angeles, Office of the City Administrative Officer.

The following table shows the actual and budgeted General Fund receipts from the 1 percent local sales tax. The pandemic had a significant impact on taxable sales and thus the City’s receipt of sales tax revenues. Various State actions during the pandemic, such as extension of filing dates and adjustment to its allocation methodologies, further obscured the impact of the pandemic on recent receipts. Beginning in Fiscal Year 2021-22, sales tax revenues recovered sharply and have grown to higher levels than before the pandemic.

Table 21
GENERAL FUND SALES TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts</i> ⁽¹⁾	<i>Change from Prior Year</i>
2019-20	\$556,237	(4.3)%
2020-21	524,618	(5.7)
2021-22	687,299	31.0
2022-23	713,603	3.8
2023-24 Adopted Budget	724,230	1.5

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

Documentary Transfer Tax

The documentary transfer tax is imposed on each transaction in which real property is sold that is evidenced by a recorded document. The City's tax rate is 0.45 percent of the value of real property transferred. This tax is in addition to the 0.11 percent tax (\$1.10 per \$1,000) levied by the County. This tax is tied to real estate market activity and can be more volatile than other City revenues, as it reflects both sales volume and sales price. The greatest impact is seen when the two components move together. For example, this tax revenue declined 29 percent in Fiscal Year 2007-08, and another 31 percent in Fiscal Year 2008-09 during the Great Recession. Further contributing to the volatility of this revenue is the irregular pattern of business property sales; monthly remittances can fluctuate from zero to amounts in excess of \$10 million.

Documentary transfer tax revenue saw growth during the pandemic. Higher mortgage rates have placed downward pressure on sales volume and prices, resulting in a decline in 2022-23 receipts. The Fiscal Year 2023-24 Adopted Budget assumes a decline in home prices, a recovery in sales volume, and a net decline in tax receipts.

The table below presents receipts from this revenue source.

Table 22
DOCUMENTARY TRANSFER TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$205,473	(0.4)%
2020-21	235,922	14.8
2021-22	308,805	30.9
2022-23	221,265	(28.3)
2023-24 Adopted Budget	198,610	(10.2)

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

In November 2022, the City's voters approved ULA, a voter initiative to fund affordable housing projects and programs. ULA amends the City's present documentary transfer tax by adding a new tax, subject to certain exemptions, on the sale or transfer of real property exceeding \$5 million. Proceeds of the ULA special tax will be deposited in a special fund to be used for affordable housing projects and programs as set forth under ULA. The ULA special tax will not provide revenues to the General Fund and is not reflected in the table above. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—Homelessness," above.

Power Revenue Transfers to General Fund

The City's Charter Section 344(b) provides that the Council may, by ordinance, direct that surplus money in the Power Revenue Fund be transferred to the Reserve Fund with the consent of the DWP Commissioners. These funds are routinely appropriated from the Reserve Fund to the City's General Fund budget. The DWP Commissioners may withhold their consent if such transfer would have a material negative impact on DWP's financial condition in the year in which the transfer would be made. The transfer rate has been 8 percent of surplus revenues beginning with Fiscal Year 2009-10.

Variances can occur between the amount budgeted for transfer and the amount received, reflecting the variance between actual financial results of the Power System for the prior year from the results projected by the DWP at the time the budget is adopted. The estimated transfer amount is provided by the DWP at the time of budget adoption and is based on the Power System's financial plan for the fiscal year currently in progress. At

the close of the fiscal year, but before December 31 in the following fiscal year, the Board of DWP Commissioners affirms or amends the transfer amount according to its audited financial statements. The transfer occurs in the latter half of the following fiscal year.

The City has been the subject of litigation that challenged this long-standing practice of transferring a portion of surplus power revenues to the City’s General Fund as a violation of Proposition 26, which imposed new restrictions on taxation. A 2018 settlement in *Eck v. City of Los Angeles* limits the annual amount of revenue transferred from the DWP to the City to 8 percent of the retail operating revenues of the 2008 Electric Rate Ordinance. See “LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 26.”

The following table shows transfers from the Power Revenue Fund. Amounts shown reflect the settlement under the *Eck* case.

Table 23
TRANSFERS FROM POWER REVENUE FUND
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$229,913	(1.1)%
2020-21	218,355	(5.0)
2021-22	225,015	3.1
2022-23	232,043	3.1
2023-24 Adopted Budget	236,502	1.9

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

Transient Occupancy Tax

The transient occupancy tax (“TOT”) is levied at the rate of 14 percent of the amount charged for hotel and motel rooms or other dwellings occupied for 30 days or less. The tax is collected by hotel operators, individuals, and short-term rental websites, which are subsequently remitted to the City monthly.

TOT revenue is very sensitive to changing conditions that affect travel and was significantly impacted by the COVID-19 pandemic. Following significant growth in Fiscal Year 2022-23, the City assumes more moderate growth for Fiscal Year 2023-24.

The 14 percent tax rate is composed of two parts: a 13 percent General Fund tax and a 1 percent special tax to fund the Los Angeles Convention and Visitors' Bureau (also known as L.A. Tourism). The table below presents General Fund receipts from the 13 percent portion of the tax rate.

Table 24
GENERAL FUND TRANSIENT OCCUPANCY TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$253,539	(20.5)%
2020-21	110,427	(56.4)
2021-22	239,124	116.5
2022-23	310,017	29.6
2023-24 Adopted Budget	342,430	10.5

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

Parking-Related Revenues

The City receives revenue from three different parking revenue sources: parking fines, a parking tax, and transfers from a special fund that receives revenues from parking meters and City-owned parking lots. All three of these revenues were negatively impacted by the pandemic.

The schedule of parking fines is established by the Council. For budgeting purposes, parking fine revenue forecasts are based on the number of parking enforcement officers employed by the City's Department of Transportation and estimates of average revenues per ticket based on historical trends, collection rates and average worker productivity; however, Fiscal Year 2022-23 parking fine revenues were 16.7 percent less than budgeted due to traffic officer vacancies, operational needs, and declining collections. The Fiscal Year 2023-24 Adopted Budget is based on post pandemic issuance and collection activity.

The table below shows receipts from all parking fines.

Table 25
PARKING FINES RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$114,865	(11.6)%
2020-21	93,347	(18.7)
2021-22	110,273	18.1
2022-23	108,274	(1.8)
2023-24 Adopted Budget	115,000	6.2

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

The parking occupancy tax is levied at 10 percent of parking fees. Due to the impacts of the COVID-19 pandemic, revenues from this source fell 53 percent from Fiscal Year 2018-19 to Fiscal Year 2020-21, from \$120.9 million to \$58.8 million. The Fiscal Year 2023-24 Adopted Budget estimates \$129.2 million in revenues, which exceeds pre-pandemic levels.

Table 26
PARKING OCCUPANCY TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$106,979	(11.6)%
2020-21	58,844	(45.0)
2021-22	101,055	71.7
2022-23	125,064	23.8
2023-24 Adopted Budget	129,195	3.3

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

The Special Parking Revenue Fund collects receipts from parking meters and City-owned parking lots. Surplus revenues after the cost of operating and maintaining those facilities can be transferred to the General Fund. While the City has established an annual transfer of \$23.5 million as its target, higher and lower amounts are transferred in some years; no surplus funds were available for transfer in Fiscal Year 2020-21.

Table 27
SPECIAL PARKING REVENUE FUND TRANSFERS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2019-20	\$31,294	(2.6)%
2020-21	-	(100.0)
2021-22	8,477	N/A
2022-23	30,426	258.9
2023-24 Adopted Budget	32,388	6.4

⁽¹⁾ Cash basis.

Source: City of Los Angeles, Office of the City Administrative Officer.

Impact of State of California Budget

A number of the City's revenues are collected or subvended by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. Approximately 40 percent of the City's General Fund revenues are collected by the State or otherwise allocated in accordance with State law. During prior State fiscal crises, the State has reallocated a portion of such revenues to assist in its own budget balancing, or taken other actions that adversely impacted the financial condition of local governments, including the City. Proposition 1A, adopted in 2004, amended the State Constitution to impose limits on the State's ability to reallocate local revenue. See "LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A."

Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the State Department of Finance website, www.govbud.dof.ca.gov. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references. There can be no assurance

that State budget actions will not materially adversely impact the City’s finances in Fiscal Year 2023-24 or thereafter.

LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution – Proposition 13

Article XIII A of the California Constitution, known as Proposition 13, was approved by the voters in 1978. Article XIII A limits the amount of *ad valorem* taxes on real property to 1 percent of “full cash value” as determined by the County Assessor, except that additional *ad valorem* taxes may be levied to pay debt service on local government indebtedness approved by the voters.

Article XIII A defines “full cash value” to mean the County assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed or when a change in ownership has occurred after the 1975 assessment period. The full cash value may be adjusted annually to reflect inflation at a rate, as determined by the consumer price index, not to exceed 2 percent per year. “Full cash value” base may be reduced in the event of declining property values caused by damage, destruction or other factors. Under the California Revenue and Taxation Code, county assessors that have reduced assessed valuation may be able to recapture such value (up to the pre-decline value of the property) at a rate higher than 2 percent per year in some circumstances.

See “MAJOR GENERAL FUND REVENUE SOURCES—Property Tax.”

Article XIII B of the California Constitution

Article XIII B of the California Constitution, approved by the voters in 1979 and commonly referred to as the “Gann Limit”, limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1986-87 fiscal year as a result of Proposition 111.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the “proceeds of taxes” levied by the State or other entity of local government, exclusive of certain limited funds. In addition to the proceeds of General Fund taxes, “proceeds of taxes” include all tax revenues and proceeds from (1) regulatory licenses, user charges and user fees to the extent such proceeds exceed the cost of providing the service or regulation; (2) the investment of tax revenues; and (3) certain funds received from the State. If any entity’s revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years. The Article XIII B limitation generally does not apply to debt service on voter-approved indebtedness and appropriations required to comply with mandates of courts, or the federal government or certain capital expenditures.

The table below sets forth the City’s appropriations limit and appropriations subject to limitation.

Table 28
APPROPRIATIONS LIMITS AND APPROPRIATIONS SUBJECT TO LIMITATION

<i>Fiscal Year</i>	<i>City Appropriations Limit</i>	<i>Appropriations Subject to Limitations</i>	<i>Amount Appropriations Are Under Limit</i>
2019-20	\$6,234,016,905	\$4,585,351,952	\$1,648,664,953
2020-21	6,682,049,927	4,589,819,240	2,092,230,687
2021-22	7,173,171,778	4,714,764,906	2,458,406,872
2022-23	7,631,452,035	5,171,703,944	2,459,748,091
2023-24	8,008,538,281	5,395,735,126	2,612,803,155

Source: City of Los Angeles, Office of the City Administrative Officer.

Articles XIIC and XIID of the California Constitution – Proposition 218

Articles XIIC and XIID of the California Constitution, approved by the California voters in 1979, restrict the ability of the City to levy and collect existing and future taxes, assessments, fees and charges.

Article XIIC requires that all new local taxes or increases in existing local taxes be approved by the electorate before they become effective. Taxes for general governmental purposes of the City require majority voter approval and taxes for specific purposes introduced by a local government (as opposed to one introduced by citizen initiative), even if deposited in the City’s General Fund, require two-thirds voter approval. These requirements reduce the flexibility of the Council to raise revenues for the General Fund and may prevent the City from imposing, extending or increasing such taxes in the future to meet any increased expenditure requirements.

Article XIID contains provisions generally making it more difficult for local agencies to levy and maintain “assessments” (any levy or charge upon real property for a special benefit conferred upon the real property) for municipal services and programs and “property-related fees and charges” (any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service). Assessments shall not be imposed if there is a majority protest by property owners submitting ballots on the issue. Property-related fees or charges for services other than sewer, water and refuse collection services may not be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

The City was the subject of a putative class action lawsuit, entitled *Hoffman et al. v. City of Los Angeles*, which alleged that the charges imposed on residential customers for the use and disposal of sewage through the City’s sewage system violate Proposition 218 and other applicable City statutes. The court issued a decision on or about June 30, 2021, finding that the City failed to meet the procedural requirements under Proposition 218, along with other applicable City statutes, when it imposed residential sewer service charges on residential customers with its annual determination of a reduction factor (Dry Winter Compensation Factor) that is applied to such charges. The parties mediated this matter and reached a common fund settlement of \$57.5 million to resolve the entirety of the case. The settlement amount, paid from the City’s wastewater enterprise fund, was deposited into escrow to be disbursed to the plaintiffs after final court approval. Final court approval of the settlement was granted in December 2023.

See “LITIGATION—*Apartment Owners Association of Ca. v. City of Los Angeles*” for a discussion of outstanding litigation which could invalidate the City’s franchise fee program for private commercial waste haulers.

In addition, Article XIII C addresses the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. The voters of the City could, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges. Such an action could have a material impact on the City's General Fund.

Proposition 26

Proposition 26 was approved by the electorate in 2010 and amended California Constitution Articles XIII A and XIII C. Proposition 26 imposes a majority voter approval requirement on local governments such as the City with respect to certain fees and charges for general purposes, and a two-thirds voter approval requirement with respect to certain fees and charges for special purposes, unless the fees and charges are expressly excluded. Proposition 26 was designed to supplement tax limitations imposed by the voters in California Constitution Articles XIII A, XIII C and XIII D pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payer that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product.

The City has been subject to a series of lawsuits pertaining to the transfer of surplus power revenues, which is a material source of City General Fund revenues. The principal lawsuit on this matter was *Eck*, which was settled in 2018. See "MAJOR GENERAL FUND REVENUE SOURCES—Power Revenue Transfers to General Fund."

Proposition 1A

Proposition 1A, approved by the voters in 2004, amended the State Constitution to impose limits on the State's ability to reallocate local revenue. The measure provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions.

Proposition 1A also limits, but does not totally restrict, the State's ability to shift any share of property tax revenues allocated to local governments in any fiscal year to schools or community colleges. Up to 8 percent of local government property tax revenues may be shifted if specified conditions are met, and any amount shifted must be repaid, with interest, within three years. The right of the State to redirect local revenues under Proposition 1A was exercised in Fiscal Year 2009-10.

Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that, if the State reduces the Vehicle License Fee rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues.

Further, Proposition 1A requires the State to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Future Initiatives

The voters of the City may approve initiatives that reduce or repeal local taxes, assessments, fees or charges. From time to time, other initiative measures could be adopted at the state or local level, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations, or which repeal or reduce existing taxes, assessments, fees or charges, which may affect the City's revenues or its ability to expend its revenues.

Initiative Measure Qualified for November 2024 Ballot – Taxpayer Protection and Government Accountability Act. On February 1, 2023, the California Secretary of State announced that a ballot initiative known as the “Taxpayer Protection and Government Accountability Act” (“Initiative 1935”), received the required number of signatures to appear on the November 5, 2024 ballot. If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIII A, XIII C and XIII D of the California Constitution to further limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

Among other things, Initiative 1935 would amend the definition “tax” in Article XIII C to include “every levy, charge, or exaction of any kind imposed by a local law that is not an exempt charge.” Initiative 1935 defines “exempt charge” to mean a “reasonable charge for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the actual costs [as opposed to the reasonable costs] of providing the service or product to the payor.” “Exempt charges” also encompass existing exceptions from the definition of “tax” added to Article XIII C by Proposition 26, including property-related fees imposed in accordance with Article XIII D (see “—Articles XIII C and XIII D of the California Constitution – Proposition 218,” above). “Actual costs” is defined as “the minimum amount necessary to reimburse the government for the cost of providing the service or product ... less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.” Initiative 1935 further provides that the local government adopting an exempt charge would bear the burden of proving by clear and convincing evidence (as opposed to a preponderance of the evidence) that: (a) a levy, charge or exaction is an exempt charge and not a tax; and (b) the amount of the exempt charge is reasonable and that the amount charged does not exceed the actual cost of providing the service or product to the payor. Initiative 1935 would also amend Article XIII C to provide that no local law, whether proposed by the governing body or by an elector, may impose any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. The full definitions of the terms referenced above, along with the full text of Initiative 1935, may be viewed at the website of the California Attorney General.

Initiative 1935 is retroactive, and provides that any tax or exempt charge adopted after January 1, 2022 but prior to the effective date of Initiative 1935, which was not adopted in compliance with the requirements thereof, would be void 12 months after the effective date of Initiative 1935, unless the tax or exempt charge is reenacted in compliance with the provisions of Initiative 1935.

The City cannot predict whether Initiative 1935 will be approved at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the City cannot provide any assurances that it will not have a material adverse effect on the City’s ability to adopt or increase rates, fees, and charges for the various services provided by the City.

BONDED AND OTHER INDEBTEDNESS

Introduction

The City has issued or caused the issuance of a variety of bonded and other debt obligations as provided for under the State Constitution, judicial interpretation of the State Constitution, State statutes, and its own Charter powers. The following summarizes that indebtedness.

The CAO serves as the City’s debt manager, structuring debt issuances and overseeing the ongoing management of all tax-secured, General Fund and certain special fund debt programs. These include general obligation bonds; lease obligations; tax and revenue anticipation notes; wastewater system and solid waste resources fee revenue obligations; judgment obligation bonds, if any; and special tax obligations, Mello-Roos bonds and certain special assessment obligations. Debt of the Housing Department and the City’s three

proprietary departments—Airports, Harbor, and Water and Power—are administered by staff of the respective department.

General Obligation Bonds

The City may issue general obligation bonds for the acquisition and improvement of real property, subject to two-thirds voter authorization of the bond proposition. An *ad valorem* tax on all taxable property to pay principal and interest on general obligation bonds is levied by the City and collected by the County on the secured and unsecured property tax bills within the City. See “MAJOR GENERAL FUND REVENUE SOURCES—Property Tax.” The following summarizes the City’s various voter authorizations for general obligation bonds as of November 1, 2023.

Table 29
GENERAL OBLIGATION BONDS
As of November 1, 2023

<i>Date of Election</i>	<i>Projects</i>	<i>Amount Authorized</i>	<i>Amount Issued⁽²⁾</i>	<i>Amount Outstanding⁽¹⁾</i>	<i>Amount Authorized but Unissued</i>
11/7/00	Fire, Paramedic, Helicopter and Animal Shelter Projects (Proposition F)	\$ 532,648,000	\$ 532,648,000	\$ 1,190,511	--
3/5/02	Emergency Operations, Fire, Dispatch and Police Facilities (Proposition Q)	600,000,000	600,000,000	4,663,966	--
11/2/04	Storm Water Projects (Proposition O)	500,000,000	439,500,000	114,440,523	\$ 60,500,000
11/8/16 ⁽³⁾	Homelessness (Proposition HHH)	<u>1,200,000,000</u>	<u>963,985,000</u>	<u>828,315,000</u>	<u>236,015,000</u>
	Total	\$2,832,648,000	\$2,536,133,000	\$948,610,000	\$296,515,000

⁽¹⁾ Includes pro-rata allocation of refunding bonds. Principal payments are made September 1.

⁽²⁾ These amounts represent the par amount of initial issuance and excludes refunding bonds.

⁽³⁾ Excludes the Bonds.

Source: City of Los Angeles, Office of the City Administrative Officer.

The following indicates the *ad valorem* property tax rate levied to service the City’s general obligation bonds, as well as the overlapping property tax rates levied in the City. These rates in the table are representative, and show the rates in the four largest taxing areas within the City, as measured by assessed valuation.

Table 30
2023-24 TYPICAL TAX RATE PER \$100 OF ASSESSED VALUATION⁽¹⁾

Countywide 1%	1.000000%
City of Los Angeles	0.011448
Los Angeles Unified School District	0.124219
Los Angeles Community College District	0.060231
Metropolitan Water District	<u>0.003500</u>
Total	1.199398%

⁽¹⁾ Rates in Tax Rate Areas 00067, 00013, 00016 and 00004.

Source: California Municipal Statistics, Inc.

Lease Obligations

The City may enter into long-term lease obligations without first obtaining voter approval, so long as these agreements meet the requirements of State law. The City has entered into various lease arrangements under which the City must make annual lease payments to occupy public buildings or use capital equipment necessary for City operations. Most of these lease agreements have been with a nonprofit corporation established by the City for this purpose, the Municipal Improvement Corporation of Los Angeles (“MICLA”). In most cases, securities have been issued in the form of lease revenue bonds, on which debt service is paid from the

annual lease payments primarily made by the City’s General Fund. In some cases, as noted below, the lease obligation was privately placed directly with a bank or other private lender. Payment of lease payments is managed by the CAO and, unless otherwise noted, budgeted in the Capital Finance Administration Fund.

The following table summarizes the outstanding bonded and other long-term financing lease obligations payable from the City’s General Fund.

Table 31
GENERAL FUND BONDED AND OTHER FINANCING LEASE OBLIGATIONS
As of March 1, 2024

<i>Series</i>	<i>Project</i>	<i>Amount Issued</i>	<i>Amount Outstanding</i>	<i>Final Maturity</i>
Public Offerings				
MICLA Lease Revenue Bonds, Series 2010-C (Taxable) (dated November 23, 2010)	Real Property	\$ 18,170,000	\$ 14,460,000	11/1/40
MICLA Lease Revenue Refunding Bonds, Series 2016-A (dated June 1, 2016)	Capital Equipment and Fixtures	125,235,000	45,620,000	11/1/26
MICLA Lease Revenue Refunding Bonds, Series 2016-B (dated June 1, 2016)	Real Property	685,270,000	505,820,000	11/1/39
MICLA Lease Revenue Bonds, Series 2018-A (dated February 6, 2018)	Capital Equipment and Fixtures	54,430,000	25,365,000	11/1/27
MICLA Lease Revenue Bonds, Series 2018-B (dated February 6, 2018)	Real Property	31,270,000	25,195,000	11/1/37
MICLA Lease Revenue Refunding Bonds, Series 2018-C (Taxable) (dated February 6, 2018)	Real Property	25,630,000	11,315,000	11/1/27
MICLA Lease Revenue Bonds, Series 2020-A (dated August 20, 2020)	Capital Equipment and Fixtures	84,725,000	63,590,000	11/1/30
MICLA Lease Revenue Refunding Bonds, Series 2020-B (dated August 20, 2020)	Real Property	80,850,000	50,150,000	11/1/40
MICLA Lease Revenue Refunding Bonds, Series 2020-C Taxable (dated August 20, 2020)	Real Property	102,265,000	57,430,000	11/1/41
MICLA Lease Revenue Refunding Bonds, Series 2021-A (Taxable) (dated March 4, 2021)	Capital Equipment and Real Property	177,470,000	133,215,000	11/1/38
MICLA Lease Revenue Refunding Bonds, Series 2021-B (dated March 4, 2021)	Capital Equipment and Real Property	60,481,000	60,481,000	11/1/38
MICLA Lease Revenue Bonds, Series 2021-C (dated December 15, 2021)	Capital Equipment and Real Property	154,205,000	138,315,000	11/1/41
MICLA Lease Revenue Bonds, Series 2023-A (dated December 7, 2023)	Capital Equipment and Real Property	<u>176,450,000</u>	<u>176,450,000</u>	5/1/43
Subtotal Public Offerings		\$ 1,776,451,000	\$ 1,307,406,000	
Private Placements				
MICLA 2016 Streetlights Financing (dated April 5, 2016) ⁽¹⁾	Capital Equipment and Fixtures	26,368,864	3,521,326	4/1/24
MICLA 2017 Streetlights Financing (dated April 18, 2017) ⁽¹⁾	Capital Equipment and Fixtures	39,297,800	14,902,406	6/1/27
2017 Police Radios Lease Financing (dated December 22, 2017)	Handheld Radios	64,500,000	9,120,466	2/1/25
MICLA 2019 Streetlights Financing (dated September 30, 2019) ⁽¹⁾	Capital Equipment and Fixtures	17,845,461	11,284,461	6/1/29
MICLA 2020 Streetlights Financing (dated November 1, 2020) ⁽¹⁾	Capital Equipment and Fixtures	<u>9,088,272</u>	<u>6,993,157</u>	6/1/31
Subtotal Private Placements		<u>\$ 157,100,398</u>	<u>\$ 45,821,816</u>	
Total Lease Obligations		<u>\$ 1,933,551,398</u>	<u>\$ 1,353,227,816</u>	

⁽¹⁾ Payments made from the Street Lighting Maintenance Assessment Fund.
Source: City of Los Angeles, Office of the City Administrative Officer.

