

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 20, 2021

CAO File No. 0220-05291-1065

Council File No. 21-0883

Council District: ALL

To: The Mayor
The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Resolution of Expectation to Issue General Obligation Bonds for Proposition HHH

Subject: **ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, SERIES 2021-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$240 MILLION AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021-B (TAX-EXEMPT) FOR REFUNDING IN AN AGGREGATE AMOUNT NOT TO EXCEED \$70 MILLION**

RECOMMENDATIONS

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

1. APPROVE the Authorizing Resolution providing for the issuance and sale of the General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$240 million for Proposition HHH Projects, and the General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) for refunding in an aggregate amount not to exceed \$70 million (collectively, the "Bonds");
2. APPROVE the Fund Ordinance to create new special funds for the administration of the bond proceeds and for purposes of payment of principal and interest on the Bonds, as submitted by the City Attorney under separate cover;
3. AUTHORIZE the City Administrative Officer to receive and open bids on the published sale date and to award the Bonds to the bidder(s) with the lowest true interest cost on behalf of the City as described in the Notice Inviting Bids for the Bonds; and
4. INSTRUCT the City Controller to apply sufficient funds from various General Obligation Bond Debt Service Funds, as determined by the City Administrative Officer, relating to the refunding of General Obligation Bonds Series 2011-B, General Obligation Bonds Series 2012-A, and any other series that may be refunded, to the payment of principal and interest of the refunded bonds.

SUMMARY

The City Administrative Officer (CAO) requests authority to issue and sell the General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (Series 2021-A Bonds) in an aggregate amount not to exceed \$240 million for Proposition HHH projects. The Series 2021-A Bonds will finance 70 housing projects as described in the Proposition HHH Project Expenditure Plans (Attachment A) for Fiscal Year (FY) 2017-18 (C.F. 17-0090), FY 2018-19 (C.F. 17-0090-S6), FY 2019-20 (C.F. 17-0090-S6, and FY 2020-21 (C.F. 17-0900-S15) with total project costs of approximately \$211.9 million. The issuance of the Series 2021-A Bonds will result in annual estimated debt service payments of \$13.7 million over 20 years.

The City has determined that the projects to be financed with the proceeds of the Series 2021-A Bonds are “social projects” based on the social benefits of addressing homelessness. Thus, the City will designate the Series 2021-A 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 2021. This designation will help the City attract potential investors with a focus on socially responsible investments.

The CAO also requests authority to issue and sell the General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Refunding Bonds”) to refund the maximum amount necessary to achieve interest savings, which will be determined at the time of sale. Based on current market conditions, the General Obligation Bonds, Series 2011-B and General Obligation Bonds, Series 2012-A are targeted for a refunding. The CAO has identified approximately \$68.72 million of general obligation bond maturities that if refunded would result in a net present value savings of approximately \$3.8 million (5.56 percent) to property owners over the life of the Refunding Bonds. The actual amount of interest savings will be determined at the time of issuance subject to market conditions and the City’s Debt Management Policies.

The Bonds will be sold using the competitive method of sale. The bond sale is expected to be held in October 2021. The Bonds will be repaid from ad valorem taxes levied upon all of the taxable properties within the City. These bond issuances will not cause the City’s debt service payments to exceed 15 percent of General Revenues for voter and non-voter approved debt, as established in the City’s Financial Policies, Debt Management Section. After the issuances of the Bonds, the projected voter approved debt ratio is 4.86 percent (Attachment B).

The recommendations are in compliance with the City’s Financial Policies.

FISCAL IMPACT STATEMENT

There is no fiscal impact on the General Fund from the issuances of the General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) and General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt), as they will be repaid from ad valorem taxes levied upon all of the taxable properties within the City.

FINANCIAL POLICIES STATEMENT

The issuance of the bonds will not cause the City's debt service payments to exceed 15 percent of General Revenues for voter and non-voter approved debt, as established in the City's Financial Policies, Debt Management Section. After the issuance, the projected voter approved debt ratio is 4.86 percent.

DEBT IMPACT STATEMENT

The issuance of the General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) will result in annual estimated debt service payments of \$13.7 million over 20 years. The issuance of the General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) is projected to result in net present value interest savings of approximately \$3.8 million over the life of the bonds. The actual amount of savings will be determined at the time of issuance subject to market conditions and the City's Debt Management Policies. The Bonds will be repaid 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 improvements 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 two series of bonds under Proposition HHH. The City issued the first series in 2017 in the aggregate amount of \$86.37 million and the second series in 2018 in the aggregate amount of \$276.24 million. Without taking into account the Series 2021-A Bonds, the City has \$837.39 million of unissued general obligation bond authorization remaining under Proposition HHH.