Commercial Paper Programs

The City has created two commercial paper (“CP”) programs secured by lease agreements payable from the General Fund.

In 2004, the City and MICLA established a commercial paper program authorizing MICLA to issue lease revenue CP notes to finance and refinance capital equipment, the acquisition and improvement of real property, and other financing needs of the City (the “General MICLA CP”). The General MICLA CP program increased from time to time and is currently authorized for up to \$425 million. The City expects to issue lease revenue bonds through MICLA from time to time to refund the General MICLA CP. As of March 1, 2024, approximately \$162.1 million in General MICLA CP was outstanding under this program.

The City has created a second CP program to issue up to \$100 million in lease revenue CP notes to finance and refinance capital improvements to the Los Angeles Convention Center facility (the “LACC CP”), which also represents a lease obligation of the General Fund. As of March 1, 2024, \$19.7 million in LACC CP was outstanding under this program.

The City generally pays interest, letter of credit fees, and other program costs as they become due out of its own funds rather than paying from CP proceeds.

In connection with each of these CP programs, the City arranged for the issuance of one or more irrevocable direct-pay letters of credit and entered into a reimbursement agreement with each of the credit banks. If the City is unable to secure replacement letters of credit, the related letters of credit would be drawn upon prior to expiration to pay interest and principal due on the CP. Under the reimbursement agreement, the City is generally required to reimburse the credit banks over a period of time, but annual payments may not exceed the annual fair rental value of the leased properties. The reimbursement agreements contain a number of covenants and agreements on the part of the City, and specify events of default and remedies.

The direct-pay letters of credit that support these CP programs are scheduled to expire on June 30, 2025. The table below summarizes the direct-pay letters of credit that will support the payment of principal of and interest on the General MICLA CP and the LACC CP programs, respectively.

Table 32
LEASE REVENUE COMMERCIAL PAPER NOTES LETTERS OF CREDIT

<i>Series</i>	<i>LOC Provider</i>	<i>Amount of CP Supported</i>	<i>LOC Expiration</i>
A-1 and B-1	BMO Harris Bank, N.A.	\$150,000,000	June 30, 2025
A-2 and B-2	Bank of America, N.A.	100,000,000	June 30, 2025
A-3 and B-3	U.S. Bank National Association	175,000,000	June 30, 2025
Convention Center	U.S. Bank National Association	100,000,000	June 30, 2025

Source: City of Los Angeles, Office of the City Administrative Officer.

Revenue Bonds

The Charter and State law provide for the issuance of revenue bonds, which are secured by and payable from the revenues generated by various enterprise and special fund operations. These revenue bonds do not represent obligations of the General Fund of the City, nor are they secured by taxes. Revenue bonds administered by the CAO have been issued in the past that are secured by wastewater, solid waste resources, and parking revenues. In addition, three departments that are under the control of Boards appointed by the Mayor and confirmed by the Council, namely the departments of Water and Power, Harbor and Airports, have also issued revenue bonds.

Conduit Debt Obligations

The City has issued bonds or entered into installment purchase contracts secured by and payable from loans and installment sale contracts to provide conduit financing for single and multi-family housing, industrial

development and unrelated third-party 501(c)(3) nonprofit corporations. These conduit bonds and certificates of participation are not managed by the CAO and are not obligations of the General Fund or other City revenues.

Cash-flow Borrowings

The City annually issues tax and revenue anticipation notes (“TRANS”) to alleviate short-term cash flow needs that occur early in the fiscal year when taxes and revenues have not yet been received. The following table summarizes the City’s most recent TRANS issuances.

Table 33
TAX AND REVENUE ANTICIPATION NOTES

<i>Fiscal Year</i>	<i>LACERS</i>	<i>Fire and Police Pensions</i>	<i>Other Cashflow</i>	<i>Total Par Amount</i>
2019-20	\$539,935,000	\$680,670,000	\$434,425,000	\$1,655,030,000
2020-21	515,155,000	714,395,000	531,755,000	1,761,305,000
2021-22	579,765,000	695,960,000	578,365,000	1,854,090,000
2022-23	627,120,000	651,180,000	295,570,000	1,573,870,000
2023-24	664,980,000	627,070,000	196,790,000	1,488,840,000

Source: City of Los Angeles, Office of the City Administrative Officer.

Summary of Long-Term Borrowings

The table below presents a statement of the City’s debt, while the subsequent two tables summarize the debt service to maturity of certain of these obligations. Direct Debt is usually defined as the total amount outstanding of “tax-supported” obligations, including general obligation bonds, lease revenue bonds, certificates of participation secured by lease payments, and other obligations paid from property tax or other general revenues. Net Direct Debt excludes any general obligation bonds and lease obligations that are self-supporting from non-General Fund sources; no such deductions are included below. Overall Net Debt is usually defined to be the combination of City Net Direct Debt plus the net tax-supported debt of overlapping counties, school districts and special districts, including assessment and Mello-Roos special tax debt.

Table 34
NET DIRECT DEBT
As of March 1, 2024

	<i>Outstanding</i>
General Obligation Bonds ⁽¹⁾	\$ 948,610,000
Lease Obligations ^{(2) (3)}	<u>1,353,227,816</u>
Gross Direct Debt Subtotal	\$ 2,301,837,816
Revenue Bonds ⁽³⁾	
Power Revenue (DWP) ⁽³⁾	\$ 11,323,200,000
Water Revenue (DWP) ⁽³⁾⁽⁴⁾	6,070,270,000
Department of Airports ⁽³⁾	10,492,235,000
Harbor Department ⁽³⁾⁽⁵⁾	493,770,000
Wastewater System	
Senior Revenue Bonds	869,190,000
Subordinate Revenue Bonds ⁽³⁾	1,563,140,000
Solid Waste Resources Fee	<u>278,360,000</u>
Revenue Bonds Subtotal	\$ 31,090,165,000
TOTAL CITY DEBT	\$ 33,392,002,816
Less:	
Revenue Bonds	<u>(31,090,165,000)</u>
NET DIRECT DEBT	\$ 2,301,837,816
Plus:	
Overlapping Debt ⁽⁶⁾	
NET OVERALL DEBT	\$ 2,301,837,816

⁽¹⁾ Excludes the Bonds.

⁽²⁾ See Table 31.

⁽³⁾ Does not include commercial paper.

⁽⁴⁾ Does not include California State Revolving Fund loans.

⁽⁵⁾ Does not include California Boating and Waterways Notes outstanding.

⁽⁶⁾ Overlapping debt information from California Municipal Statistics, Inc. as of November 1, 2023. See Table 42.

Source: City of Los Angeles, Office of the City Administrative Officer.

[Table 35]
**DEBT SERVICE TO MATURITY ON DEBT PAYABLE
FROM AD VALOREM PROPERTY TAXES⁽¹⁾**
As of November 1, 2023

<i>Fiscal Year</i>	<i>General Obligation Bonds</i>		<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	
2024 ⁽²⁾	\$ 91,070,000	\$ 46,946,261	\$ 138,016,261
2025	73,845,000	35,623,235	109,468,235
2026	66,790,000	32,827,134	99,617,134
2027	66,020,000	30,158,955	96,178,955
2028	64,560,000	27,622,723	92,182,723
2029	66,015,000	25,168,013	91,183,013
2030	61,300,000	22,740,310	84,040,310
2031	53,740,000	20,546,414	74,286,414
2032	53,660,000	18,512,718	72,172,718
2033	48,190,000	16,615,539	64,805,539
2034	48,190,000	14,852,553	63,042,553
2035	48,190,000	13,060,287	61,250,287
2036	48,190,000	11,233,581	59,423,581
2037	48,190,000	9,375,081	57,565,081
2038	48,190,000	7,484,790	55,674,790
2039	43,875,000	5,637,972	49,512,972
2040	30,065,000	4,118,439	34,183,439
2041	30,065,000	2,862,848	32,927,848
2042	30,065,000	1,603,283	31,668,283
2043	19,470,000	486,750	19,956,750
Total	\$ 1,039,680,000	\$ 347,476,886	\$ 1,387,156,886

⁽¹⁾ Does not include the Bonds.

⁽²⁾ Includes the full fiscal year debt service including amounts paid prior to [November 1, 2023].

Source: City of Los Angeles, Office of the City Administrative Officer.

Table 36
DEBT SERVICE TO MATURITY ON BONDED LEASE OBLIGATIONS
As of March 1, 2024⁽¹⁾

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2024 ⁽²⁾	\$ 128,544,595	\$ 54,745,795	\$ 183,290,390
2025	127,065,117	55,653,849	182,718,966
2026	121,139,302	51,075,586	172,214,888
2027	125,709,518	46,158,881	171,868,398
2028	102,917,013	41,218,797	144,135,810
2029	96,710,289	36,808,368	133,518,657
2030	87,104,184	32,689,423	119,793,607
2031	91,167,395	28,614,407	119,781,802
2032	83,173,000	24,616,370	107,789,370
2033	76,296,000	20,941,649	97,237,649
2034	68,305,000	17,536,752	85,841,752
2035	67,869,000	14,737,498	82,606,498
2036	70,745,000	11,844,496	82,589,496
2037	73,872,000	8,704,430	82,576,430
2038	46,513,000	6,007,706	52,520,706
2039	34,506,000	4,200,698	38,706,698
2040	22,585,000	2,876,930	25,461,930
2041	20,475,000	1,816,438	22,291,438
2042	15,740,000	932,476	16,672,476
2043	7,535,000	376,750	7,911,750
Total	\$ 1,467,971,413	\$ 461,557,300	\$ 1,929,528,712

⁽¹⁾ Totals may not add due to independent rounding

⁽²⁾ Includes the full fiscal year debt service including amounts paid prior to March 1, 2024.

Source: City of Los Angeles, Office of the City Administrative Officer.

Debt Management Policies

The City first adopted a written debt policy in August 1998, which has been amended from time to time by ordinance, most recently in 2020. The City has also adopted policies for Mello-Roos financing, variable rate debt and swaps. See “BUDGET AND FINANCIAL OPERATIONS—Financial Management Policies.” The City’s Debt Management Policy establishes guidelines for the structure and management of the City’s debt obligations. These guidelines include target and ceiling levels for certain debt ratios to be used for planning purposes. The two most significant ratios are shown below.

Table 37
DEBT MANAGEMENT POLICY RATIOS

<i>Ratio</i>	<i>Ceiling</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Budget 2023-24</i>
Total Direct Debt Service as Percent of General Revenues ⁽¹⁾	15.0%	4.81%	4.36%	4.22%
Non-Voted Direct Debt Service as Percent of General Revenues ⁽¹⁾	6.0% ⁽²⁾	3.33%	2.91%	2.54%

⁽¹⁾ For purposes of the Debt Policy, General Revenues includes the General Fund, General Obligation Bond Debt Service Funds, and any tax revenues deposited into special funds that pay debt service on lease revenue bonds.

⁽²⁾ The 6% ceiling may be exceeded only if there is a guaranteed new revenue stream for the debt payments and the additional debt will not cause the ratio to exceed 7.5%, or there is not a guaranteed revenue stream but the 6% ceiling shall only be exceeded for one year.

Source: City of Los Angeles, Office of the City Administrative Officer.

The table below provides a comparison of City debt ratios for its net direct debt outstanding for the past five fiscal years.

Table 38
FINANCIAL RATIOS

<i>As of June 30</i>	<i>Net Direct Debt</i>	<i>Net Debt Per Capita</i>	<i>Net Debt as Percent of Net Assessed Valuation</i>
2019	\$2,241,343,140	\$562	0.37%
2020	2,160,374,979	543	0.33
2021	2,064,424,459	526	0.30
2022	2,168,271,002	568	0.30
2023	2,331,201,413	619	0.30

Source: City of Los Angeles, Office of the City Administrative Officer.

The table below shows debt service payable from the General Fund for long-term lease revenue obligations and, through 2019-20, judgment obligation bonds, as a percent of General Fund revenues.

Table 39
GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND⁽¹⁾

<i>Fiscal Year</i>	<i>Total Debt Service</i>	<i>Paid From Special Revenue Funds</i>	<i>Net General Fund Debt Service⁽²⁾</i>	<i>General Fund Revenues⁽³⁾</i>	<i>Gross as Percent of GF</i>	<i>Net as Percent of GF</i>
2018-19	\$238,288,959	\$26,600,114	\$211,688,845	\$6,231,089,520	3.82%	3.40%
2019-20	212,168,449	25,259,709	186,908,740	6,374,231,315	3.33%	2.93%
2020-21	181,176,205	22,591,091	158,585,114	7,009,426,788	2.58%	2.26%
2021-22	228,153,071	23,366,537	204,786,534	7,509,699,517	3.04%	2.73%
2022-23	215,250,937	23,108,430	192,142,507	7,565,062,068	2.85%	2.54%
2023-24 Adopted Budget	172,951,390	19,666,099	153,285,291	7,766,965,803	2.23%	1.97%

⁽¹⁾ Cash basis.

⁽²⁾ While all obligations reported in this table are payable from all legally available funds, a portion of this debt service is paid from certain special revenue funds. Net General Fund Debt Service represents the amounts actually paid out of General Fund revenues.

⁽³⁾ Excludes transfers from the Reserve Fund.

Source: City of Los Angeles, Office of the City Administrative Officer.

The table below provides a schedule of debt retirement for net direct debt.

Table 40
RETIREMENT OF NET DIRECT DEBT
As of March 1, 2024

<i>Maturing Within</i>	<i>General Obligation Bonds</i>		<i>Bonded and Certificated Leases</i>		<i>Total</i>	
	<i>Maturing Principal</i>	<i>Cumulative % of Debt Retired</i>	<i>Maturing Principal</i>	<i>Cumulative % of Debt Retired</i>	<i>Maturing Principal</i>	<i>Cumulative % of Debt Retired</i>
>0 to 5 years	\$ 337,230,000	35.5%	\$ 573,817,992	42.4%	\$ 911,047,992	39.6%
>5 to 10 years	265,080,000	63.5	414,714,824	73.0	679,794,824	69.1
>10 to 15 years	236,635,000	88.4	292,165,000	94.6	528,800,000	92.1
>15 to 20 years	109,665,000	100.0	72,530,000	100.0	182,195,000	100.0
>20 to 25 years	0	100.0	0	100.0	0	100.0
Total	\$ 948,610,000		\$1,353,227,816		\$ 2,301,837,816	

Source: City of Los Angeles, Office of the City Administrative Officer.

Variable Rate Obligations and Swap Agreements

The only variable-rate debt paid from General Fund revenues are the CP programs described above. There are no swap agreements payable from the General Fund.

Projected Additional Financings

The City currently anticipates the completion of some or all of the financings summarized in the table below secured in whole or in part by the City's General Fund or other revenues and taxes. Certificates of participation or lease revenue bonds in addition to those listed below may be approved for refundings or to finance real and personal property acquisitions and improvements.

Table 41
PROPOSED SCHEDULE OF BOND ISSUANCES⁽¹⁾
DEBT CALENDAR
(as of March 1, 2024)

	<i>Expected Sale Date</i>	<i>Amount</i>
Fiscal Year 2023-24 Debt Issuance		
2024 Tax and Revenue Anticipation Notes	June 2024	TBD
Fiscal Year 2024-25 Debt Issuance		
Los Angeles Wastewater System Revenue Bonds (CP Take-out)	Fall 2024	\$360 million
MICLA Lease Revenue Bonds (Capital Equipment and Real Property) (CP Take-out)	Spring 2025	\$220 million
2025 Tax and Revenue Anticipation Notes	Summer 2025	TBD
General Obligation Bonds (Taxable) (Proposition HHH)	TBD	\$101.02 million*
General Obligation Bonds (Proposition O)	TBD	\$60.5 million

* Preliminary, subject to change.

(1) Subject to change. Excludes commercial paper issuances. Excludes the Bonds.

Source: City of Los Angeles, Office of the City Administrative Officer.

Overlapping Bonded Debt

Contained within the City are numerous overlapping local agencies providing public services. Many of these local agencies have outstanding bonds issued primarily in the form of general obligation, pension obligation, lease revenue, special tax, and special assessment bonds. A statement of the overlapping debt of the City, prepared by California Municipal Statistics Inc., is shown in the following table. The City makes no representations as to its completeness or accuracy. Self-supporting revenue bonds, tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement. The City anticipates issuing additional bonded debt. See "BONDED AND OTHER INDEBTEDNESS—Introduction" and "Projected Additional Financings." The City also anticipates that new special assessment and special tax districts may be created in the future within the City, and that debt supported by these special assessments and special taxes may be issued.

Table 42
STATEMENT OF OVERLAPPING DEBT
As of November 1, 2023

	<i>Debt Outstanding</i>	<i>Estimated Percent Applicable</i>	<i>Estimated Shares Of Overlapping</i>
<u>OVERLAPPING DEBT REPAYED WITH PROPERTY TAXES:</u>			
Metropolitan Water District	\$ 19,215,000	21.228%	\$ 4,078,960
Los Angeles Community College District	4,634,260,000	72.155	3,343,850,303
Beverly Hills Unified School District	617,063,257	0.157	968,789
Inglewood Unified School District	167,700,000	0.715	1,199,055
Las Virgenes Joint Unified School District	175,935,208	0.877	1,542,952
Los Angeles Unified School District	10,115,265,000	88.100	8,911,548,465
Other School Districts	621,794,356	Various	390,728
City of Los Angeles Community Facilities District No. 4	50,660,000	100.000	50,660,000
City of Los Angeles Community Facilities District No. 8	5,120,000	100.000	5,120,000
City of Los Angeles Community Facilities District No. 11	21,415,000	100.000	21,415,000
Mountains Recreation and Conservation Authority Assessment Districts	12,760,000	100.000	12,760,000
Los Angeles Unified School District supported general obligation bonds ⁽¹⁾			(263,838,740) ⁽¹⁾
<u>OTHER OVERLAPPING DEBT:</u>			
Los Angeles County General Fund Obligations	\$2,575,453,726	40.881%	\$ 1,052,871,238
Los Angeles County Superintendent of Schools Certificates of Participation	2,857,300	40.881	1,168,093
Pasadena Area Community College District Certificates of Participation	28,785,000	0.001	288
Inglewood Unified School District Certificates of Participation	1,050,000	0.715	7,508
Las Virgenes Unified School District Certificates of Participation	8,326,002	0.877	73,019
Los Angeles Unified School District Certificates of Participation	471,590,000	88.100	415,470,790
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 259,065,000	100.000%	\$ 259,065,000
SUBTOTAL, OVERLAPPING DEBT			\$ 13,818,351,448
City of Los Angeles General Obligation Bonds ⁽²⁾	\$ 948,610,000	100.000%	\$ 948,610,000
City of Los Angeles General Fund Obligations ⁽³⁾	1,184,723,374	100.000	<u>1,184,723,374</u>
TOTAL CITY OF LOS ANGELES DIRECT DEBT			\$ 2,133,333,374
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 15,951,684,822⁽⁴⁾

⁽¹⁾ Represents applicable amount of accumulated set-aside deposits for Qualified School Construction Bonds as of June 30, 2023, deducted from outstanding principal.

⁽²⁾ Excludes the Bonds.

⁽³⁾ Excludes the MICLA Lease Revenue Bonds, Series 2023-A, issued December 7, 2023. See Table 31.

⁽⁴⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

OTHER MATTERS

Seismic Considerations

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 most recent major earthquake, the Northridge earthquake in 1994, occurred along a previously unmapped blind thrust fault. The City generally does not maintain earthquake insurance coverage; see “BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program.”

Environmental and Social Considerations

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 substantial flooding. The City cannot predict the timing, extent, or severity of climate change and its impact on the City's operations and finances. Climate change may be a factor in the increased incidence of wildfire in the City and elsewhere in the County and the State. Also, additional actions to address climate change may be necessary and the City can give no assurances regarding the impact of such actions on the City's operations and finances.

In January 2018 the City released a "Local Hazard Mitigation Plan" which identified a number of risks, provided an assessment of potential damage that might result from those risks, and identified certain mitigation strategies. Identified risks included earthquake, adverse weather, drought and flood. The plan also identified various ways in which such risks could be mitigated. The City currently expects to issue an update to the plan in late 2024.

In addition, the City Council created a standing committee to review all matters relating to "Energy and Environment." The City has also created a Climate Emergency Mobilization Office within its Department of Public Works, which coordinates various City and community entities to implement equitable and just climate policies. The City has also hired a Chief Heat Officer, who will lead efforts to respond to extreme heat events and coordinate with various City departments and other agencies, given the understanding that heat-related deaths and hospitalizations disproportionately affect low-income communities.

Among the specific initiatives to enhance climate resiliency being undertaken by the City include various improvements to the City's wastewater treatment plants in order to recycle all their flow for beneficial use, construction of a series of groundwater remediation projects to further reduce the City's reliance on imported water and mitigate the impacts of prolonged drought, exploration of the use of specially designed "cool roofs" to manage the effect of rising temperatures in urban environments, and tests of the effects of "cool pavement" (a special coating applied to city streets) to manage urban temperatures. [As part of the Fiscal Year 2022-23 Adopted Budget, the Bureau of Engineering was directed to develop and implement a plan for decarbonization of the City's facilities, and the Bureau of Sanitation was directed to see that the City adheres to global protocols in tracking and reporting on municipal greenhouse gas emissions. The Bureau of Engineering is anticipated to release a Building Decarbonization Workplan in February 2024, which will establish a multi-year prioritization of projects to decarbonize all 1,100 existing City buildings by 2035.]

The City has also taken various actions to address matters of social equity, including new programs to advance racial and economic justice; new models to help reimagine public safety; strategies to help keep streets clean and deliver city services more quickly; and investments intended to empower young people and place them on a path to success.

Among the areas where both environmental and equity considerations come into play are in the City's Capital Improvement and Technology Expenditure Program. Among the criteria used in prioritizing capital funding are resiliency and sustainability projects that improve public health and the environment through improved water resources, air quality, reduction in greenhouse gas emissions, and habitat protection and projects that contribute toward economic development and/or promote social equity to benefit underserved communities, including those with low-income households, low community engagement, and low mobility or access to transportation systems. See "BUDGET AND FINANCIAL OPERATIONS—Capital Program." In an effort to identify capital investments that work towards achieving the City's climate change mitigation, resilience, and sustainability goals, projects proposed for funding are labeled as Green Investments if they support climate goals as outlined in the Plan and are in alignment with the Green Bond Principles established by the International Capital Market Association. In addition, a Social Equity Index score has been identified for site-specific projects, with lower scores representing the most disadvantaged communities within the City. The intended social impact of a project is considered as part of the funding prioritization process.

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 LAPD recruitment process. The City mitigated the attack and notified all the affected individuals immediately. The City installed a web application firewall and endpoint protection system to quickly identify and respond to cyber-attacks targeted at the department's 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 comprised 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 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 the 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.

Clean Water Compliance

General. The Clean Water Act ("CWA") regulates the discharges of pollutants into the waters of the United States by establishing water quality standards. The CWA requires states to identify "impaired" water bodies and to develop a Total Maximum Daily Load ("TMDL") for each pollutant contributing to the impairment. The CWA makes it unlawful to discharge any pollutant into waters protected by the CWA unless a permit is first obtained. The U.S. Environmental Protection Agency's ("EPA's") National Pollutant Discharge Elimination System ("NPDES") permit program controls these discharges. With respect to the City, the EPA has delegated permitting and direct enforcement under its NPDES program to the Los Angeles Regional Water Quality Control Board ("LARWQCB").

On July 23, 2021, the LARWQCB adopted the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit (“MS4 permit”) Order No. R4-2021-0105, which became effective on September 11, 2021. The MS4 permit establishes TMDL pollutant limits that can be discharged into water while still meeting water quality standards and objectives. Eighty-four of the 88 cities in Los Angeles County (including the City), the Los Angeles County Flood Control District (LACFCD), and the Counties of Los Angeles and Ventura are covered by this Regional MS4 permit. The City is currently subject to 22 TMDLs, encompassing a total of 192 pollutants, in the Los Angeles River, Ballona Creek, the Santa Monica Bay shoreline, Dominguez Channel, Marina Del Rey, and several lakes within the City. The City will likely become responsible for more TMDLs in the coming years. The TMDL compliance deadlines are spread out through 2037.

The MS4 permit allows the responsible agencies the option of working together to develop and implement Watershed Management Programs (“WMPs”) to address permit and TMDL requirements as long as the final compliance milestone has not passed. As the requirements of the MS4 permit cross multiple local jurisdictions, the City collaborated with other participating agencies on the development of the WMPs, which were initially approved by the LARWQCB in 2016 and now in 2023 have been conditionally approved after undergoing required revisions. [It is currently anticipated that the LARWQCB will re-approve all the WMPs in December 2023 or January 2024.]

Non-compliance with the MS4 permit and applicable TMDLs could result in enforcement action by the LARWQCB, civil penalties and fines, and potentially third-party lawsuits. For example, under State law, the LARWQCB may levy administrative fines of up to \$10,000 per pollutant per day of violation and impose mandatory minimum penalties of \$3,000 per pollutant per day of violation. In addition, under federal law, the LARWQCB may seek civil liabilities of up to \$53,484 per pollutant per day, reflecting an increase in accordance with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. Additionally, private citizens or the EPA can pursue penalties if the LARWQCB does not enforce a violation. The City is responsible for its own fines, penalties and costs incurred as a result of non-compliance.

The City is currently in substantial compliance with the MS4 permit, but requires significant funding for capital, and operation and maintenance costs to implement the WMPs necessary to meet the current TMDL compliance deadlines and its minimum control measures established by the MS4 permit. The City has partially funded the monitoring and reporting programs required by the MS4 permit by using existing Stormwater Pollution Abatement Funds (primarily funded by a charge on property) and by implementing cost sharing agreements between other municipalities. Unless relief is granted, the City could potentially face fines for failing to meet the TMDL milestones that will take effect by 2026.

The City’s share of the costs of the approved WMP projects required to meet the TMDLs through 2037 is estimated to be approximately \$8 billion. Estimating project costs over such a long time period is inherently difficult and no assurance can be provided that the City’s projections are accurate. While a portion of these costs will be funded through a county-wide parcel tax, like many other impacted municipalities, as further discussed below, the City has not identified funding sources for a significant portion of these costs. To the extent other funding sources are not available, the General Fund could be impacted.

One source of funding for these Clean Water costs will be from a special parcel tax approved by Los Angeles County voters. On November 6, 2018, Los Angeles County voters approved Measure W – The Los Angeles Region Safe, Clean Water Program (Measure W), a parcel tax of 2.5 cents per square foot of impermeable surface to support the costs of stormwater-related projects and activities. The tax has been collected on property tax bills countywide beginning in Fiscal Year 2019-20 and has generated approximately \$300 million per year to date. This program is administered by the LACFCD. Revenues are allocated to three sub-programs: municipal, regional, and administrative. Fifty percent of revenues are allocated for region-wide projects and are awarded on a competitive basis. Forty percent of revenues are allocated to municipalities in the same proportion as the amount of revenues collected within each municipality. The remaining ten percent is

allocated to the LACFCD for implementation and administration of the Measure W Program. Eligible uses for revenues include projects that provide a water supply and/or quality benefit and a community investment benefit.

The City budgeted \$36.5 million from this source (municipal returns) in the Fiscal Year 2023-24 Adopted Budget and estimates \$36.5 million to be received in Fiscal Year 2024-25. In addition, the City competes for project funding from the Measure W Regional Program administered by the LACFCD. Under the regional program, the City (Bureau of Sanitation, Bureau of Street Services, and the Department of Water and Power) has secured funding totaling \$200 million over the next five years for capital improvement projects, operations and maintenance, and scientific studies.

As the regional program progresses, the City anticipates approximately \$30 million to \$35 million annually in regional returns.

In November 2004, the City of Los Angeles voters passed Proposition O, the Clean Water General Obligation Bond, authorizing the sale of \$500 million in general obligation bonds to finance projects that protect public health by cleaning up pollution in the City's rivers, lakes, and beaches. To date, the City has issued \$439.5 million in general obligation bonds for Proposition O and has \$60.5 million remaining in authorized but unissued authority, and expects to leverage bond proceeds to support Measure W projects seeking regional funding.

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 major flooding of wastewater. The flooded wastewater entered the Plant's one-mile outfall, discharging 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 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*) 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.

There are ongoing and potential civil, criminal, and administrative investigations and proceedings initiated by state and federal authorities in connection with this incident, including potential 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). On March 29, 2023, the Los Angeles Regional Water Quality Control Board filed an administrative civil complaint seeking a penalty of over \$21.7 million. The City is also aware of other potential penalties (currently estimated to be approximately \$30 million, including certain amounts related to the Plant but unrelated to the incident) and other proceedings being considered by governmental authorities. Discussions between the City and such authorities are still underway on all matters. Additional capital project investments may ultimately be required at the Plant and potentially other portions of the wastewater system. The City cannot at this time determine what the full financial or other impacts of this incident will be; however, costs could be substantial, including costs resulting from any litigation, fees and fines, and additional capital project investments. The incident could also result in the potential loss of federal and state grants and loans, which could be in the amount of tens of millions of dollars or more. It is expected that any financial impact would be limited to the City's wastewater enterprise fund, however, the City cannot provide any assurances that this incident and resulting matters would not have a material impact on the General Fund or other City enterprises.

General Fund Subsidy of Solid Waste Activities

Currently, the City's solid waste resources fees do not fully support the solid waste operations. The total General Fund subsidy related to the City's solid waste operation budgeted for Fiscal Year 2023-24 is \$68.2

million, which includes General Fund subsidies for the Solid Waste Resources Revenue Fund (\$64.7 million), Multi-Family Bulky Item Revenue Fund (\$2.6 million), and the Citywide Recycling Trust Fund (\$0.9 million).

Unless recovered through increased solid waste resources fees, solid waste collection, processing and disposal costs in excess of revenues and other available funds would be borne by the City's General Fund.

Costs payable from the Solid Waste Resources Revenue Fund have increased in large part due to recently effective requirements requiring the composting of certain organic materials. Beginning January 1, 2022, State law (SB 1383) implements requirements for the reduction of organic waste disposal (e.g., food waste, green waste, paper products) by 75 percent by 2025 (from 2014 levels). In response, in January 2023, the Bureau of Sanitation expanded the organic waste collection and composting program from 40,000 households to all 735,000 households serviced by the Bureau of Sanitation. Due to the more intensive processing costs of composting comingled organics, the cost has increased from an average of \$60 per ton in Fiscal Year 2021-22 to an average of \$125 per ton.

General Fund Subsidy of Other Special Fund Activities

While it is the City's goal that its special funds fully reimburse the General Fund for all direct expenditures and related costs associated with their programs, there are a number of cases where the General Fund subsidizes such activities. The amount of such subsidies is reported annually as part of the City's budget process. The total amount of subsidies estimated in the Fiscal Year 2023-24 Adopted Budget totals \$296.7 million (which includes the subsidy related to solid waste collection, processing and disposal described above).

In addition to the solid waste subsidy described above, the largest of such General Fund subsidies are for programs that have long received General Fund appropriations to supplement their limited special funding. Fiscal Year 2023-24 funding includes \$103.9 million to supplement special fund revenues for the Department of Recreation and Parks, \$21.2 million to subsidize certain planning and land use applications, and \$16.6 million to supplement revenues collected through the City's Stormwater Pollution Abatement Charge. Two other major expenses reported as a General Fund subsidy are \$21.5 million to support the Los Angeles Zoo, and \$11.8 million in overhead costs associated with the use of state gas tax funds, which are appropriated to various departments to finance eligible street improvements.

Another program that may require subsidy in the future is the City's transit operations, which are funded from the City's share of Los Angeles County Metropolitan Transportation Authority Proposition A sales tax receipts. The required level of funding of City-financed transit service is estimated to be approximately \$274 million annually and the annual ongoing revenue within the Proposition A Local Transit Assistance (Proposition A) Fund is projected to be approximately \$197 million, resulting in a structural deficit of approximately \$77 million annually. While the Fiscal Year 2023-24 Adopted Budget is balanced by the use of available balances in the Proposition A Fund, the City expects to release an updated Transit Services Analysis in 2024-25 that will include options to resolve the ongoing structural deficit in future years. One of those options may include General Fund appropriations.

2028 Olympic and Paralympic Games

The City has been selected by the International Olympic Committee ("IOC") as the host city for the 2028 Olympic and Paralympic Games ("2028 Games"). The local host committee is named the Los Angeles Organizing Committee for the Olympic and Paralympic Games 2028 ("LA 2028"). As a condition of the City's selection, the City entered into a Host City Contract ("HCC") with the United States Olympic Committee ("USOC") and the IOC that identifies contractual commitments of the parties relating to insurance, indemnification, event requirements, operations, deliverables, efforts to cooperate, and financial obligations of the parties. The HCC includes an advance payment from the IOC in the amount of \$180 million paid over five years to LA 2028 to support operations.

Independent from the City, LA 2028 has developed a 2028 Games budget of \$6.88 billion, the entirety of which is funded by non-City revenue sources. The 2028 Games budget is subject to change and may be impacted by the value of sponsorships, ticket sales and hospitality, licensing and merchandising, and cost escalation. The 2028 Games budget anticipates the use of existing venues, facilities, and infrastructure and does not anticipate it will be necessary to construct new permanent venues or extensive capital projects specific to hosting the 2028 Games. Further, the 2028 Games budget assumes federal support for public safety in accordance with the anticipated designation of the 2028 Games as a National Special Security Event.

In adopting the HCC, the City has guaranteed that it will cover any potential financial shortfall of LA 2028 in its delivery of the Games, including potential refunds to the IOC of any advance payments to LA 2028 by the IOC in the event of a contingency such as a full or partial cancellation of the Games. To mitigate the City's financial risk associated with the 2028 Games budget and its HCC guarantee to cover financial shortfalls, a Games Agreement was established to memorialize the relationship, roles and responsibilities between the City and LA 2028. The Games Agreement specifies several financial and risk management protections to the City, reporting and transparency requirements, and other actions governing administration of the 2028 Games, including but not limited to:

- City representation on the LA 2028 Board of Directors;
- the requirement for written consent of the City to modify the Games venue plan and for any financial commitments and guarantees of City funds related to the 2028 Games;
- the agreement by LA 2028 to reimburse the City and other municipalities for the incremental cost of performing enhanced municipal services (e.g., police, fire, sanitation, traffic control, and parking enforcement) in support of the 2028 Games;
- the establishment by LA 2028 of an Allocated Contingency account of \$270 million, whereby LA 2028 will make allocations to this account on a periodic basis beginning in 2024 until a cumulative balance of \$270 million is reached in 2029 and which may only be utilized, with the City's prior written consent, to cover expenditures in the event that other actual or projected LA 2028 revenues are not available therefor;
- the requirement for LA 2028 to obtain insurance policies at its own expense, to include the City as an additional insured, and to incorporate contractual indemnification language into any venue use agreements it executes; and
- the agreement by LA 2028 that it shall not seek funds from the City to defray any financial deficit associated with the 2028 Games unless and until LA 2028 funds are fully expended and exhausted, LA 2028 has made commercially reasonable efforts to obtain full coverage for covered claims from all valid and collectible liability insurance policies it has procured, and LA 2028 has made commercially reasonable efforts to recover funds from all third parties who owe payments to LA 2028.

Other cities that hosted the Olympic Games and the Paralympic Games have incurred significant financial obligations. While, as described above, the City currently expects that costs of the 2028 Games will be paid from non-City revenues sources, there can be no assurances that significant General Fund expenditures will not be required.

Public Corruption Matters

As part of an on-going public corruption investigation of City elected officials and staff members conducted by the Federal Bureau of Investigations and the United States Attorney's Office, two City Councilmembers were indicted, resigned or suspended from the City Council, and have plead guilty. Mitchell Englander resigned his City Council seat in December 2018 and pled guilty in connection with the investigation in June 2020. Mr. Huizar was suspended from office in June 2020 and pled guilty in January 2023. Eight additional defendants have been charged as a result of the federal investigation, including two former officials of the City, one of whom has plead guilty. The City cannot predict the outcome of these investigations.

On June 13, 2023, the Los Angeles County District Attorney charged Curren D. Price, Jr., a member of the City Council, with two counts of conflict of interest in violation of California Government Code Section 1090(a), three counts of perjury, and five counts of embezzlement of government funds. The criminal complaint alleges that: (a) Delbra Richardson (or Del Richardson), Mr. Price's purported spouse, received payments totaling approximately \$160,000 between 2019 and 2021 from developers before Mr. Price voted to approve projects; (b) Mr. Price failed to list certain payments allegedly received by Delbra Richardson on government disclosure forms; and (c) Mr. Price fraudulently received about \$33,800 in medical coverage premiums for Delbra Richardson between 2013 and 2018 before she was legally his wife. The matter remains under investigation by the District Attorney's Bureau of Investigation. The City cannot predict the outcome of this investigation.

City Mobility Plan Street Improvement Measures Initiative Ordinance

In August 2022, a citizen-sponsored initiative petition was qualified to submit a proposed ordinance to a vote of the electors of the City at the March 2024 election. On December 15, 2023, the City Council approved the proposed ordinance, Measure HLA, to be placed on the March 2024 ballot. [The City cannot predict whether voters will approve Measure HLA.]

The ordinance requires the implementation of street modification projects whenever the City makes an improvement to at least a one-eighth mile segment of a road or sidewalk based on the City's Mobility Plan concept maps and general guidelines. The Mobility Plan is a 20-year City planning document that contains goals, objectives, and policy guidelines for creating a connected network of multimodal street modifications intended to provide safe access to public spaces and promote environmentally friendly modes of transportation for drivers, pedestrians, bicyclists, and users of public transportation. It does not identify nor require the implementation of specific street modification projects. The ordinance also requires the City to provide publicly accessible data through an open portal or website for monitoring Mobility Plan projects. Further, the ordinance allows any City resident to file a lawsuit against the City to require compliance with the requirements of the measure.

According to the Office of the City Administrative Officer, the cost to implement Bicycle Networks and Pedestrian Enhanced Districts in the Mobility Plan could exceed \$2.5 billion over 10 years. Other costs associated with implementing the Neighborhood, Transit, and Vehicle Enhanced Networks in the Mobility Plan are unknown. The ordinance may cause delays in the repavement of streets along Mobility Plan networks and reduce the amount of annual repaving. Each year of delay is anticipated to cost between \$73.0 million and \$139.0 million plus deferred maintenance and liability costs. Costs to administer the ordinance and develop the data portal are unknown. The ordinance may increase litigation costs against the City and does not identify a new funding source for the required expenditures.

LITIGATION

The City is routinely a party to a variety of pending and threatened lawsuits and administrative proceedings that may affect the General Fund of the City. The City is required to accrue liabilities arising from claims, litigation and judgments when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See "BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program." The following list of certain recently completed, pending or threatened lawsuits and proceedings involving the City was prepared by the Office of the City Attorney, and includes matters that, if determined in a final and conclusive manner adverse to the City, may, individually or in the aggregate, materially affect the General Fund's financial position.

1. Federal Accessibility Law Matters.

False Claims Act Claim

The City Attorney was advised by letter, dated November 30, 2011, that the Civil Fraud Section of the U.S. Department of Justice was investigating whether the City allegedly violated the False Claims Act (“FCA”) in connection with certain federal accessibility law compliance certifications to the U.S. Department of Housing and Urban Development (“HUD”).

On June 7, 2017, the U.S. District Court of the Central District of California released its order announcing DOJ’s election to intervene, on behalf of two private parties pursuing litigation against the City for FCA violations arising out of such certifications and other state common law claims against the City.

If the DOJ is successful in its suit, the City could face potential exposure to treble damages calculated based on the City’s receipt of Community Development Block Grant (“CDBG”), HOME Investment Partnership, and Housing Opportunities for People with AIDS (“HOPWA”) funds from February 2005 through August 2019, estimated to be approximately \$1.7 billion (which includes treble damages), as well as related civil penalties. The City disputes that it has violated the FCA, disputes that it is liable for any of DOJ’s claims, and disputes that the plaintiff has been damaged, or is entitled to any monetary relief at all, including statutory penalties. The City is vigorously defending its interests in this matter. Due to the nature of the matter, it is difficult to estimate the City’s potential liability at this time.

HUD Investigation

During three visits in late 2011, HUD’s Office of Fair Housing and Equal Opportunity (“HUD FHEO”) purportedly reviewed the City’s compliance with the Americans With Disabilities Act (“ADA”) and other federal accessibility laws as part of HUD FHEO’s oversight of the City’s receipt of federal funds from HUD, which the City uses to fund housing developments.

On August 2, 2019, the City and HUD entered into a Voluntary Compliance Agreement (“VCA”). The VCA addresses the same alleged deficiencies and conduct underlying DOJ’s claims against the City in connection with its compliance certifications under the FCA. Under the VCA, the City committed to spend no less than \$20 million per year for the next ten years to correct accessible deficiencies in its City funded housing developments to the extent such remediation costs are not covered under the Independent Living settlement discussed below. As a result of the City’s execution of the VCA, the Civil Rights Division of DOJ has notified the City that it has terminated its investigation of the City’s alleged noncompliance with federal accessibility laws.

Independent Living Center of Southern California, et al. v. City of Los Angeles

This case was brought by three fair housing advocacy organizations against the City, CRA/LA, and 34 owners of affordable housing projects. The City settled the matter with the plaintiffs on August 30, 2016. Under the terms of the settlement, the City will spend approximately \$200 million dollars over 10 years to provide 4,000 additional housing units compliant with federal accessibility requirements. To reach this goal, the City will either remediate existing housing units that are not currently in compliance with federal accessibility requirements or construct new housing units compliant with federal accessibility requirements. The City also agreed to pay the following: (a) \$4.5 million in damages to the plaintiffs, (b) \$16 million in attorneys’ fees, (c) approximately \$750,000 in plaintiffs’ attorneys’ costs, and (d) \$6,000,000 in court appointed monitor fees. The terms under this settlement agreement largely overlap with the construction and remediation obligations, required of the City under the VCA described above. However, to account for additional costs associated with the monitoring of the terms of the settlement, in late 2019 the court required the parties to meet and confer on increasing these fees. In October 2020, the City Council approved an additional increase in the court-appointed monitor fee of \$606,000 for the initial three years of the ten-year settlement term. The cost of this increase to

the City is partially offset by \$427,000 in savings from Fiscal Year 2018-19. In October 2020, the City Council also approved an additional \$3,578,000 in attorneys' fees for monitoring the last seven years of the settlement term. This amount is expected to be increased by an additional \$1.4 million for Fiscal Year 2023-24 as a result of the addition of a new monitor and outside experts to be hired by the new monitor.

2. Clear Channel Outdoor, Inc.

Clear Channel filed a Claim for Damages, dated February 1, 2018, for an amount in excess of \$100 million arising from a federal appellate court decision invalidating a settlement agreement between the City and certain outdoor advertising companies (the "Summit Media Decision"). The claim alleges: (i) violation of the City's representations and warranties in the settlement agreement that the conversions of its existing signs to digital technology did not violate the City's regulations, and (ii) that just compensation is due under the California Outdoor Advertising Act. The City denied the claim by letter dated March 1, 2018. The parties most recent tolling agreement expired on February 1, 2024. The City has yet to execute another tolling agreement. Clear Channel has four years to file suit.

3. CBS Outdoor.

CBS Outdoor filed a Claim for Damages on May 13, 2013, for an amount stated to be in excess of \$1 million arising from the Summit Media Decision, for damages, lost revenue, attorneys' fees, restitution and costs. The City denied the Claim by letter dated June 8, 2013. The parties' most recent tolling expired on January 1, 2020. With the expiration of the statute of limitations on or before January 1, 2024, CBS Outdoor is no longer able to file suit against the City arising out of the Summit Media Decision.

4. Brewster v. City of Los Angeles.

On or about November 2, 2014, plaintiffs filed a putative class action in Federal District Court for damages pursuant to 42 U.S.C. § 1983. The complaint alleged that the City violated the plaintiffs' rights under the Fourth Amendment of the U.S. Constitution, and related state laws, by impounding vehicles without a warrant for 30 days pursuant to Vehicle Code section 14602.6.

The Federal District Court granted the City's motion to dismiss the complaint on March 19, 2015. The plaintiffs appealed the Federal District Court's dismissal to the Ninth Circuit Court of Appeals. On June 21, 2017, the Ninth Circuit Court of Appeals reversed the District Court's decision to dismiss the complaint. On March 19, 2018, the U.S. Supreme Court denied the City's request to review the Ninth's Circuit's decision. On August 5, 2021, the District Court certified two classes and denied the certification of a third. On May 9, 2023, the District Court granted plaintiffs' motion for summary judgment, holding that the City violated plaintiffs' rights under the U.S. and California Constitutions. Although the District Court did not issue a judgment, liability is probable. Following the District Court's May 9 order, the plaintiffs again moved to certify the third class and, on July 17, 2023, the District Court certified the third class. In their motions to certify the classes, the plaintiffs estimated the City's liability at \$99 million. The City has every expectation to appeal any adverse judgment.

5. Blue Cross of America v. City of Los Angeles.

On March 30, 2017, Blue Cross filed a protective tax refund claim of business taxes paid for tax year 2015, under Article XIII, Section 28 of the California Constitution, which exempts "insurers" from local business taxes on account of being subject to a higher State income tax. Blue Cross' protective refund action arises out of a separate action in Los Angeles County Superior Court, entitled Michael D. Myers v. State Board of Equalization, et al. (BS143436). Myers proceeded under a California statute that permitted an individual taxpayer to sue a governmental agency when the taxpayer believes the agency has failed to enforce governing law. The issue, amongst others, to be resolved in Myers is whether Blue Cross is an "insurer" under California tax law and thus subject to the higher State tax. Pending the resolution of that issue, Blue Cross has continued

to report and pay its City business taxes. Likewise, Blue Cross has also filed supplemental protective tax refund claims of business taxes paid for tax years 2016 through 2023, inclusive.

Since its filing, Myers has endured a complex procedural history, with multiple appeals and remands to the trial court. In the event that Blue Cross is determined to be an “insurer” upon final adjudication of the issue, it would likely be entitled to a refund of previously paid City business taxes that are covered under the protective claims. The refund is estimated to be approximately \$73 million (inclusive of interest), as computed through the end of 2023, plus attorney’s fees.

6. *Apartment Owners Association of Ca. v. City of Los Angeles.*

On September 27, 2017, the plaintiffs filed a class action claim in Superior Court alleging the franchise fee collected by the City from private commercial waste haulers for the rights to service commercial and multi-family buildings should be treated as taxes under Proposition 218, and therefore require voter approval. The plaintiffs asserted two causes of action: (1) a refund of the franchise fees, and (2) a declaration that the franchise fees are taxes. On March 16, 2021, the Court granted the City’s motion for summary judgment, holding that the plaintiffs lacked standing to bring both causes of action. On December 28, 2022, the Court of Appeal reversed the judgment, relying on a superseding California Supreme Court decision in *Zolly v. City of Oakland* (2022) 13 Cal.5th 780, which addressed a similar challenge to waste hauling franchise fees paid to the City of Oakland. In *Zolly*, the California Supreme Court found that the plaintiffs had standing to challenge the franchise fees. The Court of Appeal expressed no opinion on the underlying substantive issues, and the matter was remanded back to Superior Court for further adjudication. Due to the unsettled nature of the law, an assessment of liability, if any, is difficult to ascertain. However, if the City loses, it could be required to pay back all franchise fees collected to date by the General Fund, and to cease collection of the franchise fees going forward. From Fiscal Year 2016-17 through Fiscal Year 2022-23, the City collected approximately \$225 million in these franchise fees. The City expects to continue to collect approximately \$45 to \$52 million annually of these franchise fees during the pendency of the litigation, the timeframe of which remains uncertain. See Table 13 under the caption “MAJOR GENERAL FUND REVENUE SOURCES.”

7. *LA Alliance for Human Rights et al. v. City of Los Angeles et al.*

On March 10, 2020, the plaintiffs filed suit against the City and the County of Los Angeles (“County”) for violating various State and Federal laws in connection with homeless individuals. The plaintiffs contended that the County and the City have not made sufficient progress in providing housing and other services to the homeless population. Such failure has allegedly resulted in impassable sidewalks and exposed the public to health risks, environmental hazards, increased crime, and untreated mental illness and addiction. The plaintiffs demanded that the defendants provide immediate shelter for all homeless individuals to abate the degradation of the cities and communities.

On May 15, 2020, the US District Court of Central District of California (“District Court”) issued a preliminary injunction requiring the City and the County to relocate and shelter all homeless individuals living near freeway overpasses, underpasses, and ramps. On June 18, 2020, the City and County entered into an agreement under which the City agreed to provide 6,700 shelter beds, permanent supporting housing units, safe parking spaces and other interventions (collectively, “beds” or “interventions”) to shelter homeless individuals, and the County agreed to pay up to \$60 million in annual service funding, totaling up to \$300 million over the five-year agreement term, based on the number of interventions opened and occupied within 60 days of July 1 each year for part of the annual cost of operations and services for this population. The City is complying with this agreement.

On June 14, 2022, the District Court approved a settlement between the City and the plaintiffs and dismissed the City from the lawsuit. Under the settlement, the City agreed to create shelter or housing to accommodate 60 percent of unsheltered persons experiencing homelessness (“PEH”) in the City that do not require more acute services that can only be provided by the County. Based on the 2022 Point In Time Count

by the Los Angeles Homeless Services Authority (a joint powers authority formed by the City and the County known as “LAHSA”), the City agreed to create 12,915 new interventions (e.g., interim housing beds, time-limited subsidies, permanent supportive housing units, etc.) for which total capital and operating costs could be as high as \$3 billion during the five year period. Such estimates do not include the beds that were agreed to be provided, or related costs, under the City’s June 18, 2020 agreement. The majority of the funding needed under this settlement is expected to be provided by the City’s Proposition HHH general obligation bonds and other available funding. Any additional financing that would be needed has yet to be identified, but could come from other government sources including the County, State, and federal agencies.

In its order, the District Court retained jurisdiction for a period of five years to enforce the terms of the settlement and appointed a special master to assist the District Court to monitor and enforce the terms of the settlement. On July 13, 2022, the homeless rights advocates who intervened in the case filed a notice of appeal of the District Court's Order approving the stipulated dismissal and settlement between the City and plaintiffs. The court granted the stipulated motion to voluntarily dismiss the appeal on November 1, 2023. On February 7, 2024, the plaintiff filed a motion alleging that the City violated the settlement agreement and entitled to monetary sanctions of approximately \$100,000 per week for every week of non-compliance, which amounts to approximately \$6.4 million. On February 12, 2024, the City filed its opposition disputing any allegation of non-compliance with the settlement agreement.

8. GHP Management et al. v. City of Los Angeles et al.

On August 27, 2021, the City was served with a lawsuit, in District Court, that alleges that the City’s COVID-19 eviction moratorium constituted an uncompensated governmental taking in violation of the U.S. and California Constitutions. The moratorium, plaintiffs claim, has permitted their tenants to abstain from remitting any rental payments while continuing to reside in the rental units. They seek damages in the form of unpaid rents, interest, and attorneys’ fees. On November 18, 2022, the court granted the City’s motion to dismiss the complaint with leave for the plaintiffs to amend. The plaintiffs appealed and the parties completed briefing on the matter. Oral arguments would likely be scheduled in early 2024.

9. Black Lives Matter et al. v. City of Los Angeles et al.

On or about July 7, 2020, the City was served with a class action lawsuit in Federal District Court alleging that the Los Angeles Police Department violated the Federal and State Constitutional rights of protestors and rioters during its response to quell civil unrest in late May and early June 2020. The protests and riots were part of the nationwide movement following the deaths of George Floyd and Breonna Taylor. The lawsuit seeks class certification, injunctive relief and unspecified damages. The court issued an injunction against the City which limited LAPD’s use to less lethal munitions in public protest situations. Due to the preliminary nature of the lawsuit, an estimable liability amount cannot be determined.

10. Does 1-707 v. City of Los Angeles et al.; Does 1-200 v. City of Los Angeles

The City was served with two putative class action lawsuits filed in 2023 in state court by current and former officers of the LAPD (they are maintaining their anonymity in the complaint) who claim to have suffered harm and damages as a result of LAPD’s inadvertent disclosure of their photos in response to a California Public Records Act request from a journalist. Both cases have been designated complex within the meaning of Rule 3.400 of the California Rules of Court, and are scheduled for an initial status conference in December 2023. Due to the preliminary nature of the lawsuit, an estimable liability amount cannot be determined.

11. Larocque v. City of Los Angeles et al.;
Gonzalez v. City of Los Angeles;
Acedo v. City of Los Angeles

The City was served with three putative class action lawsuits alleging the Los Angeles Fire Department failed to timely or accurately pay salary increases, overtime, and other violations of the federal Fair Labor Standards Act and the California Labor Code. Discovery is progressing, and preliminary motions are due to be filed in 2024. Due to the preliminary nature of the lawsuit, an estimable liability amount cannot be determined.

12. Nguyen v. City of Los Angeles

The City was served with a putative class action complaint in state court alleging that the 3.5 percent surcharge in the City's new 5.5 percent gas utility franchise fee, which took effect in May 2022, violates Proposition 218 (California Constitution Article XIII C, Section 2) by creating a utility fee without voter approval. The previous franchise fee in effect for approximately 30 years prior to May 2022 was 2 percent. The new 2 percent franchise fee and 3.5 percent surcharge was approved by the City and California Public Utilities Commission. Due to the preliminary nature of the lawsuit, an assessment of liability, if any, is difficult to ascertain. However, if the City loses, it could be required to pay back all amounts collected by the General Fund under the 3.5 percent surcharge to date, and to cease collection of the fees going forward. In Fiscal Year 2022-23, the City collected approximately \$40 million under the 3.5 percent surcharge.

In addition to the cases listed above, the following lawsuit has been filed challenging the City's actions relative to freezing OPEB Benefits for sworn employees. See "RETIREMENT AND PENSION SYSTEMS—Los Angeles Fire and Police Pension Plan," below.

1. Los Angeles Police Protective League and United Firefighters of Los Angeles City v. Board of Fire and Police Pension Commissioners v. City of Los Angeles.

In this case plaintiffs seek a judgment declaring that their letter of agreement with the City requires the Board of Fire and Police Pension Commissioners (the "Board") to increase the retirees' medical subsidy by the maximum amount allowable per year under the Administrative Code. The City prevailed on a demurrer, but the Court of Appeal reversed and issued a remitter, sending the case back to the trial court to resolve disputed factual issues. A bench trial occurred from September 26 to September 28, 2016. Following the bench trial, the court issued a tentative decision in favor of the plaintiffs. In November 2016, the trial court ruled in favor of the plaintiffs' claim with respect to the medical subsidy. The City appealed the trial court ruling. On October 30, 2018, the appellate court reversed the trial court and ordered that the case be remanded for a new trial.

On August 10, 2017, the Los Angeles Police Protective League (LAPPL) filed an additional lawsuit against the LAFPP Board and the City in Los Angeles County Superior Court. The complaint, as supplemented, alleges that the Board should have raised the retiree subsidy to the maximum amount of 7 percent for the fiscal year beginning July 1, 2017, rather than the 6 percent then awarded and for the fiscal years thereafter. This case has been consolidated with the case discussed above. In October 2021, the court conducted a three-day trial. On May 2, 2022, the court ruled that the letter of agreement did not require the City (through the LAFPP Board) to grant the unions the maximum possible increase in the retiree medical subsidy. Rather, the LAFPP Board retained the discretion on the amount of any increase. LAPPL filed a notice of appeal. The appeal should be heard sometime in 2023 or 2024. Notwithstanding, the second case concerning whether the LAFPP Board abused its discretion in the years it did not grant the maximum possible increase has been stayed by the trial court pending the appeal of the trial court's ruling on the discretionary increase question. The timeframe in which the discretion issue will be adjudged will be dependent upon the outcome of the appeal. If LAPPL is successful in its appeal, a new trial may result and render the discretion issue moot.

RETIREMENT AND PENSION SYSTEMS

General. The City has three single-employer defined-benefit pension plans created by the Charter: the Los Angeles City Employees' Retirement System ("LACERS"), the City of Los Angeles Fire and Police Pension Plan ("LAFPP") and, for employees of DWP, the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (the "Water and Power Plan"). Both LACERS and LAFPP (collectively, the "Pension

Systems”) are funded primarily from the City’s General Fund, while the Water and Power Plan is funded by that department’s proprietary revenues.

The Pension Systems provide retirement, disability, death benefits, post-employment healthcare and annual cost-of-living adjustments to plan members and beneficiaries. Both Pension Systems are funded pursuant to the Entry Age Cost Method, which is designed to produce stable employer contributions in amounts that increase at the same rate as the employer’s payroll (i.e., level percent of payroll). Retired members and surviving spouses and domestic partners of LACERS and LAFPP members are eligible for certain subsidies toward their costs of medical and other benefits. These benefits are paid by the respective retirement system. These retiree health benefits are accounted for as “Other Post-Employment Benefits” (“OPEB”). The City began making payments to its Pension Systems to pre-fund OPEB obligations in the late 1980s. The calculations of OPEB funding requirements are made by the same actuaries that perform the analysis of the Pension Systems’ retirement benefits, and generally rely on the same actuarial assumptions, other than those assumptions such as medical cost inflation specific to OPEB.

The actuarial valuations for both Pension Systems are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. The Pension Systems’ annual valuations determine the contribution rate, as a percentage of covered payroll, needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability (“UAAL”). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the benefits for currently active, vested former and retired employees and their beneficiaries.

Various actuarial assumptions are used in the valuation process, including the assumed rate of earnings on the assets of the plan in the future, the assumed rates of general inflation, salary increases, inflation in health care costs, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries. As plan experience differs from adopted assumptions, the actual liabilities will be more or less than the liabilities calculated based on these assumptions. The contribution rates in the following year’s valuations are adjusted to take into account actual plan experience in the current and prior years.

Each plan also generally performs an experience study every three years, comparing the plan’s actual experience to the demographic assumptions previously adopted by its board. Based on the plan’s experience, the board may adopt the actuary’s recommendations to adjust various assumptions such as retirement rates, mortality, termination rates, and disability incidence rates in calculating its liabilities. Additionally, the experience study will review each plan’s economic assumptions and the actuary may recommend adjustments based on future expectations for items such as general inflation, participant salary increases, and the plan’s future expected rate of investment return. These economic assumptions are also adopted by each plan’s board.

The valuations incorporate a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. When measuring the value of assets for determining the UAAL, many pension plans, including the Pension Systems, “smooth” market value gains and losses over a period of years to reduce contribution volatility. These smoothing methodologies may result in an actuarial value of assets that is lower or higher than the market value of assets at a given point in time.

The Actuarial Standards Board, the organization that sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice, approved the new Actuarial Standard of Practice No. 51 (“ASOP 51”), effective as of the June 30, 2019 actuarial valuations. ASOP 51 requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition” (referred to as a “Risk Report”).

Examples of key risks that are particularly relevant to the Pension Systems are investment risk and longevity and other demographic risks. Among other things, the reports consider the cost to the City of alternative earning scenarios from investments. Since the funded ratio, UAAL, and the employer contribution rates have fluctuated as a result of deviation in investment experience in past valuations, the Pension Systems' actuary has examined the risk associated with earning either higher or lower than the assumed investment rate in future valuations.

ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan by evaluating the potential for and impact of actual contributions deviating from expected contributions in the future. The Risk Reports for both Pension Systems noted that the City has a well-established practice of making the Actuarially Determined Contribution. As a result, in practice both Pension Systems have been found to have essentially no contribution risk.

In the Risk Reports, the actuary noted that each Pension System had strengthened their respective actuarial assumptions over time in part by lowering the expected investment rate of return, utilizing a generational mortality assumption, and adopting a funding policy that controls future negative amortization. These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL.

The Risk Reports also note that both of the Pension Systems have become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members employed by the City and by an increase in the ratios of plan assets and liabilities to active member payroll. The actuary expects these trends to continue going forward. Any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members; as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes.

In addition, in December 2021 the Actuarial Standards Board finalized and adopted changes to Actuarial Standard of Practice No. 4, *Measuring Pension Obligations and Determining Plan Costs or Contributions* ("ASOP 4"). ASOP 4 adds significant disclosure requirements for all actuarial valuations issued on or after February 15, 2023, including a requirement to calculate and disclose a new market-based liability measurement called the Low-Default-Risk Obligation Measure ("LDROM"). Under the revised ASOP, the LDROM may be determined in a manner similar to the Actuarial Accrued Liability ("AAL") that is commonly used in public sector plan funding, but with a key difference: instead of basing the discount rate on the plan's expected rate of return (as is done in determining the AAL), the LDROM must use discount rates derived from "low-default-risk fixed income securities." Examples of these rates include U.S. Treasury yields and yields on high-rated corporate or tax-exempt general obligation municipal bonds. Public pension plans, including LACERS and LAFPP, typically invest in a diversified portfolio including stocks, bonds, real estate and private equity, and funding calculations are based on the expected return of that portfolio. The new disclosure requirement, which is incorporated with LACERS' and LAFPP's June 30, 2023 valuations, does not change this approach for funding the plans but provides additional information on what the liability measurement would be if the plans were to adopt an all-bond investment strategy.

Each of the Pension Systems has adopted its own asset allocation plan to guide their respective investments in stocks, bonds, real estate, alternatives, and cash equivalents. Each plan reviews its asset allocation plan periodically and any adjustments are approved by the respective boards.

The City has never issued pension obligation bonds to fund either of its Pension Systems but may consider it in the future. The City typically pays all of its annual contributions to its Pension Systems in July at a discount, out of the proceeds of its annual issuance of tax and revenue anticipation notes.

This section, "RETIREMENT AND PENSION SYSTEMS," is primarily derived from information produced by LACERS and LAFPP and their independent actuaries. The City has not independently verified the

information provided by LACERS and LAFPP. The comprehensive annual financial reports of the individual Pension Systems, actuarial valuations for retirement and health benefits, and other information concerning LACERS and LAFPP are available on their websites, at www.lacers.org/aboutlacers/reports/index.html and www.lafpp.com/financial-reports, respectively. Information set forth on such websites is not incorporated by reference herein. For additional information regarding the Pension Systems, see also Note 5 in the “Notes to the Basic Financial Statements” in the City’s ACFR for the Fiscal Year Ended June 30, 2023.

Investors are cautioned that, in considering information on the Pension Systems, including the amount of the UAAL for retirement and other benefits, the funded ratio, the calculations of normal cost, and the resulting amounts of required contributions by the City, this is “forward- looking” information. Such “forward-looking” information reflects the judgment of the boards of the respective Pension Systems and their respective actuaries as to the value of future benefits over the lives of the currently active employees, vested terminated employees, and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

Los Angeles City Employees’ Retirement System (“LACERS”). LACERS, established in 1937 under the Charter, is a contributory plan covering civilian employees other than employees of DWP and those Airport Peace Officers not participating in LAFPP. As of June 30, 2023, the date of its most recent actuarial valuation, LACERS had 25,875 active members, 22,510 retired members and beneficiaries, and 11,148 inactive members (members with a vested right to a deferred or immediate benefit or entitled to a return of their member contributions).

Over the past several years, LACERS has adopted various changes to its actuarial assumptions, including reducing the assumed investment return from 7.75 percent to 7.50 percent in 2014, to 7.25 percent in 2017, and to 7.0 percent in 2020. This most recent change in the investment return assumption represents one of many assumption changes recommended in an experience study dated as of June 17, 2020; other changes included the decrease in the inflation assumption from 3.00 percent to 2.75 percent, an increase in the merit and promotion salary increase assumption, and changes in the mortality assumption. Together, these changes increased the City’s retirement contribution rate by 3.32 percent of payroll and the retirement UAAL by \$530.7 million. (These changes also increased the City’s contribution rate for OPEB by 0.62 percent.)

In June 2023, the LACERS Board considered a new experience study and adopted a number of changes to actuarial assumptions, including reducing the assumed inflation from 2.75 percent to 2.50 percent while maintaining the assumed rate of return at 7.00 percent. The City’s actuarial consultant calculated the City pension contribution rate to increase by 0.26 percent of payroll as a result of these changes. The new assumptions were used in the June 30, 2023 actuarial valuations, which determine the City’s contribution rate for Fiscal Year 2024-25. This increase will be partially offset by the impact of the LAFPP assumption changes adopted in May 2023.

LACERS amortizes components that contribute to its UAAL over various periods of time, depending on how the unfunded liability arose, layering separate fixed amortization periods. Under current funding policy, market losses and gains are recognized over a seven-year asset smoothing period, where only 1/7 of annual market gains or losses are recognized in the actuarial value of assets each year. The remaining gains or losses are spread equally over the next six years. Other factors that affect the calculation of unfunded liability, including early retirement incentives, plan amendments, changes in assumptions and other actuarial gains and losses will be amortized over terms that range from 5 to 30 years.

LACERS’ Board uses a market value “corridor” of 40 percent. A corridor is used in conjunction with asset smoothing, in order to keep the actuarial value of assets within a certain percentage of the market value of assets. For example, if a system has a 40 percent corridor, the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

In 2012, the Council adopted a new civilian retirement tier (“Tier 2”), which applied to all employees hired on or after July 1, 2013. Subsequently, as part of an agreement with the Coalition of LA City Unions, both the City and the Coalition agreed to transfer all Tier 2 employees into Tier 1 effective February 21, 2016. Any new employee hired into a position eligible for LACERS membership on or after February 21, 2016, unless eligible for Tier 1 membership under specific exemptions, is enrolled in a new “Tier 3.” Based on the actuarial valuation as of June 30, 2023, approximately 62 percent of the system’s active membership was Tier 1 members and 38 percent was comprised of Tier 3 members.

The following table includes a summary of the major plan design changes from Tier 1 to Tier 3.

Table 43
COMPARISON OF LACERS TIER 1 AND TIER 3 PLAN DESIGNS

<i>Plan Feature</i>	<i>Tier 1⁽¹⁾</i>	<i>Tier 3</i>
Normal Retirement (Age / Years of Service)	55 / 30 60 / 10 70 / Any	60 / 30 60 / 10
Early Retirement (Reduced)	55 / 10 Under 55 / 30	Under 60 / 30
Benefit Factors	Normal Retirement 2.16% per year of service	Normal Retirement 1.5% @ 60 / 10 2.0% @ 60 / 30
	Early Retirement Reduced by 3% per year before age 55; and 1.5% per year from ages 55-59	Early Retirement Reduced by 10.5% at age 54, plus an additional 3% reduction for every year below the age of 54; unreduced from ages 55 to 59
Compensation Used to Determine Retirement Allowance	Highest consecutive 12 months, including pensionable bonuses	Highest consecutive 36 months, including pensionable bonuses
Maximum Benefit	100%	80%
Employee Contribution Base	6%	7%
Early Retirement Incentive Program (ERIP) Employee Contribution	1% until 2026 or when ERIP debt is paid, whichever is sooner	N/A
Other Post-Employment Benefits (OPEB), e.g., retiree healthcare Employee Contribution	4%	4%
Maximum Annual COLA	3%	2%
COLA Bank	Yes	No
Government Service Buyback	Member pays employee contributions	Member pays employee and employer contributions, except for limited military or maternity leave time. Service purchase may not cause member’s service retirement allowance to exceed eighty percent of final compensation.

⁽¹⁾ Does not reflect Tier 1 Enhanced Benefits for approximately 500 Airport Peace Officers.
Source: City of Los Angeles, Office of the City Administrative Officer.

The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and other post-employment benefits), the actuarial value of assets available for retirement benefits, and two indicators of funding progress for LACERS, the funded ratio and the ratio of UAAL to annual payroll.

Table 44
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽²⁾</i>	<i>Funded Ratio⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>UAAL as a Percentage of Covered Payroll⁽⁵⁾</i>
2014	\$10,944,751	\$16,248,853	\$5,304,103	67.4%	\$1,898,064	279.5%
2015	11,727,161	16,909,996	5,182,835	69.4	1,907,665	271.7
2016	12,439,250	17,424,996	4,985,746	71.4	1,968,703	253.3
2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
2020	15,630,103	22,527,195	6,897,093	69.4	2,445,017	282.1
2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
2022	17,649,268	24,078,751	6,429,484	73.3	2,258,725	284.7
2023	18,493,821	25,299,537	6,805,716	73.1	2,512,179	270.9

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.

(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100%.

(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.

(4) Projected annual pensionable payroll for members of LACERS.

(5) UAAL divided by covered payroll.

Source: Los Angeles City Employees' Retirement System Actuarial Valuation reports.

For the Retirement Plan, the end of pay period contribution rate generally increased between the June 30, 2014 and the June 30, 2023 valuations, from 24.1 percent to 30.9 percent, primarily due to the amortization of UAAL increases from unfavorable investment experience and changes in actuarial assumptions. The introduction of Tier 3 has helped to mitigate costs as new members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, an additional employee contribution (4 percent for all affected employees effective January 1, 2013) was implemented by the City for certain bargaining groups and for all non-represented employees. For the Health Plan, the non-investment experience (primarily lower than projected medical premiums and subsidies) has had the most impact on declining contribution rates, from 5.8 percent in 2014 to 3.4 percent in 2023.

The actuarial value of assets is different from the market value of assets, as the actuarial value smooths asset gains and losses over a number of years. The following table shows the funding progress of LACERS based on the market value of the portion of system assets allocated to retirement benefits.

Table 45
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Market Value Of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Liability⁽²⁾</i>	<i>Funded Ratio (Market Value)⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</i>
2014	\$11,791,079	\$16,248,853	\$4,457,774	72.6%	\$1,898,064	234.9%
2015	11,920,570	16,909,996	4,989,426	70.5	1,907,665	261.5
2016	11,809,329	17,424,996	5,615,667	67.8	1,968,703	285.2
2017	13,180,516	18,458,188	5,277,672	71.4	2,062,316	255.9
2018	14,235,231	19,944,579	5,709,348	71.4	2,177,687	262.2
2019	14,815,593	20,793,421	5,977,828	71.3	2,225,413	268.6
2020	14,932,404	22,527,195	7,594,791	66.3	2,445,017	310.6
2021	18,918,136	23,281,893	4,363,757	81.3	2,254,165	193.6
2022	17,013,091	24,078,751	7,065,660	70.7	2,258,725	312.8
2023	17,953,293	25,299,537	7,346,245	71.0	2,512,179	292.4

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.

(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a funded ratio less than 100%.

(3) Market Value of Assets divided by Actuarial Accrued Liability.

(4) Projected annual pensionable payroll for members of LACERS.

(5) Unfunded liability divided by covered payroll.

Source: Calculated based on data from Los Angeles City Employees' Retirement System Actuarial Valuation reports.

The table below shows the actuarial funding progress of LACERS' liability for healthcare benefits:

Table 46
LOS ANGELES CITY EMPLOYEE'S RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
(\$ in thousands)

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽¹⁾</i>	<i>Funded Ratio⁽²⁾</i>	<i>Covered Payroll⁽³⁾</i>	<i>UAAL As a Percentage of Covered Payroll⁽⁴⁾</i>
2014	\$1,941,225	\$2,662,853	\$721,628	72.9%	\$1,898,064	38.0%
2015	2,108,925	2,646,989	538,065	79.7	1,907,665	28.2
2016	2,248,753	2,793,689	544,935	80.5	1,968,703	27.7
2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
2022	3,472,956	3,580,696	107,741	97.0	2,258,725	4.8
2023	3,646,978	3,405,089	(241,890)	107.1	2,512,179	(9.6)

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.

(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.

(3) Projected annual pensionable payroll against which UAAL amortized.

(4) UAAL divided by Covered Payroll.

Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuations.

The table below summarizes the City's payments to LACERS over the past four years and payments included in the Fiscal Year 2023-24 Adopted Budget. This table includes costs for contributions for both pensions and retiree health care.

Table 47
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
(\$ in thousands)⁽¹⁾

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>
Sources of Contributions					
Contributions for Council-controlled Departments ⁽²⁾	\$ 559,299	\$ 532,833	\$ 601,450	\$ 636,523	\$ 675,804
Airport, Harbor Departments, LACERS, LAFPP	<u>117,368</u>	<u>114,828</u>	<u>124,074</u>	<u>131,166</u>	<u>145,998</u>
Total	<u>\$ 676,667</u>	<u>\$ 647,661</u>	<u>\$ 725,524</u>	<u>\$ 767,689</u>	<u>\$ 821,803</u>
Percent of payroll – Tier 1	29.89%	29.43%	32.81%	33.93%	34.07%
Percent of payroll – Tier 3	27.70%	27.45%	30.16%	31.35%	31.45%
Uses of Contributions					
Current Service Liability (Normal cost)	\$ 234,336	\$ 229,795	\$ 265,096	\$ 285,162	\$ 300,709
UAAL	477,035	462,604	492,955	556,287	601,005
Adjustments ⁽³⁾	<u>(34,704)</u>	<u>(44,738)</u>	<u>(32,527)</u>	<u>(73,760)</u>	<u>(79,911)</u>
Total	<u>\$ 676,667</u>	<u>\$ 647,661</u>	<u>\$ 725,524</u>	<u>\$ 767,689</u>	<u>\$ 821,803</u>

⁽¹⁾ Includes funding for OPEB.

⁽²⁾ Includes employees funded by certain special funds in addition to the General Fund.

⁽³⁾ Adjustments include a "true-up" reconciling projected payroll against actual payroll, the family death benefit plan, the limited term retirement plan, excess benefits, and the enhanced benefit for the Airport Peace Officers who remain in LACERS.

Source: City of Los Angeles, Office of the City Administrative Officer.

The table below illustrates the City's projected contributions to LACERS for the next four fiscal years from Council-Controlled Departments (excluding the proprietary departments) based on projected rates from the City's consulting actuary applied against projected payroll by the CAO. These projected contributions illustrate the projected cost of both pension and OPEB. The CAO's projected payroll assumes that there will be no negotiated employee compensation increases after the expiration in 2023 and 2024 of current labor agreements.

Table 48
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
(\$ in thousands)

	<i>Adopted Budget 2023-24</i>	<i>Projection 2024-25</i>	<i>Projection 2025-26</i>	<i>Projection 2026-27</i>	<i>Projection 2027-28</i>
Contributions for Council- controlled Departments ⁽¹⁾⁽²⁾	\$ 675,804	\$ 785,467	\$ 765,426	\$ 802,851	\$ 828,465
Percentage of Payroll ⁽³⁾	33.15%	33.58%	32.07%	32.96%	33.21%
Incremental Change	\$ 39,274	\$ 109,663	\$ (20,041)	\$ 37,425	\$ 25,614
% Change	6.17%	16.23%	(2.55)%	4.89%	3.19%

⁽¹⁾ Includes the General Fund and various special funds.

⁽²⁾ Assumes 7% return on investment.

⁽³⁾ Reflects combined rates for all benefit tiers.

Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

The LACERS Board recently considered an actuarial analysis of various scenarios to increase the reimbursement of the Medicare Part B premium for retirees. Depending on the scenario, the increase could impact between 1,375 and 2,860 retirees, and could result in modest increases in LACERS' UAAL and the City's required contributions (up to \$8.9 million annually). The LACERS Board instructed staff to share the study with its stakeholders and report back to the LACERS Board. Any changes proposed by the LACERS Board would be subject to approval by the City Council and Mayor.

In addition, the LACERS Board has recommended that the City Council approve a discretionary cost-of-living adjustment of 2.6 percent for Tier 1 participants. The recommendation is pending consideration by the applicable City Council committee. Any increase would be subject to approval by the full City Council and Mayor.

Los Angeles Fire and Police Pension Plan ("LAFPP"). The LAFPP, established in 1899 and incorporated into the Charter in 1923, represents contributory plans covering uniformed fire, police, and some Department of Harbor and Department of Airports police. As of June 30, 2023, the date of its most recent actuarial valuation, the LAFPP had 12,571 active members (including 117 in Harbor and 96 in Airports), 14,131 retired members and beneficiaries, and 776 vested former members.

Six tiers of benefits are provided, depending on the date of the member's hiring. No active members are in Tier 1, while Tier 2 had only 3 active members as of June 30, 2023, although both tiers have retired members and beneficiaries. Approximately 57 percent of active members are in Tier 5, and 39 percent are in Tier 6.

Amortization of UAAL may be calculated differently for different tiers. A Charter amendment adopted by City voters on March 8, 2011 provided the LAFPP Board with greater flexibility to establish amortization and plan funding policies. Under the LAFPP Board's current actuarial funding policy, actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; plan amendments are amortized over 15 years; and actuarial funding surpluses are amortized over 30 years.

Similar to LACERS, LAFPP has adopted various asset smoothing methods. Generally, market gains or losses are recognized over seven years, so that approximately 1/7 of market losses or gains are recognized each year in the actuarial valuation. LAFPP uses a 40 percent market corridor, so that the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

Based on the advice of its actuary, the LAFPP Board reduced its assumed rate of investment return from 7.50 percent to 7.25 percent in 2017, lowering it again to 7.00 percent in May 2020 (lowering its inflation assumption from 3.00 percent to 2.75 percent as well). In May 2023, the LAFPP Board adopted the actuary's recommendations to maintain the 7.00 percent assumed rate of investment return, but reduced the inflation assumption from 2.75 percent to 2.50 percent. In addition to the economic assumptions, the LAFPP Board adjusted various other demographic assumptions such as mortality, retirement, termination, and disability incidence rates. Adoption of the economic and demographic assumption changes in May 2023 were estimated to decrease City contributions by 0.45 percent of payroll. The new assumptions were used in the June 30, 2023 actuarial valuation, which will determine the City's contribution rate for Fiscal Year 2024-25.

The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and other post-employment benefits), the actuarial value of assets available for retirement benefits, and two indicators of funding progress for LAFPP, the funded ratio and the ratio of UAAL to annual payroll.

Table 49
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽²⁾</i>	<i>Funded Ratio⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>UAAL As a Percentage of Covered Payroll⁽⁵⁾</i>
2014	\$15,678,480	\$18,114,229	\$2,435,749	86.6%	\$1,402,715	173.6%
2015	16,770,060	18,337,507	1,567,447	91.5	1,405,171	111.5
2016	17,645,338	18,798,510	1,153,172	93.9	1,400,808	82.3
2017	18,679,221	20,411,024	1,731,803	91.5	1,475,539	117.4
2018	19,840,070	21,364,804	1,524,734	92.9	1,546,043	98.6
2019	21,037,711	22,474,125	1,436,414	93.6	1,583,808	90.7
2020	22,106,722	23,727,315	1,620,593	93.2	1,670,245	97.0
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8
2022	25,146,787	25,670,766	523,979	98.0	1,664,318	31.5
2023	26,430,735	26,556,702	125,967	99.5	1,698,778	7.4

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.

(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.

(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.

(4) Projected annual payroll against which UAAL amortized.

(5) UAAL divided by covered payroll.

Source: LAFPP Actuarial Valuations and Review of Retirement and Other Post-Employment Benefits as of June 30, 2022.

The actuarial value of assets is different from the market value of assets, as the actuarial value smooths asset gains and losses over a number of years. The following table shows the funding progress of LAFPP based on the market value of the portion of system assets allocated to retirement benefits.

Table 50
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Market Value Of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded (Overfunded) Liability⁽²⁾</i>	<i>Funded Ratio (Market Value)⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</i>
2014	\$16,989,705	\$18,114,229	\$1,124,525	93.8%	\$1,402,715	80.2%
2015	17,346,554	18,337,507	990,953	94.6	1,405,171	70.5
2016	17,104,276	18,798,510	1,694,234	91.0	1,400,808	120.9
2017	18,996,721	20,411,024	1,414,303	93.1	1,475,593	95.8
2018	20,482,133	21,364,804	882,671	95.9	1,546,043	57.1
2019	21,262,200	22,474,125	1,211,925	94.6	1,583,808	76.5
2020	21,396,933	23,727,315	2,330,382	90.2	1,670,245	139.5
2021	27,862,307	24,461,267	(3,401,040)	113.9	1,684,785	(201.9)
2022	25,258,536	25,670,766	412,230	98.4	1,664,318	24.8
2023	26,437,300	26,556,702	119,402	99.6	1,698,778	7.0

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.

(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a deficit.

(3) Market Value of Assets divided by Actuarial Accrued Liability.

(4) Projected annual payroll against which liability is amortized.

(5) UAAL divided by covered payroll.

Source: Calculated by CAO based on data from LAFPP Actuarial Valuations.

The table below provides a ten-year history of the funding progress for retiree healthcare benefit liabilities of the LAFPP.

Table 51
OTHER POST-EMPLOYMENT BENEFITS
FIRE AND POLICE PENSION PLAN
(\$ in thousands)

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽¹⁾</i>	<i>Funded Ratio⁽²⁾</i>	<i>Covered Payroll⁽³⁾</i>	<i>UAAL As a Percentage of Covered Payroll⁽⁴⁾</i>
2014	\$1,200,874	\$2,783,283	\$1,582,409	43.1%	\$1,402,715	112.8%
2015	1,344,333	2,962,703	1,618,370	45.4	1,405,171	115.2
2016	1,480,810	3,079,670	1,598,860	48.1	1,400,808	114.1
2017	1,637,846	3,322,746	1,684,900	49.3	1,475,539	114.2
2018	1,819,359	3,547,777	1,728,417	51.3	1,546,043	111.8
2019	2,016,202	3,590,023	1,573,821	56.2	1,583,808	99.4
2020	2,214,552	3,709,858	1,495,307	59.7	1,670,245	89.5
2021	2,455,726	3,793,174	1,337,448	64.7	1,684,785	79.4
2022	2,710,079	3,649,332	939,253	74.3	1,664,318	56.4
2023	2,966,078	3,815,027	848,948	77.8	1,698,778	50.0

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.

(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.

(3) Projected annual payroll against which UAAL amortized.

(4) UAAL divided by covered payroll.

Source: The Fire and Police Pension Plan System Actuarial Valuations.

The table below summarizes the General Fund's payments to LAFPP over the past four years and payments included in the Fiscal Year 2023-24 Adopted Budget. This table includes costs for both pensions and retiree health care, as well as the plan's administrative expenses.

Table 52
LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
(\$ in thousands)

	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>	<i>Adopted Budget 2023-24</i>
General Fund ⁽¹⁾	<u>\$ 705,076</u>	<u>\$ 738,908</u>	<u>\$ 721,998</u>	<u>\$ 660,945</u>	<u>\$ 637,297</u>
Percent of Payroll	47.37%	46.79%	45.89%	41.84%	40.63%
Current Service Liability	\$ 349,256	\$ 382,639	\$ 393,940	\$ 394,525	\$ 390,133
UAAL/(Surplus)	337,815	337,154	306,679	244,958	225,835
Administrative Costs	<u>18,005</u>	<u>19,115</u>	<u>21,379</u>	<u>21,462</u>	<u>21,329</u>
Total	<u>\$ 705,076</u>	<u>\$ 738,908</u>	<u>\$ 721,998</u>	<u>\$ 660,945</u>	<u>\$ 637,297</u>

(1) The City funds an Excess Benefit Plan outside LAFPP to provide for any benefit payments to retirees that exceed IRS limits. Amounts deposited in that account are credited against the City's annual contribution to LAFPP.

Source: City of Los Angeles, Office of the City Administrative Officer.

Historically, plan members did not contribute to offset the City's costs of retiree healthcare subsidy benefits, as all such costs were funded from the employer's contribution and investment returns thereon. In

2011, the City negotiated with the sworn bargaining units the option of a 2 percent active employee contribution to offset the cost of retiree healthcare for its sworn workforce hired before July 1, 2011. Sworn employees hired on and after July 1, 2011 are members of Tier 6, which requires an additional 2 percent contribution to offset the cost of retiree healthcare. Employees who contribute to retiree healthcare benefits are vested in future subsidy increases authorized by the LAFPP board. For those sworn employees that opted not to make an additional contribution to offset the cost of retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the maximum subsidy level in effect as of July 1, 2011.

A consolidated lawsuit challenged the LAFPP Board's exercise of its discretion to annually increase the subsidy for sworn employees. On May 2, 2022, the court ruled that LAFPP was not required to automatically grant the maximum possible increase in the retiree medical subsidy each year to employees who contribute the additional 2 percent. Rather, the LAFPP Board retained the discretion on the amount of any increase. The union filed a notice of appeal on June 23, 2022. See "LITIGATION."

The table below illustrates the City's projected contributions to LAFPP for the next four fiscal years based on projected rates from the LAFPP's consulting actuary applied against projected payroll by the CAO. The CAO's projected payroll assumes that there will be no negotiated employee compensation increases after the expiration in 2023 and 2024 of current labor agreements.

Table 53
LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS⁽¹⁾
(\$ in thousands)

	<i>Adopted Budget 2023-24</i>	<i>Projection 2024-25</i>	<i>Projection 2025-26</i>	<i>Projection 2026-27</i>	<i>Projection 2027-28</i>
General Fund	\$ 637,297	\$ 663,704	\$ 545,425	\$ 547,558	\$ 556,857
Percentage of Payroll	40.63%	39.38%	31.66%	31.10%	30.82%
Incremental Change	\$ (23,648)	\$ 26,407	\$(118,279)	\$ 2,133	\$ 9,299
% Change	(3.58)%	4.14%	(17.82)%	0.39%	1.70%

⁽¹⁾ Assumes 7.00% return on investment.

Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

PART 2: HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION

Introduction

The City of Los Angeles is the second most populous city in the United States, with an estimated 2023 population of 3.8 million. Los Angeles is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

The economic and demographic information below is provided as general background. Although it has been collected from sources that the City considers to be reliable, the City has made no independent verification of the information provided by non-City sources and the City takes no responsibility for the completeness or accuracy thereof. The current state of the economy of the City, State of California and the United States of America may not be reflected in the data discussed below, because more up-to-date information is not publicly available.

History

Founded in 1781, Los Angeles was for its first century a provincial outpost under successive Spanish, Mexican and American rule. Incorporated in 1850 under the provisions of a Charter, the City experienced a population boom following its linkage by rail with San Francisco in 1876. Los Angeles was selected as the Southern California rail terminus because its natural harbor seemed to offer little challenge to San Francisco, home of the railroad barons. But what the region lacked in commerce and industry, it made up in temperate climate and available real estate, and soon tens and then hundreds of thousands of people living in the Northeastern and Midwestern United States migrated to new homes in the region. Agricultural and oil production, followed by the creation of a deep-water port, the opening of the Panama Canal, and the completion of the City-financed Owens Valley Aqueduct to provide additional water, all contributed to an expanding economic base. The City's population climbed to 50,000 persons in 1890, and had swelled to 1.5 million persons by 1940. During this same period, the automobile became the principal mode of American transportation, and the City developed as the first major city of the automotive age. Following World War II, the City became the focus of a new wave of migration, with its population reaching 2.4 million persons by 1960. By 2022, the population grew another 1.4 million, and the City experienced further growth in its demographic and economic diversity.

The City's 470 square miles contain 11.5 percent of the area of the County of Los Angeles, California (the "County") and approximately 39 percent of the population of the County. Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture, television and digital media production), and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical technology, digital information technology, environmental technology and aerospace. There were more than 300,000 manufacturing jobs in the County in 2022. Important manufacturing components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal, and food processing. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined are the busiest container ports in the nation. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

Population

The table below summarizes historic City, County, and State population estimates since 2000.

Table 54
CITY, COUNTY AND STATE POPULATION STATISTICS

<i>Year⁽¹⁾</i>	<i>City of Los Angeles</i>	<i>Percentage Change⁽²⁾</i>	<i>County of Los Angeles</i>	<i>Percentage Change⁽²⁾</i>	<i>State of California</i>	<i>Percentage Change⁽²⁾</i>
2000	3,694,742	-	9,519,330	-	33,873,086	-
2005	3,769,131	2.01%	9,816,153	3.12%	35,869,173	5.89%
2010	3,792,621	0.62	9,818,605	0.02	37,253,956	3.86
2015	3,938,939	3.86	10,124,800	3.12	38,865,532	4.33
2020	3,896,077	(1.09)	10,014,009	(1.09)	39,538,223	1.73
2021	3,859,192	(0.95)	9,942,011	(0.72)	39,286,510	(0.64)
2022	3,802,725	(1.46)	9,834,503	(1.08)	39,078,674	(0.53)
2023	3,766,109	(0.96)	9,761,210	(0.75)	38,940,231	(0.35)

⁽¹⁾ As of April 1 for 2000, 2010 and 2020 based on the Census benchmarks for such years. Estimated as of January 1 for other years.

⁽²⁾ For five-year time periods, figures represent cumulative change over such five year period.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012 for years 2000 and 2005; State of California, Department of Finance, E 4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark. Sacramento, California, May 2, 2022 for years 2010 and 2015; State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Census Benchmark. Sacramento, California, May 2023 for years 2020 through 2023.

Industry and Employment

The following table summarizes the average number of employed and unemployed residents of the City and the County, based on the annual “benchmark,” an annual revision process in which monthly labor force and payroll employment data, which are based on estimates, are updated based on detailed tax records. The “benchmark” data is typically released in March for the prior calendar year.

Table 55
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND
UNEMPLOYMENT OF RESIDENT LABOR FORCE⁽¹⁾

	2018	2019	2020	2021	2022
<u>Civilian Labor Force</u>					
City of Los Angeles					
Employed	1,983,600	2,007,000	1,787,300	1,868,300	1,947,300
Unemployed	<u>96,800</u>	<u>94,500</u>	<u>251,500</u>	<u>181,900</u>	<u>102,600</u>
Total	2,080,400	2,101,400	2,038,800	2,050,200	2,049,900
County of Los Angeles					
Employed	4,882,300	4,920,800	4,350,500	4,547,600	4,739,900
Unemployed	<u>237,500</u>	<u>230,700</u>	<u>609,800</u>	<u>445,900</u>	<u>244,900</u>
Total	5,119,800	5,151,500	4,960,300	4,993,500	4,984,800
<u>Unemployment Rates</u>					
City	4.7%	4.5%	12.3%	8.9%	5.0%
County	4.6%	4.5%	12.3%	8.9%	4.9%
State	4.2%	4.1%	10.1%	7.3%	4.2%
United States	3.9%	3.7%	8.1%	5.3%	3.6%

⁽¹⁾ March 2022 Benchmark report as of July 2023, not seasonally adjusted.

Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in the table below.

Sources: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S.

The COVID-19 pandemic caused an unprecedented loss of jobs and an increase in unemployment. Unemployment for the City for April 2020 was 20.7 percent, increased from 5.5 percent in March (not seasonally adjusted). The previous high in unemployment was 12.3 percent at the height of the Great Recession in 2010. The California Employment Development Department has reported preliminary unemployment figures for February 2023 of 4.8 percent statewide, 5.3 percent for the County, and 5.4 percent for the City (not seasonally adjusted).

The following table summarizes the California Employment Development Department's estimated annual employment for the County as of March 2022, which includes full-time and part-time workers who receive wages, salaries, commissions, tips, payment-in-kind, or piece rates. Separate figures for the City are not maintained. Percentages indicate the percentage of the total employment for each type of employment for the given year. For purposes of comparison, the most recent employment data for the State is also summarized.

Table 56
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE⁽¹⁾

	<i>County of Los Angeles 2022</i>	<i>% of Total</i>	<i>State of California 2022</i>	<i>% of Total</i>
Agricultural	4,900	0.1%	422,900	2.3%
Mining and Logging	1,600	0.0	19,700	0.1
Construction	150,900	3.3	913,400	5.0
Manufacturing	321,800	7.1	1,336,900	7.4
Trade, Transportation and Utilities	837,400	18.4	3,133,000	17.3
Information	235,200	5.2	608,200	3.4
Financial Activities	215,900	4.8	844,700	4.7
Professional and Business Services	668,900	14.7	2,872,700	15.9
Educational and Health Services	873,600	19.2	2,936,300	16.2
Leisure and Hospitality	511,300	11.3	1,931,600	10.7
Other Services	153,500	3.4	563,300	3.1
Government	<u>568,500</u>	12.5	<u>2,529,000</u>	14.0
Total	4,543,400		18,111,800	

⁽¹⁾ The California Employment Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table 55.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2022 Benchmark report as of July 21, 2023.

Major Employers

The estimated top 25 major non-governmental employers in the County in 2023 are listed in the table below. Separate estimates for the City are not available. Based on these estimates, the top 25 major non-governmental employers represented 6.9 percent of the labor force.

Table 57
LOS ANGELES COUNTY
2023 MAJOR NON-GOVERNMENTAL EMPLOYERS

<i>Employer</i>	<i>Product/Service</i>	<i>Employees</i>
Kaiser Permanente	Nonprofit health care plan	44,769
University of Southern California	Private university	23,227
Northrop Grumman Corp.	Systems and products in aerospace and information systems	18,000 ⁽¹⁾
Cedars-Sinai	Health system	16,730
Allied Universal	Security professionals	15,326 ⁽¹⁾
Target Corp.	Retailer	15,000
Providence	Health care	14,395 ⁽¹⁾
Ralphs/Food 4 Less – Kroger Co.	Grocery retailer	14,000 ⁽¹⁾
Walt Disney Co.	Media and entertainment	12,200 ⁽¹⁾
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	12,005 ⁽¹⁾
UPS	Logistics, transportation and freight	11,643 ⁽¹⁾
Home Depot	Home improvement specialty retailer	11,200 ⁽¹⁾
NBCUniversal	Media and entertainment	11,000 ⁽¹⁾
Amazon	Online retailer	10,500 ⁽¹⁾
AT&T	Telecommunications, DirecTV, cable, satellite and television provider	10,500 ⁽¹⁾
Albertsons Cos.	Grocery retailer	10,406 ⁽¹⁾
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	9,224
Edison International	Electric utility, energy services	7,672 ⁽¹⁾
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	7,535
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,400 ⁽¹⁾
FedEx Corp.	Shipping and logistics	6,750 ⁽¹⁾
Children's Hospital Los Angeles	Hospital	6,644 ⁽¹⁾
Dignity Health	Health care	6,263 ⁽¹⁾
Costco Wholesale	Membership chain of warehouse stores	6,002 ⁽¹⁾
Space Exploration Technologies Corp.	Rockets and spacecraft	6,000 ⁽¹⁾

⁽¹⁾ Business Journal estimate.

Source: Los Angeles Business Journal, Weekly Lists, published August 23, 2023.

The estimated top 25 major governmental employers in the County in 2023 are listed in the table below. Separate estimates for the City are not available. Based on these estimates, the top 25 major governmental employers represented 9.7 percent of the labor force.

Table 58
LOS ANGELES COUNTY
2023 LARGEST PUBLIC SECTOR EMPLOYERS

<i>Employers</i>	<i>Employees</i>
Los Angeles County	100,729 ⁽¹⁾
Los Angeles Unified School District	74,000
University of California, Los Angeles	51,597
Federal Executive Board ⁽²⁾	50,000
City of Los Angeles ⁽³⁾	34,421
State of California ⁽⁴⁾	32,300
Long Beach Unified School District	12,000 ⁽¹⁾
Los Angeles County Metropolitan Transportation Authority	11,700 ⁽¹⁾
Los Angeles Community College District	11,618 ⁽¹⁾
Los Angeles Department of Water and Power	11,000 ⁽¹⁾
California State University – Long Beach	8,477 ⁽¹⁾
City of Long Beach	5,395
Mt. San Antonio Community College District	4,400 ⁽¹⁾
California State University – Northridge	4,276
Glendale Unified School District	4,000
Los Angeles World Airports	3,662
Cal Poly Pomona	3,094
Compton Unified School District	3,071 ⁽¹⁾
Montebello Unified School District	2,885 ⁽¹⁾
Pomona Unified School District	2,800 ⁽¹⁾
California State University – Los Angeles	2,621
City of Pasadena	2,314 ⁽¹⁾
Santa Monica Community College District	2,023 ⁽¹⁾
City of Santa Monica	1,979 ⁽¹⁾
City of Glendale	1,774

⁽¹⁾ Business Journal estimate.

⁽²⁾ Excludes law enforcement and judiciary employees.

⁽³⁾ Excludes proprietary departments (DWP, LAWA, Port of L.A.).

⁽⁴⁾ Excludes education employees.

Source: Los Angeles Business Journal, Weekly Lists, published August 23, 2023.

Personal Income

The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of “net earnings,” rental income, dividend income, interest income, and transfer receipts. “Net earnings” is defined as wages and salaries, supplements to wages and salaries, and proprietors’ income, less contributions for government social insurance, before deduction of personal income and other taxes.

The following table summarizes the latest available estimate of personal income for the County, State and United States; equivalent data is not available for the City.

Table 59
COUNTY, STATE AND U.S.
PERSONAL INCOME

<i>Year and Area</i>	<i>Personal Income (thousands of dollars)</i>	<i>Per Capita Personal Income⁽¹⁾ (dollars)</i>
2017		
County ⁽²⁾	\$ 580,335,216	\$57,325
State ⁽³⁾	2,295,048,700	58,214
United States ⁽³⁾	16,658,962,000	51,004
2018		
County ⁽²⁾	\$ 601,947,888	\$59,617
State ⁽³⁾	2,411,055,100	60,984
United States ⁽³⁾	17,514,402,000	53,309
2019		
County ⁽²⁾	\$ 635,759,588	\$63,252
State ⁽³⁾	2,537,950,600	64,174
United States ⁽³⁾	18,343,601,000	55,547
2020		
County ⁽²⁾	\$ 684,663,140	\$68,541
State ⁽³⁾	2,767,521,400	70,061
United States ⁽³⁾	19,609,985,000	59,153
2021		
County ⁽²⁾	\$ 728,772,915	\$74,141
State ⁽³⁾	3,013,676,900	76,991
United States ⁽³⁾	21,392,812,000	64,430
2022		
County ⁽⁴⁾	n/a	n/a
State ⁽³⁾	\$ 3,006,647,300	\$77,036
United States ⁽³⁾	21,820,248,000	65,470

⁽¹⁾ Per capita personal income is total personal income divided by total midyear population.

⁽²⁾ Last updated: November 16, 2022 – new statistics for 2021; revised statistics for 2010 – 2020.

⁽³⁾ Last updated: September 29, 2023 – revised statistics for 1979-2022.

⁽⁴⁾ County information for 2022 not yet available.

Source: U.S. Bureau of Economic Analysis, “Table SAINC1: Personal Income Summary” for information for the State and the United States and “Table CAINC1: Personal Income Summary” for information for the County (accessed October 9, 2023).

Retail Sales

As the largest city in the County, the City accounted for \$58.4 billion (or approximately 27.3 percent) of the total \$213.7 billion in County taxable sales for 2022. The following table sets forth a history of taxable sales for the City for calendar years 2018 through 2022.

Table 60
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Motor Vehicle and Parts Dealers	\$ 4,953,943	\$ 4,920,618	\$ 4,585,480	\$ 5,927,499	\$ 6,558,134
Home Furnishings and Appliance Stores	1,994,456	1,879,295	1,523,470	2,025,904	1,974,419
Bldg. Materials and Garden Equip. and Supplies	2,604,998	2,633,786	2,774,916	3,040,639	3,207,718
Food and Beverage Stores	2,965,281	3,003,306	3,045,666	3,154,313	3,357,996
Gasoline Stations	4,577,433	4,634,896	2,903,295	4,469,765	5,873,754
Clothing and Clothing Accessories Stores	3,358,528	3,392,114	2,302,122	3,632,876	3,714,074
General Merchandise Stores	2,901,449	2,908,563	2,494,747	3,037,363	3,297,351
Food Services and Drinking Places	9,704,572	10,214,928	6,320,584	8,881,294	10,921,768
Other Retail Group	<u>4,582,036</u>	<u>4,686,277</u>	<u>4,462,925</u>	<u>5,286,747</u>	<u>5,282,976</u>
Subtotal Retail and Food Services	37,642,695	38,273,783	30,413,205	39,456,400	44,188,190
All Other Outlets	<u>11,862,801</u>	<u>11,900,668</u>	<u>9,241,031</u>	<u>11,296,267</u>	<u>14,218,524</u>
TOTAL ALL OUTLETS	\$49,505,496	\$ 50,174,451	\$39,654,237	\$ 50,752,667	\$ 58,406,714
Year-over-year change	N/A	1.4%	(21.0%)	28.0%	15.1%

Source: California Department of Tax and Fee Administration, Research and Statistics (last updated September 22, 2023).

Land Use

The following table, derived from data maintained by the Los Angeles County Assessor, indicates various land uses within the City based on assessed valuation and the number of parcels.

Table 61
CITY OF LOS ANGELES
ASSESSED VALUATION AND PARCELS BY LAND USE

	<i>2023-24 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential				
Commercial Office	\$ 123,594,027,700	15.57%	26,523	3.36%
Vacant Commercial	2,548,137,269	0.32	1,342	0.17
Industrial	59,295,429,779	7.47	17,784	2.26
Vacant Industrial	2,108,370,020	0.27	4,229	0.54
Recreational	2,956,403,429	0.37	779	0.10
Government/Social/Institutional	4,323,927,005	0.54	3,599	0.46
Miscellaneous	<u>412,868,651</u>	<u>0.05</u>	<u>1,872</u>	<u>0.24</u>
Subtotal Non-Residential	\$ 195,239,163,853	24.60%	56,128	7.12%
Residential				
Single Family Residence	\$ 406,072,545,247	51.16%	508,959	64.54%
Condominium/Townhouse	52,218,443,518	6.58	90,640	11.49
Mobile Homes and Lots	183,955,801	0.02	3,492	0.44
Mobile Home Park	265,659,820	0.03	93	0.01
2-4 Residential Units	40,999,689,306	5.17	75,013	9.51
5+ Residential Units/Apartments	95,306,649,303	12.01	35,601	4.51
Vacant Residential	<u>3,512,123,137</u>	<u>0.46</u>	<u>18,620</u>	<u>2.36</u>
Subtotal Residential	\$ 598,559,066,132	75.40%	732,418	92.88%
Total	\$ 793,798,229,985	100.00%	788,546	100.00%

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Residential Value and Construction Activity

The following table indicates the array of assessed valuation for single-family residential properties in the City.

Table 62
CITY OF LOS ANGELES
PER PARCEL ASSESSED VALUATION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES

	<i>No. of Parcels</i>	<i>2023-24 Assessed Valuation</i>	<i>Average Assessed Valuation</i>	<i>Median Assessed Valuation</i>
Single Family Residential Properties	508,959	\$406,072,545,247	\$797,849	\$447,189

<i>2023-24 Assessed Valuation</i>	<i>No. of Residential Parcels ⁽¹⁾</i>	<i>% of Total</i>	<i>Cumulative % of Total</i>	<i>Total Valuation</i>	<i>% of Total</i>	<i>Cumulative % of Total</i>
\$0 - \$49,999	6,115	1.201%	1.201%	\$ 212,380,065	0.052%	0.052%
\$50,000 - \$99,999	13,986	2.748	3.949	1,056,068,874	0.260	0.312
\$100,000 - \$149,999	16,365	3.215	7.165	2,048,767,080	0.505	0.817
\$150,000 - \$199,999	25,083	4.928	12.093	4,422,383,730	1.089	1.906
\$200,000 - \$249,999	32,991	6.482	18.575	7,433,961,003	1.831	3.737
\$250,000 - \$299,999	41,330	8.120	26.696	11,339,794,760	2.793	6.529
\$300,000 - \$349,999	47,539	9.340	36.036	15,432,252,797	3.800	10.330
\$350,000 - \$399,999	48,812	9.591	45.627	18,290,393,332	4.504	14.834
\$400,000 - \$449,999	27,734	5.449	51.076	11,777,021,228	2.900	17.734
\$450,000 - \$499,999	30,245	5.943	57.018	14,362,715,355	3.537	21.271
\$500,000 - \$549,999	29,979	5.890	62.909	15,732,769,347	3.874	25.145
\$550,000 - \$599,999	28,002	5.502	68.410	16,085,636,892	3.961	29.107
\$600,000 - \$649,999	20,311	3.991	72.401	12,683,143,017	3.123	32.230
\$650,000 - \$699,999	15,882	3.120	75.522	10,712,043,714	2.638	34.868
\$700,000 - \$749,999	14,829	2.914	78.435	10,744,693,017	2.646	37.514
\$750,000 - \$799,999	12,606	2.477	80.912	9,757,321,332	2.403	39.917
\$800,000 - \$849,999	10,444	2.052	82.964	8,609,312,964	2.120	42.037
\$850,000 - \$899,999	10,213	2.007	84.971	8,931,339,991	2.199	44.236
\$900,000 - \$949,999	9,494	1.865	86.836	8,777,953,026	2.162	46.398
\$950,000 - \$999,999	8,063	1.584	88.420	7,858,627,139	1.935	48.333
\$1,000,000-and greater	<u>58,936</u>	<u>11.580</u>	100.000	<u>209,803,966,584</u>	<u>51.667</u>	100.000
	508,959	100.000%		\$ 406,072,545,247	100.000%	

⁽¹⁾ Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

The table below provides a summary of building permits issued by the City by calendar year.

**[Table 63]
CITY OF LOS ANGELES
RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation ⁽¹⁾	\$ 8,654	\$ 8,520	\$ 6,285	\$ 6,091	\$ 7,968
Residential ⁽²⁾	3,940	3,437	2,930	2,743	3,690
Non-Residential ⁽³⁾	1,256	1,091	1,187	871	1,196
Miscellaneous Residential ⁽⁴⁾	180	173	129	232	365
Miscellaneous Non-Residential ⁽⁵⁾	40	146	46	18	2
Number of Residential Units:					
Single family ⁽⁶⁾	3,598	3,739	2,685	3,122	4,430
Multi-family ⁽⁷⁾	<u>12,659</u>	<u>10,693</u>	<u>9,171</u>	<u>10,898</u>	<u>12,324</u>
Subtotal Residential Units	16,257	14,432	11,856	14,020	16,754
Number of Non-Residential Units ⁽⁸⁾	12	1	0	512	504
Miscellaneous Residential Units ⁽⁹⁾	4,614	5,014	3,017	4,664	6,320
Miscellaneous Non-Residential Units ⁽¹⁰⁾	493	475	257	480	46
Total Units	21,376	19,922	15,130	19,676	23,624

(1) In millions of dollars. "Valuation" represents the total valuation of all construction work for which the building permit is issued.

(2) Valuation of permits issued for Single-Family Dwellings, Duplexes, Apartment Buildings, Hotel/Motels, and Condominiums.

(3) Valuation of permits issued for Special Permits, Airport Buildings, Amusement Buildings, Churches, Private Garages, Public Garages, Gasoline Service Stations, Hospitals, Manufacturing Buildings, Office Buildings, Public Administration Buildings, Public Utilities Buildings, Retail Stores, Restaurants, School Buildings, Signs, Private Swimming Pools, Theater Buildings, Warehouses, Miscellaneous Buildings/Structures, Prefabricated Houses, Solar Heaters, Temporary Structures, Artists-in-Residence, Foundation Only, Grade – Non- Hillside, Certificates of Occupancy – Use of Land, Grading – Hillside.

(4) Valuation of permits issued for "Additions Creating New Units – Residential" and "Alterations Creating New Units – Residential."

(5) Valuation of permits issued for "Additions Creating New Units – Commercial" and "Alterations Creating New Units – Commercial."

(6) Number of dwelling units permitted for Single-Family Dwellings and Duplexes.

(7) Number of dwelling units permitted for new Apartment Buildings, Hotel/Motels, and Condominiums.

(8) Number of dwelling units permitted for Airport Buildings, Amusement Buildings, Churches, Private Garages, Public Garages, Gasoline Service Stations, Hospitals, Manufacturing Buildings, Office Buildings, Public Administration Buildings, Public Utilities Buildings, Retail Stores, Restaurants, School Buildings, Signs, Private Swimming Pools, Theater Buildings, Warehouses, Miscellaneous Buildings/Structures Prefabricated Houses, Solar Heaters, Temporary Structures, Artists-in-Residence.

(9) Number of dwelling units added includes "Addition Creating New Units – Residential" and "Alterations Creating New Units – Residential."

(10) Number of dwelling units added includes "Additions Creating New Units – Commercial" and "Alterations Creating New Units – Commercial."

Source: City of Los Angeles, Department of Building and Safety.

Education

The Los Angeles Unified School District ("LAUSD"), a separate government agency and one of the largest employers in the City, administers public instruction for kindergarten through 12th grade ("K-12"), adult, and occupational schools in the City and all or significant portions of a number of smaller neighboring cities and unincorporated areas. The LAUSD, which now encompasses approximately 710 square miles (making it significantly larger than the City at 470 square miles), was formed in 1854 as the Common Schools for the City of Los Angeles and became a unified school district in 1960. The LAUSD is governed by a seven-member

Board of Education, elected by the district to serve alternating four-year terms. There are also a number of charter and private K-12 schools located in the City.

There are many public and private colleges and universities located in the City. Major colleges and universities located within the City include the University of California at Los Angeles, the University of Southern California, California State University at Los Angeles, California State University at Northridge, Occidental College and Loyola Marymount University. There are seven community colleges located within the City operated by the Los Angeles Community College District.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

[To come]

APPENDIX C

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 \$_____ aggregate principal amount of General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on [March 5], 2024 authorizing the issuance of the Bonds (the “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 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 March __, 2024, 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 the original underwriter 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, 2025, for the report for the 2023-24 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 City’s audited financial statements 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:

(1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to governmental entities from time to time. If the City’s 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.

(2) Tabular information provided in APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT” to the Official Statement under the headings: “BUDGET AND FINANCIAL OPERATIONS,” “MAJOR GENERAL FUND REVENUE SOURCES,” “BONDED AND OTHER INDEBTEDNESS” and “LITIGATION” (excluding any projections, which need not be updated). The City need not update any particular table or chart included in such sections so long as (i) the City provides updated

information generally of the type previously included in such table or chart, or (ii) such table or chart constitutes information not deemed to be operating data under the Rule.

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 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 Resolution for amendments to the 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: April __, 2024

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: \$_____ General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds)

Date of Issuance: April __, 2024

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 April __, 2024. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES

By: _____
Title: _____

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

None of the City, the Paying Agent or the Underwriter can or do give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the City, the Paying Agent or the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto. The City pursuant to the Resolution may discontinue the book-entry only system. In that event, the provisions of the Resolution relating to issuance of Bond certificates and the transfer of ownership thereof will apply.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”). The 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. 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. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States 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 United States and non-United States 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 United States and non-United States 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”). Standard & Poor’s has assigned DTC a rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

5. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 the issuer of the Bonds, 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments of principal of, premium, if any, and interest on the 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 or the Paying Agent, 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 Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, 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.

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.

Neither the City nor the Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Notes paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. 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, Bond certificates will be printed and delivered to DTC.

11. 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.

THE CITY AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE CITY OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, ON THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. NEITHER THE COUNTY NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE NOTES OR AN ERROR OR DELAY RELATING THERETO.

APPENDIX E
PROPOSED FORM OF BOND COUNSEL OPINION

[To come]

Exhibit D – Notice of Intention to Sell Bonds

NOTICE OF INTENTION TO SELL BONDS

\$[PAR]*
City of Los Angeles
General Obligation Bonds
Series 2024-A (Taxable) (Social Bonds)

The City of Los Angeles, California (the “City”) intends to receive bids through the use of an electronic bidding service as described herein for the above-referenced bonds (the “Bonds”) until 9:00 a.m., California time, [Wednesday, March 27, 2024].

The Bonds will be dated the date of delivery, and mature as described in the Notice Inviting Bids with respect to the Bonds. The City reserves the right, to the extent permitted by law, to postpone the date for accepting bids and establish a subsequent date on which bids are to be accepted as more fully set forth in the Notice Inviting Bids.

Bids may be submitted until the designated time shown above on [Wednesday, March 27, 2024], only through i-Deal’s BiDCOMP/Parity® Competitive Bidding System, in accordance with the procedures, terms and conditions set forth in the Notice Inviting Bids. No bids will be received after such time. The City assumes no responsibility or liability for bids submitted through BiDCOMP/ Parity®. No bids will be accepted by facsimile or hand delivery. For additional information about BiDCOMP/Parity® potential bidders may contact the City’s municipal advisor (identified below).

Changes in the date and time for receipt of proposals will be communicated through The Municipal Market Monitor (TM3) not later than 2:00 p.m., California time, on the business day prior to the bid opening.

Copies of the Preliminary Official Statement to be disseminated in connection with the sale of the Bonds, the Notice Inviting Bids, and the resolution of the City Council authorizing the issuance of the Bonds may be obtained from the City or the City’s municipal advisor at the following locations: Ha To, Office of the City Administrative Officer, Room 1500, City Hall East, 200 North Main Street, Los Angeles, California 90012, email: cao.debt@lacity.org; or Eddie McRoberts, Omnicap Group LLC, 2286 East Maple Avenue, El Segundo, California 90245, (310) 318-3094, e-mail: emcroberts@omnicap.net. The Preliminary Official Statement will be in a form deemed final by the City within the meaning of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for the omission of certain information permitted to be omitted therefrom pursuant to Rule 15c2-12, but is subject to revision, amendment and completion in a final Official Statement. The Preliminary Official Statement and the Notice Inviting Bids will also be available at www.munios.com.

Given by order of the City Council by its resolution adopted on [March 5, 2024].

* Preliminary, subject to change.

Exhibit E – Notice Inviting Bids

[March 14, 2024]

Dear Prospective Bidder:

In accordance with the Notice Inviting Bids, the City of Los Angeles intends to accept bids on its \$[PAR]¹ aggregate principal amount of General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) on [Wednesday, March 27, 2024] at 9:00 a.m., California time. The purpose of this letter is to reaffirm the City's position relative to encouraging bidders on the City's bonds to include minority business enterprises ("MBE"), women business enterprises ("WBE"), disadvantaged business enterprises ("DBE"), disabled veteran business enterprises ("DVBE") and all other business enterprises ("OBE") in their bidding syndicates.

It continues to be the City's policy to provide MBE, WBE, DBE, DVBE and OBE an equal opportunity to participate in the performance of City contracts. This policy continues to be a high priority of the Mayor and the City Council. As such, we urge all bidders to continue to make a good faith effort to provide all underwriting firms, including MBE, WBE, DBE, DVBE and OBE firms, an opportunity to participate in bidding syndicates.

Please refer any inquiries regarding these matters to Ha To at cao.debt@lacity.org.

Sincerely,

Benjamin Ceja
Assistant City Administrative Officer

¹ Preliminary, subject to change.

NOTICE INVITING BIDS

\$[PAR]²
City of Los Angeles
General Obligation Bonds
Series 2024-A (Taxable) (Social Bonds)
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that electronic bids will be received by the City of Los Angeles, California (herein the “City”) for the purchase of all but not less than all of \$[PAR]* aggregate principal amount of the City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Series 2024-A Bonds”). The Series 2024-A Bonds will be awarded to the highest-ranked responsible bidder(s), considering the rate or rates specified and the premium offered, if any. The highest-ranked responsible bidder shall be the bidder submitting the best price for the Series 2024-A Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2024-A Bonds. See “Award, Delivery and Payment” herein. Bidders are required to bid on all or none of the Series 2024-A Bonds. All bids must be submitted via BiDCOMP/PARITY®, the electronic bidding system, up to the time specified below unless postponed or cancelled as described herein:

Date of Sale:	[Wednesday, March 27, 2024] at 9:00 a.m., California time
Electronic Bids:	Bids must be submitted only through BiDCOMP/PARITY® (“BiDCOMP/Parity”), the “Approved Provider.” The Approved Provider will act as an agent of the bidder and not of the City in connection with the submission of bids. The City assumes no responsibility or liability for bids submitted through the Approved Provider. See “Information Regarding Electronic Bids” herein.
Authorization Letter:	Bidders must complete and email the attached Authorization to Accept Electronic Bids (the “Authorization”) to the email addresses indicated on the Authorization prior to 8:00 a.m., California time, on the date of sale.
Good Faith Deposit:	Each bidder must provide, not later than 8:00 a.m., California time on the date of sale, a Good Faith Deposit in the amount of \$[Good Faith Deposit Amount]. Failure to provide the Good Faith Deposit in accordance with the terms and conditions set forth in this Notice Inviting Bids will subject the bidder to disqualification. See “Good Faith Deposit” herein.
No Facsimile or Other Bids:	No bids will be accepted via facsimile, hand delivery or any method other than as described above.

² Preliminary, subject to change.

The Issue

The issue is \$[PAR]³ aggregate principal amount of the Series 2024-A Bonds in denominations of \$5,000 or any integral multiple thereof.

Purpose of the Issue

The proceeds from the sale of the Series 2024-A Bonds will be used primarily for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services.

Authorization

The Series 2024-A Bonds are to be issued pursuant to the provisions of (a) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended; (b) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended; (c) Section 101 and Section 361 of the Charter of the City, as amended and supplemented; (d) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Series 2024-A Bonds are issued; (e) Article XIII A of the California Constitution, as amended (collectively, the “Authorizing Law”); (f) the resolution of the City Council adopted on March 5, 2024 authorizing the issuance of the Series 2024-A Bonds (the “Authorizing Resolution”); and (g) the certificate of the City Administrative Officer or Assistant City Administrative Officer to be delivered at the time the Series 2024-A Bonds are awarded to the successful bidder (the “Award Certificate”). Capitalized undefined terms used herein shall have the meanings set forth in the Authorizing Resolution.

Security

The Series 2024-A Bonds shall be secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City. Reference is made to the Authorizing Resolution.

Principal and Interest Payments

The Series 2024-A Bonds will be dated the date of issuance and will bear interest from that date (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2024-A Bonds will be payable semiannually on March 1 and September 1, commencing on March 1, 2025 (each, an “Interest Payment Date”). Principal and premium, if any, of the Series 2024-A Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Series 2024-A Bond, which will initially be The Depository Trust Company, New York, New York (“DTC”) or its nominee. Payment of principal and interest to DTC shall be the responsibility of the City or the Paying Agent; disbursements of such payments to direct participants of DTC shall be the responsibility of DTC, and disbursements of such

³ Preliminary, subject to change.

payments to the Beneficial Owners shall be the responsibility of DTC's direct participants and indirect participants. The City and the Paying Agent will not have any responsibility or obligation with respect to the accuracy of any records maintained by DTC, its direct participants or indirect participants or any payment made by DTC, its direct participants or indirect participants of any amount with respect to the principal, premium, if any, or interest due on the Series 2024-A Bonds.

Book-Entry Only

The Series 2024-A Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Series 2024-A Bonds. Purchasers will not receive certificates representing their interest in the Series 2024-A Bonds. Individual purchases will be in the principal amount of \$5,000 or any integral multiple thereof. Ownership interests in the Series 2024-A Bonds may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2024-A Bonds will be paid by the Paying Agent to DTC or its nominee, which will in turn remit such payment to direct participants of DTC for subsequent disbursement to the Beneficial Owners of interests in the Series 2024-A Bonds.

Principal Amortization for the Series 2024-A Bonds

The aggregate principal amount of the Series 2024-A Bonds will be subject to amortization either through serial maturities or sinking fund redemptions or a combination thereof. Principal will be amortized on an annual basis commencing on September 1, in years 2025 through 2043 and in the amounts set forth below:

Maturity Schedule⁴

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
2025		2035	
2026		2036	
2027		2037	
2028		2038	
2029		2039	
2030		2040	
2031		2041	
2032		2042	
2033		2043	
2034			

Serial Bonds and/or Term Bonds

Bidders may provide that all of the Series 2024-A Bonds be issued as serial bonds or that any two or more consecutive annual principal amounts may be combined into one or more term bonds.

⁴ Preliminary, subject to change.

Optional Redemption⁵

The Series 2024-A Bonds maturing on or before September 1, 2033 are not subject to optional redemption. The Series 2024-A Bonds maturing on or after September 1, 2034 are subject to optional redemption on and after September 1, 2033 at the option of the City, as a whole or in part, on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued and unpaid interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such term bonds and continuing on September 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such maturity date set forth above under “—Principal Amortization for the Series 2024-A Bonds.” The City, at its option, may credit against any mandatory sinking fund redemption payment term Series 2024-A Bonds of the maturity then subject to redemption, that have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

Selection of Series 2024-A Bonds for Redemption

Whenever less than all the Series 2024-A Bonds shall be called for redemption at the option of the City, the particular Series 2024-A Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Series 2024-A Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the Series 2024-A 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 2024-A 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 fair and appropriate.

If the Series 2024-A 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 2024-A Bonds, if less than all of the Series 2024-A Bonds of a maturity are called for prior redemption, the particular Series 2024-A 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 2024-A Bonds are held in book-entry form, the selection for redemption of such Series 2024-A 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 2024-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

⁵ Preliminary, subject to change.

It is the City's intent with respect to the Series 2024-A Bonds that redemption allocations 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 redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2024-A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2024-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

Notice of Redemption

Notice of redemption shall be given at least 20 days and not more than 60 days before the redemption date. Such notice shall be given by the Paying Agent by mail. So long as the Series 2024-A Bonds are in book-entry form only, such notices will be given only to DTC or its nominee.

With respect to any notice of any optional redemption of the Series 2024-A Bonds, such notice may state that such redemption is conditional upon receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of the Series 2024-A Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Series 2024-A Bonds. In the event a notice of redemption of the Series 2024-A Bonds contains such a condition and such moneys are not so received, the redemption of the Series 2024-A Bonds as described in the conditional notice of redemption shall not be made and the Paying Agent, shall, as soon as reasonably practicable, give notice to the owners of the Series 2024-A Bonds in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of the Series 2024-A Bonds pursuant to such notice of redemption.

The City may rescind any notice of optional redemption of the Series 2024-A Bonds at any time up to and including the date fixed for such redemption by written notice to the Paying Agent. In the event of such rescission, the redemption of the Series 2024-A Bonds as described in the notice of redemption shall not be made and the Paying Agent shall, as soon as reasonably practicable, give notice to the Owners of the affected Series 2024-A Bonds in the manner in which the notice of redemption was given, that the notice of redemption has been rescinded and that there shall be no redemption of Series 2024-A Bonds pursuant to such notice of redemption.

TERMS OF SALE

Form of Bid

Each bid must be for an amount not less than _____% of the principal amount of the Series 2024-A Bonds and must be submitted as described under "Information Regarding Electronic Bids" below. Each bid must be preceded by the Good Faith Deposit described under the caption "Good Faith Deposit" below and must be in accordance with the terms and conditions set forth in this Notice Inviting Bids. Each bid must also be preceded by an Authorization to Accept Electronic Bids in the form attached as Exhibit A emailed to the addresses set forth therein.

The City, the Municipal Advisor (herein defined) and Bond Counsel assume no responsibility or liability for any error contained in any electronic bid, or for failure of any electronic bid to be transmitted, received or opened at the official time for receipt of such bids.

The official time for the receipt of bids will be determined by the City at the place of the bid opening. The City shall not be required to accept the time kept by the Approved Provider as the official time. The City assumes no responsibility or liability for informing any bidder prior to the deadline that its bid is incomplete or not received.

If multiple timely bids are received from a single bidder by any means or combination thereof, the City shall accept the best of such bids and each bidder agrees by submitting any bid to be bound by its best bid.

Information Regarding Electronic Bids

Bids must be submitted through BiDCOMP/Parity, the Approved Provider. Bidders must complete and email (in the form of Exhibit A attached to this Notice Inviting Bids) the Authorization to Accept Electronic Bids (the “Authorization”) to the email addresses indicated on the Authorization prior to 8:00 a.m., California time, on the date of sale. If any provision of this Notice Inviting Bids conflicts with information provided by the Approved Provider, this Notice Inviting Bids shall control. The City is not responsible for improper operation of nor will the City have any liability for any delays or interruptions of or any damages caused by the system of the Approved Provider. The City is using the Approved Provider as a communications mechanism, and not as the City’s agent to conduct electronic bidding for the Series 2024-A Bonds. The City is not bound by any advice and determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and the City is not responsible or liable for any such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from BiDCOMP/Parity, at www.newissuehome.i-deal.com or by calling (212) 849-5021. The City assumes no responsibility or liability for bids submitted through the Approved Provider. The City shall be entitled to assume that any bid submitted through the Approved Provider has been made by a duly authorized agent of the bidder.

Adjustment of Principal Amount

The principal amounts set forth above under “Principal Amortization for the Series 2024-A Bonds” reflect certain estimates of the City and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. The final principal amounts of each maturity of the Series 2024-A Bonds are subject to adjustment by the City in its sole discretion in \$5,000 increments by such amount as may be necessary to produce sufficient funds to accomplish the purpose of the issuance of the Series 2024-A Bonds after taking into account the actual interest rates and any premium contained in the winning bid and to meet other preferences of the City. The dollar amount bid for the Series 2024-A Bonds by the successful bidder will be adjusted, if necessary, to reflect any such adjustments in the amortization schedule. The adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount, if any, but will not change the per Series 2024-A Bond underwriter’s discount as provided in the bid.

The successful bidder will be notified of any adjustments in principal amounts of the Series 2024-A Bonds within 24 hours after the opening of the bids. Such adjustments may affect the dollar amount of discount (underwriter's discount and original issue discount) contained in the winning bid.

The successful bidder may not withdraw its bid or change the interest rate bid or initial reoffering price as a result of any adjustments made within the above-described limits. Changes in the amortization schedule made as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the Series 2024-A Bonds.

Award, Delivery and Payment

The City will take action awarding the Series 2024-A Bonds or rejecting all bids for the Series 2024-A Bonds not later than 27 hours after the time specified for the receipt of the bids, unless such time is waived by the successful bidder. Notice of award will be given promptly by telephone by the City to the successful bidder, confirmed by a Certificate of Award. The Series 2024-A Bonds will be awarded to the highest-ranked responsible bidder(s), considering the rate or rates specified and the premium offered, if any. The highest-ranked responsible bidder shall be the bidder submitting the best price for the Series 2024-A Bonds, which best price shall be that resulting in the lowest true interest cost ("TIC") for the Series 2024-A Bonds. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount the debt service payments on all of the Series 2024-A Bonds to the date of the Series 2024-A Bonds, results in an amount equal to the "purchase price" bid for all of the Series 2024-A Bonds. For the purpose of calculating the TIC, the principal amount of Series 2024-A Bonds designated by the bidder for mandatory sinking fund redemption as part of a term Bond, if any, shall be treated as a serial maturity in each year. In the event two or more bids offer the same lowest true interest cost, the City shall select among such bids in its sole discretion. The City Administrative Officer or any Assistant City Administrative Officer is authorized to accept bids and to award the Series 2024-A Bonds or reject all bids.

It is expected that the Series 2024-A Bonds will be delivered to the successful bidder on or about [April 11, 2024]. The Series 2024-A Bonds will be delivered through the facilities of DTC. The successful bidder shall pay for the Series 2024-A Bonds on the date of delivery in immediately available federal funds. Any expenses for providing federal funds shall be borne by the purchaser. Payment on the delivery date shall be made in an amount equal to the price bid for the Series 2024-A Bonds, less the amount of the Good Faith Deposit.

Interest Rate

Bidders must specify a rate of interest for each maturity of the Series 2024-A Bonds. Each rate bid must be in multiples of 1/8 or 1/100 of 1%. All Series 2024-A Bonds of the same maturity shall bear the same interest rate. Each Series 2024-A Bond must bear interest at the rate specified on BiDCOMP/Parity from its dated date to its maturity date. **NOTE: interest on the Series 2024-A Bonds is not excluded from gross income for federal income tax purposes.**

California Debt and Investment Advisory Commission

The successful bidder will be required to pay any fees due to the California Debt and Investment Advisory Commission under California law.

DTC Fees

All fees due DTC shall be paid by the successful bidder.

Ratings

The City has applied for ratings from Fitch Ratings and Moody's Investors Service. The ratings are included in the Preliminary Official Statement available on the Internet at www.munios.com. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the respective agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024-A Bonds.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2024-A Bonds, but the City will assume no obligation for the assignment or printing of such numbers on the Series 2024-A Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Series 2024-A Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchasers thereof to accept delivery of and make payment for the Series 2024-A Bonds. The cost for the assignment of CUSIP numbers to the Series 2024-A Bonds will be the responsibility of the successful bidder.

Good Faith Deposit

A Good Faith Deposit in the form of a wire transfer in the amount of \$[Good Faith Deposit Amount] for the Series 2024-A Bonds must be provided by each bidder as potential purchaser of the Series 2024-A Bonds (the "Purchaser") not later than 8:00 a.m., California time, on the date of sale, as a guaranty that the Purchaser will accept and pay for the Series 2024-A Bonds in accordance with the terms of the bid.

Wire Transfers. Any Good Faith Deposit wire transfers must be received in federal funds prior to the deadline, and should be directed as follows:

Wiring Instruction:

U.S. Bank N.A.

ABA # _____

BNF: U.S. Bank Trust N.A.
Account # _____
Ref: City of Los Angeles GOB Series 2024-A

Each bidder submitting the Good Faith Deposit by wire transfer must also send an email to: cynthia.cerda@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net referencing “City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) Wire Transfer” and providing the name of the bidder and instructions for the return of the wire transfer should the bidder be unsuccessful, not later than 8:00 a.m., California time, on the date of sale. For confirmation of receipt by U.S. Bank Trust Company, National Association, of the Good Faith Deposit, contact Cynthia Cerda at (213) 615-6032. The wire transfers of unsuccessful bidders will be returned promptly after the examination of bids. The wire transfer of the successful bidder will be retained by the City and applied to the purchase price of the Series 2024-A Bonds at the time of delivery of the Series 2024-A Bonds. The City disclaims any liability for funds sent by wire transfer, except for any willful misconduct or reckless disregard for its duties. If after the award of the Series 2024-A Bonds, the successful bidder fails to complete the purchase on the terms stated in its bids, unless such failure of performance shall be caused by any act or omission of the City, any amount received from such bidder by the City shall be retained by the City, and the successful bidder agrees that it shall forfeit such Good Faith Deposit in order to effectuate the purposes of the City’s competitive bidding process. No interest will be paid by the City upon the Good Faith Deposit made by any bidder.

Right of Cancellation

Each successful bidder shall have the right, at its option, to cancel the contract to purchase the Series 2024-A Bonds if the City shall fail to execute and tender the Series 2024-A Bonds for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the Good Faith Deposit accompanying its bid.

List of Members of Account

Bidders are requested to list on BiDCOMP/Parity the names of the members of the account on whose behalf the bid is made. The apparent successful bidder is required to further confirm members of its respective bidding group prior to final award.

Equal Opportunity

IT IS THE POLICY OF THE CITY OF LOS ANGELES TO PROVIDE MINORITY BUSINESS ENTERPRISES (“MBEs”), DISABLED VETERAN BUSINESS ENTERPRISE (“DVBE”), WOMEN BUSINESS ENTERPRISES (“WBEs”), DISADVANTAGED BUSINESS ENTERPRISES (“DBEs”) AND ALL OTHER BUSINESS ENTERPRISES (“OBEs”) AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF ALL CITY CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST THE CITY IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL AVAILABLE BUSINESS ENTERPRISES, INCLUDING MBEs, DVBEs, WBEs, DBEs AND OBEs, HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN CITY CONTRACTS.

No Bond Insurance

The winning bidder shall not purchase municipal bond insurance in connection with the Series 2024-A Bonds.

Reoffering Price

The successful bidder will, within one hour after being notified of the award of the Series 2024-A Bonds, advise Omnicap Group LLC, El Segundo, California (at emcroberts@omnicap.net), Municipal Advisor to the City (the “Municipal Advisor”) of the initial public offering prices of the Series 2024-A Bonds.

Sales Outside of the United States

The successful bidder must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any sale of the Series 2024-A Bonds to persons outside the United States.

Closing Documents and Legal Opinion

Each bid will be understood to be conditioned upon the City furnishing to each successful bidder, without charge, concurrently with payment for and delivery of the Series 2024-A Bonds, the following closing documents, each dated the date of such delivery:

(a) the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel to the City, in substantially the form attached to the Preliminary Official Statement as Appendix E;

(b) the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, opining that, as of the closing date, no facts have come to the attention of Disclosure Counsel personnel which cause them to believe that the Official Statement as of its date (except that no opinion or belief is expressed as to the Appendices of the Official Statement other than Appendix A or any other financial, statistical and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, and information about book-entry or DTC contained in the Official Statement) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) the opinion of the City Attorney of the City of Los Angeles, acting on behalf of the City solely in his official capacity and not personally, that, to the best knowledge of the City Attorney, there is no litigation pending or threatened affecting the validity of the Series 2024-A Bonds;

(d) a certificate of an appropriate official of the City acting on behalf of the City solely in his or her official capacity and not personally, that as of the date of the Official Statement pertaining to the Series 2024-A Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2024-A Bonds to the initial purchasers thereof, such Official Statement, together with any amendments thereto, did not contain any untrue statement of material

fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) a receipt of the City Treasurer, as Paying Agent, showing that the purchase price of the Series 2024-A Bonds, including interest, if any, accrued to the date of delivery thereof, has been received by the City; and

(f) a Continuing Disclosure Certificate of the City, described under the caption “Continuing Disclosure” below.

Official Statement

The Preliminary Official Statement is in a form deemed final by the City within the meaning of the SEC Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”) although subject to revision, amendment and completion on conformity with such Rule. Electronic copies of the final Official Statement will be furnished without cost to the successful bidder.

The Preliminary Official Statement is available on the Internet at www.munios.com. Bidders will be required to confirm their consent to delivery of the Preliminary Official Statement in electronic form and their review of a complete copy of the Preliminary Official Statement, as a condition to the acceptance of their bid by the City. The Internet posting of the Preliminary 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 securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The City undertakes that for a period equal to the lesser of (a) 25 days following the end of the “underwriting period” as defined in the Rule; or (b) 90 days after the date of delivery of the Series 2024-A Bonds it will (i) apprise the successful bidder of all material developments, if any, occurring with respect to the City after delivery of the Series 2024-A Bonds; and (ii) if requested by the successful bidder, prepare a supplement to the final Official Statement with respect to any material development. The City will presume, unless notified in writing by the successful bidder, the end of the underwriting period will occur on the date of the delivery of the Series 2024-A Bonds. By making a bid on the Series 2024-A Bonds, the successful bidder agrees (A) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the City, and to file a copy of the final Official Statement with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (as provided by the Rule); and (B) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and rules governing the offering, sale and delivery of the Series 2024-A Bonds to all purchasers, including the requirements of delivery of the final Official Statement.

Ratings in Effect

Each bid will be understood to be conditioned upon there being in place at the date of delivery of the Series 2024-A Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Series 2024-A Bonds at the time fixed for receiving bids.

Continuing Disclosure

In order to assist the successful bidder in complying with the Rule, the City will undertake, pursuant to the Authorizing Resolution and the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Additional Information

Copies of the Authorizing Resolution, this Notice Inviting Bids and Preliminary Official Statement will be furnished to any potential bidder upon request made to the City's Municipal Advisor at: Omnicap Group LLC, emcroberts@omnicap.net.

Execution

The execution of this Notice Inviting Bids, and any letter and award certificate given in connection herewith, and any other certificate executed in connection with the Series 2024-A Bonds, may be conducted by electronic means. The City acknowledges and agrees, and any bidder submitting a bid shall acknowledge and agree that it is such party's intent, that if such party signs any such document using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), it is signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed its handwritten signature on such document.

Bid Extension, Postponement or Cancellation

The City reserves the right to extend, postpone or cancel, at any time and from time to time, the date or time established for the receipt of bids. Any such extension, postponement or cancellation will be announced via The Municipal Market Monitor (TM3) at www.tm3.com. On any such alternative date or time for receipt of bids, any bidder may submit an electronic bid for the purchase of the Series 2024-A Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced by The Municipal Market Monitor (TM3) at the time the sale date and time are announced.

Right To Modify or Amend

The City reserves the right to modify or amend this Notice Inviting Bids including, but not limited to, the right to adjust and change the aggregate principal amount of the Series 2024-A Bonds being offered. Such notifications or amendments shall be made not later than 2:00 p.m., California time, on the business day immediately preceding the day of the bid opening and communicated through The Municipal Market Monitor (TM3) (www.tm3.com). In addition, the City reserves the right after the bid opening and prior to the award to change the aggregate amount of the Series 2024-A Bonds and the principal amount of each maturity.

Sales

The City may, with prior notice, withdraw the Series 2024-A Bonds for sale.

Right To Reject Bids and To Waive Irregularities or Informalities

The City reserves the right, in its sole discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

Dated: [March 14, 2024]

CITY OF LOS ANGELES

By _____
Assistant City Administrative Officer

EXHIBIT A
AUTHORIZATION TO ACCEPT ELECTRONIC BIDS
MANDATORY SUBMISSION

City of Los Angeles
Office of the City Administrative Officer
Room 1500
City Hall East
200 North Main Street
Los Angeles, CA 90012

Authorization to Accept Electronic Bids
(for the Series 2024-A Bonds described herein)

Ladies and Gentlemen:

We, the undersigned _____ [name of firm] are considering submission of a bid on behalf of ourselves and others for the City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Series 2024-A Bonds”) through the use of the electronic bidding service provider.

We have received and reviewed the Notice Inviting Bids dated [March 14, 2024] for the Series 2024-A Bonds (the “Notice Inviting Bids”). We consent to the delivery of the Preliminary Official Statement to us in electronic form. We acknowledge that we have received and reviewed the Preliminary Official Statement in electronic format, which describes the Series 2024-A Bonds and provides certain information on the City of Los Angeles (the “City”).

We understand that the City has authorized the use of BiDCOMP/PARITY for the submission of electronic bids. This firm shall be hereinafter referred to as the “Approved Provider.”

If the City timely receives an electronic bid for the Series 2024-A Bonds in our name from the Approved Provider, we agree that:

(a) The City may regard the electronic submission of said bid through the Approved Provider (including information about the purchase price for the Series 2024-A Bonds and interest rate or rates to be borne by the various maturities of the Series 2024-A Bonds and any other information included in such transmission) as though the same information were submitted by us and executed on our behalf by a duly authorized signatory. If such bid is accepted by the City, the terms of this letter, the Notice Inviting Bids and the information that is electronically transmitted through the Approved Provider shall form a contract and we shall be bound by the terms of such contract.

(b) The City Charter requires an affidavit that the bid is genuine, not a sham or collusive, nor made in the interest of or on behalf of any person not named in the bid and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any

manner sought by collusion to secure for himself/herself an advantage over any other bidder. The electronic submission shall be deemed my certification/declaration under penalty of perjury that the above statement is true and correct and shall be deemed to be included in the bid.

(c) If there is any conflict between the information represented by the Approved Provider and the terms set forth in the Notice Inviting Bids, the terms set forth in the Notice Inviting Bids shall control.

(d) We understand that the Approved Provider is not an agent of the City and the City shall have no liability whatsoever based on our use of the Approved Provider, including but not limited to any failure by the Approved Provider to correctly or timely transmit information that we provide.

(e) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, email a duly executed copy of this Authorization to Accept Electronic Bids to: cao.debt@lacity.org and emcroberts@omnicap.net.

(f) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, deliver a Good Faith Deposit in the amount of \$[Good Faith Deposit Amount] by wire transfer to: BBK: U.S. Bank, N.A. ABA Number: _____, BNF: U.S. Bank Trust N.A., A/C Number: _____, A/C NAME: City of Los Angeles GOB Series 2024-A and send a confirmatory email to cynthia.cerda@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net.

(g) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, email our wire transfer instructions for return of our Good Faith Deposit if we are not the successful bidder to cynthia.cerda@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net.

(h) We understand that the execution of the Notice Inviting Bids, and this letter and any award certificate given in connection therewith, and any other certificate executed in connection with the Series 2024-A Bonds, may be conducted by electronic means. We acknowledge and agree that it is our intent, that if we sign this letter or any other certificate given in connection with the Series 2024-A Bonds using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), we are signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed our handwritten signature on such document.

You may rely upon this letter, which has been executed on our behalf by an authorized signatory as of the date set forth below.

Dated: _____, 2024

Respectfully submitted,

[NAME OF FIRM]

By _____

Name _____

Title _____

Exhibit F – Award Certificate

**CERTIFICATE OF THE CITY ADMINISTRATIVE OFFICER
OF THE CITY OF LOS ANGELES AWARDDING
THE CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS, SERIES 2024-A (TAXABLE) (SOCIAL BONDS)
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$[PAR]
TO BEST BIDDER AND REJECTING ALL OTHER BIDS**

The undersigned, as an Assistant City Administrative Officer of the City of Angeles, California (the “City”), does hereby certify, as follows:

- 1) by a resolution adopted on [March 5, 2024] (the “Authorizing Resolution”), the Council (the “Council”) of the City of Los Angeles, California (the “City”) authorized the issuance of bonds of the City to be designated the “City of Los Angeles General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds)” (the “Series 2024-A Bonds”) for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services;
- 2) by the Authorizing Resolution, the Council authorized the preparation and publication of a Notice Inviting Bids (the “Notice Inviting Bids”) and a Notice of Intention to Sell Bonds, and the printing and distribution of a preliminary official statement relating to the Series 2024-A Bonds;
- 3) at the time and place fixed for the opening of bids for the Series 2024-A Bonds, all bids were publicly opened, examined and read;
- 4) the Authorizing Resolution authorizes and directs the City Administrative Officer and any Assistant City Administrative Officer, on behalf of the City, to accept the best bid received for the Series 2024-A Bonds and to award the Series 2024-A Bonds to the best bidder and reject all other bids;
- 5) the Bid of _____ attached hereto and marked Exhibit 1 (the “Bid”) specifying the purchase price for the Series 2024-A Bonds and the interest rates per annum, is the bid for the Series 2024-A Bonds producing the lowest true interest cost to the City; any irregularities or informalities in the Bid are hereby waived;
- 6) the Bid is hereby accepted and the Series 2024-A Bonds are awarded to said bidder in accordance with the terms of the Bid;
- 7) the procedures followed by the City in the bidding process for the sale of the Series 2024-A Bonds comply with the requirements of the City;
- 8) the award of the Series 2024-A Bonds as provided herein is in the best interest of the City;
- 9) all bids for the Series 2024-A Bonds other than the one accepted in paragraph 5 above are hereby rejected, and the City Administrative Officer will direct U.S. Bank Trust Company, National Association, as custodian under the Good Faith Deposit Agreement with

the City, to return the good faith deposit accompanying each rejected bid (if applicable) to the appropriate unsuccessful bidder;

10) the terms, including the dates, maturity dates, principal amounts, interest rates and redemption provisions of the Series 2024-A Bonds are attached hereto and marked Exhibit 2;

11) the issuance of the Series 2024-A Bonds on the terms of the accepted Bid is in the interest of the City;

12) interest on the Series 2024-A Bonds is intended to be included in gross income of the holders thereof for federal income tax purposes;

13) the estimated designated costs of issuing the Series 2024-A Bonds is \$_____; and

14) the execution of the Notice Inviting Bids, and any letter and award certificate given in connection therewith, including, but not limited to this certificate, and any other certificate executed in connection with the Series 2024-A Bonds, may be conducted by electronic means. The City acknowledges and agrees that it is such party's intent, that if such party signs any such document using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), it is signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed its handwritten signature on such document.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the [27th of March, 2024].

CITY OF LOS ANGELES

Assistant City Administrative Officer

[Signature page to Series 2024-A Certificate of City Administrative Officer]

EXHIBIT 1

[See winning bid attached hereto]

EXHIBIT 2

[See terms of the Series 2024-A Bonds attached hereto.]

Exhibit G – Custodial Agreement

CUSTODIAL AGREEMENT

Dated as of

April 1, 2024

By and Between

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Custodian

RELATING TO
COSTS OF ISSUANCE

CUSTODIAL AGREEMENT

THIS CUSTODIAL AGREEMENT, dated as of April 1, 2024 (this “Agreement”), is entered into by and between the CITY OF LOS ANGELES, a charter city in the State of California (the “City”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as custodian (the “Custodian,”).

W I T N E S S E T H

WHEREAS, the Council adopted a resolution on [March 5, 2024] authorizing the issuance of the below-described Bonds (the “Authorizing Resolution”);

WHEREAS, the City has approved the issuance and sale of \$[PAR] aggregate principal amount of the City’s General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”) pursuant to the Authorizing Resolution;

WHEREAS, the City has agreed to pay, pursuant to the Authorizing Resolution, certain costs associated with the issuance and delivery of the Bonds (the “Costs of Issuance”); and

WHEREAS, the Custodian has agreed to act as custodian with respect to the Costs of Issuance and disburse payments of Costs of Issuance to various persons, upon instruction by the City, and the Custodian has full power and authority to perform and serve as Custodian for the City in connection with the payment of the Costs of Issuance;

NOW, THEREFORE, in consideration of the following, the City and the Custodian DO HEREBY AGREE as follows:

SECTION 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Authorizing Resolution.

SECTION 2. Appointment of Custodian. The City hereby appoints the Custodian to serve as custodian with respect to the payment of Costs of Issuance, in accordance with this Agreement. The Custodian hereby accepts its appointment and agrees to serve as custodian for the disbursement of the Costs of Issuance.

SECTION 3. Costs of Issuance Fund. The Custodian shall establish and administer, separate and apart from any other funds and accounts held by the Custodian, a fund designated the “General Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”) established pursuant to the Authorizing Resolution. There shall be deposited into the Costs of Issuance Fund the amount of \$_____, to pay Costs of Issuance (the “COI Deposit”), which the Custodian received from U.S. Bank Trust Company, National Association, as custodian (the “Good Faith Deposit Custodian”) under the Good Faith Deposit Agreement, dated as of [Pricing Date], by and between the City of Los Angeles and the Good Faith Deposit Custodian for the Bonds (the “Good Faith Deposit Agreement”). Such amount comprises a portion of the good faith deposit received by the Good Faith Deposit Custodian pursuant to the Good Faith Deposit Agreement.

SECTION 4. Responsibilities of Custodian.

(a) The Custodian shall pay from the COI Deposit held in the Costs of Issuance Fund those Costs of Issuance for which the Custodian has received a written invoice, approved by the City; provided that (i) each payee is listed as entitled to payment of Costs of Issuance on Exhibit A to this Agreement, (ii) the amount paid shall not exceed the amount set forth with respect to such payee in Exhibit A and (iii) amounts on deposit in the Costs of Issuance Fund are sufficient to cover such payment. The names, titles and specimen signatures of the authorized officers of the City (the “Authorized Officers”) are contained in Exhibit B attached hereto.

(b) If the then remaining amounts on deposit in the Costs of Issuance Fund is insufficient to pay any Costs of Issuance for which an invoice set forth in Exhibit A has been presented to the Custodian, the Custodian shall honor invoices to the extent of amounts remaining on deposit in the Costs of Issuance Fund, and the City shall be responsible for payment of any amount of such invoice remaining unpaid. The Custodian shall honor invoices on a first received-first paid basis.

(c) The Custodian shall hold all amounts in Costs of Issuance Fund uninvested in cash.

(d) Any funds remaining in the Cost of Issuance Fund on October 1, 2024 (or on such earlier date the Custodian receives written instructions from an Authorized Officer indicating that all Costs of Issuance to be paid from the Costs of Issuance Fund have been paid), shall be disbursed for deposit to, pursuant to instructions of the Authorized Officer, the Debt Service Fund for the Bonds.

SECTION 5. Performance of Duties. The Custodian agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Custodian herein provided are in a form satisfactory to it.

SECTION 6. Amendments. The City and the Custodian may amend this Agreement or enter into such agreements supplemental to this Agreement as shall not be inconsistent with the terms and provisions of this Agreement or the Authorizing Resolution, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; and (ii) to include under this Agreement additional funds, securities or properties. The Custodian shall be entitled to rely conclusively upon an Opinion of Bond Counsel that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 7. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which any remaining amounts on deposit in the Cost of Issuance Fund have been transferred to the City, in accordance with this Agreement.

SECTION 8. Fees and Expenses. The City agrees to pay amounts equal to the fees and expenses of the Custodian as provided in the fee schedule attached hereto as Exhibit C in consequence of this Agreement and the acceptance thereof by the Custodian. The Custodian shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof for the payments of fees and expenses for services rendered by it under this Agreement.

SECTION 9. Indemnity. The City agrees to indemnify the Custodian, its agents and its officers or employees for and hold the Custodian, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Custodian) which may be imposed on, incurred by, or asserted against the Custodian at any time by reason of the performance of its duties as Custodian hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Custodian's or its officers' or employees' or agents' negligence or willful misconduct. The Custodian's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

SECTION 10. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Custodian to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 11. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 12. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 13. Assignment. This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

SECTION 14. Electronic Signature. The parties agree that facsimile signatures or signatures scanned into 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.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Custodian

By: _____
Authorized Officer

EXHIBIT A

SCHEDULE OF COSTS OF ISSUANCE

COSTS OF ISSUANCE FUND

Description	Company Name	Amount
Bond Counsel	Jones Hall	
Bond Counsel Expenses	Jones Hall	
Disclosure Counsel	Stradling Yocca Carlson & Rauth	
Financial Advisor Fee	Omnicap Group LLC	
Appendix A Fee	KNN Public Finance, LLC	
Rating Agency	Moody's Investors Service Inc.	
Rating Agency	Fitch Ratings	
Continuing Disclosure Report	DAC	
COI Custodian	U.S. Bank Trust Company, National Association	
Printing POS & OS	ImageMaster, LLC	
Investor Roadshow	ImageMaster, LLC	
Bond Buyer Advertising	Arizent	
Metropolitan News-Enterprise Advertising	Reimburse Jones Hall	
Contingency		
Total		\$

EXHIBIT B

TITLES OF AUTHORIZED OFFICERS AND SPECIMEN SIGNATURES

Benjamin Ceja
Assistant City Administrative Officer

Ha To
Chief of Debt Management

EXHIBIT C

SCHEDULE OF FEES FOR SERVICES AS COSTS OF ISSUANCE CUSTODIAN

Custodial Fee

Includes administrative review of documents, initial set-up of the account, and other reasonably necessary services as Costs of Issuance Custodian, including disbursements from the Costs of Issuance Fund before and after the closing of the Bonds. This is a one-time fee payable at closing.

\$500

Exhibit H – Good Faith Deposit Agreement

GOOD FAITH DEPOSIT AGREEMENT

by and between

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Custodian

relating to

The City of Los Angeles
General Obligation Bonds
Series 2024-A (Taxable) (Social Bonds)

Dated as of [Pricing Date]

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Definitions.....	1
Section 2. Appointment of Custodian.....	1
Section 3. Good Faith Deposit Account	1
Section 4. Responsibilities of Custodian	1
Section 5. Performance of Duties	2
Section 6. Resignation	2
Section 7. Amendments	2
Section 8. Term.....	2
Section 9. Fees and Expenses	2
Section 10. Indemnity	2
Section 11. Severability	3
Section 12. Counterparts.....	3
Section 13. Governing Law	3
Section 14. Assignment	3
Section 15. Electronic Signature.....	3

EXHIBIT A SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

GOOD FAITH DEPOSIT AGREEMENT

THIS GOOD FAITH DEPOSIT AGREEMENT, dated as of [Pricing Date] (this “Agreement”), is entered into by and between the **CITY OF LOS ANGELES**, a charter city in the State of California (the “City”) and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as custodian (the “Custodian”).

W I T N E S S E T H :

WHEREAS, the Council of the City (the “Council”) adopted a resolution on [March 5, 2024] authorizing the issuance of bonds primarily for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services (the “Authorizing Resolution”); and

WHEREAS, the City has approved the issuance of not to exceed \$[PAR] aggregate principal amount of the City’s General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) (the “Bonds”), pursuant to the Authorizing Resolution; and

WHEREAS, the City has required each bidder for the Bonds to provide a good faith deposit in the amount of \$[Good Faith Deposit Amount]; and

WHEREAS, the Custodian has agreed to accept and hold good faith deposits made by wire transfers from bidders and to return such good faith deposits to the unsuccessful bidders by wire transfer promptly on the bid date after examination of the bids;

NOW, THEREFORE, in consideration of the following, the City and the Custodian DO HEREBY AGREE as follows:

Section 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Authorizing Resolution.

Section 2. Appointment of Custodian. The City hereby appoints the Custodian, and the Custodian hereby accepts its appointment and agrees to serve as custodian, with respect to the acceptance and return of the good faith deposits made by wire transfer, all in accordance with this Agreement.

Section 3. Good Faith Deposit Account. There is hereby established an account to be known as the General Obligation Bonds, Series 2024-A (Taxable) (Social Bonds) Good Faith Deposit Account (the “Good Faith Deposit Account”) to be held by the Custodian, in which the Custodian shall hold bidders’ good faith deposits sent to the Custodian by wire transfers. The Custodian will hold the good faith deposits in cash uninvested.

Section 4. Responsibilities of Custodian.

(a) The Custodian shall accept from each bidder by wire transfer a good faith deposit, provided that the bidder sends an email to the Custodian referencing (i) the Bonds, (ii) the

name of the bidder, and (iii) instructions for the return of the wire transfer should the bidder be unsuccessful.

(b) The Custodian shall notify the City at cao.debt@lacity.org at 8:30 a.m., California time, on [Pricing Date] of the names of the bidders from whom the Custodian has received good faith deposits and the amounts of such good faith deposits.

(c) After examination of the bids by the City, the City shall direct the Custodian to, from the Good Faith Deposit Account (i) promptly return by wire transfer the good faith deposits of the unsuccessful bidder(s), and (ii) wire transfer the successful bidder(s) good faith deposit(s) to a fund or funds as directed by the City Administrative Officer.

Section 5. Performance of Duties. The Custodian agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Custodian herein provided are in a form satisfactory to it.

Section 6. Resignation. The Custodian may resign at any time by giving written notice thereof to the City. Upon receipt of such written notice, the City shall promptly appoint a successor Custodian and notify the Custodian in writing of such appointment. Upon receipt of such notice from the City, the Custodian shall transfer all amounts held by it in the Good Faith Deposit Account to the City and upon such transfer, the Custodian shall be discharged of any further duties under this Agreement.

Section 7. Amendments. The City and the Custodian may amend this Agreement or enter into such agreements supplemental to this Agreement as shall not be inconsistent with the terms and provisions of this Agreement or the Authorizing Resolution.

Section 8. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which any remaining amounts on deposit in the Good Faith Deposit Account have been transferred in accordance with this Agreement.

Section 9. Fees and Expenses. The City agrees to pay amounts equal to the fees and expenses of the Custodian as provided in the fee schedule attached hereto as Exhibit A in consequence of this Agreement and the acceptance thereof by the Custodian. The Custodian shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof for the payments of fees and expenses for services rendered by it under this Agreement.

Section 10. Indemnity. The City agrees to indemnify the Custodian, its agents and its officers or employees for and hold the Custodian, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Custodian) which may be imposed on, incurred by, or asserted against the Custodian at any time by reason of the performance of its duties as Custodian hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Custodian's or its officers' or employees' or agents' negligence or willful misconduct. The Custodian's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

Section 11. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Custodian to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 12. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 13. Governing Law. This Agreement shall be construed under the laws of the State of California.

Section 14. Assignment. This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

Section 15. Electronic Signature. The parties agree that 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.

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IN WITNESS WHEREOF, the parties hereto have caused this Good Faith Deposit Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Custodian

By: _____
Authorized Officer

[Signature page to Series 2024-A Good Faith Deposit Agreement]

EXHIBIT A

SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

Custodial Fee

Includes administrative review of documents, initial set-up of the account and other reasonably necessary services as custodian of the Good Faith Deposit, including disbursements from the Good Faith Deposit Account before and after the closing of the Bonds. This is a one-time fee payable at closing.

\$500