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 (PSH Loan Program). Currently, under the PSH Loan Program, 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. These projects must commit 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. Applications that meet these threshold requirements for a loan will be recommended. From time to time, the PSH Loan Program may modify its guidelines and requirements to meet new and innovative opportunities and approaches.

To ensure timely expenditure of bond proceeds, Proposition HHH bonds have not been issued since FY 2018-19. Rather, upon project delays, the Mayor and City Council authorized proceeds from the previous two bond issuances be reprogrammed between projects in the four (4) approved Project Expenditure Plans (PEPs). The Series 2021-A Bonds are expected to provide financing through the end of 2021-22 for 70 housing projects, which will provide a total of 3,496 permanent supportive housing units. The City Council approved these projects in the Proposition HHH PEPs for FY 2017-18 (C.F. 17-0090), FY 2018-19 (C.F. 17-0090-S6), FY 2019-20 (C.F. 17-0090-S6), and FY 2020-21 (C.F. 17-0090-S15). Included in the 70 housing projects are six Housing Challenge projects, which were approved by the City Council (C.F. 20-0388). There are 110 projects in the HHH pipeline, 81 of which have been included in the four PEPs. The projects to be financed by the Series 2021-A Bonds are projects that the Los Angeles Housing Department anticipates will require financing through the end of the current fiscal year.

Social Bonds Designation

The City has determined that the projects to be financed with the proceeds of the Series 2021-A 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 2021-A Bonds as “Social Bonds.” The designation of the Series 2021-A Bonds as “Social Bonds” is designed to generally comport with the Social Bond Principles promulgated by the International Capital Market Association, updated in June 2021.

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 until all bond proceeds are spent.

The City will post the annual reports on the Electronic Municipal Market Access (EMMA) website, the official repository for municipal securities disclosures.

Refunding Analysis of Prior General Obligation Bond Maturities

The CAO regularly monitors and evaluates refunding opportunities for potential interest savings to

the City. The table below shows the general obligation bond maturities that have been identified as generating potential interest savings. As required by the City's Financial Policies, Debt Management Section (Debt Policy), this refunding analysis was based on the method of measuring the net present value savings as a percentage of the refunded par amount with a minimum average savings of three percent. If the identified bond maturities were refunded, it would result in estimated net present value savings of 5.56 percent (or \$3.8 million) over the life of the Refunding Bonds. The extent of these interest savings will fluctuate and depend on market conditions at the time of the transaction.

Series	Maturity (September 1)	Amount
2011-B	2022	\$ 15,285,000
2012-A	2022	22,655,000
2012-A	2023	22,570,000
2012-A	2024	6,935,000
2012-A	2025	1,270,000
Total:		\$ 68,715,000

Section 5852.1 of the California Government Code

Section 5852.1 of the California Government Code requires that, prior to the authorization of the issuance of bonds with a term greater than 13 months, the governing body of a public entity shall obtain and disclose specified information regarding the bonds in a meeting open to the public. The amounts below are good faith estimates and subject to change as interest rates are dependent on market conditions at the time of issuance. The following information is required under Section 5852.1:

- True interest cost (TIC) of the bonds;
- Finance charge of the bonds ("Cost of Issuance");
- Amount of proceeds received from the sale of the bonds; and
- Total payment ("Total Debt Service").

This Office has provided financing information consistent with Section 5852.1 as detailed in the table below.

Series	TIC	Cost of Issuance	Amount of Proceeds	Total Debt Service
2021-A	2.76%	\$ 635,820.00	\$ 212,602,500	\$ 273,684,355.91
2021-B	0.83%	\$ 281,027.66	\$ 69,584,841.80	\$ 70,209,102.78

Required Documents

To proceed with the issuance of the Bonds, the Mayor and City Council will need to approve the Authorizing Resolution (Attachment C) and the Fund Ordinance. 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 have been attached as described in the Authorizing Resolution:

- Notice of Intention to Sell Bonds (Exhibits A and B) and Notice Inviting Bids (Exhibits C and D), which are documents describing the procedures, terms, and conditions established by the City, the Issuer, for a competitive bond sale;
- Preliminary Official Statement, including the Continuing Disclosure Certificate and Appendix A, the City's Disclosure Information Statement, which is the primary disclosure and marketing document for the Bonds (Exhibit E);
- Custodial Agreement, which is an agreement between the City and the Custodian to provide for the administration of the bond proceeds to pay costs of issuance (Exhibit F);
- Good Faith Deposit Agreements, which are agreements between the City and the Custodian to accept and return good faith deposits from potential bidders (Exhibits G and H); and
- Award Certificates, which are certificates where the official acceptance by the City, the Issuer, of a bid to purchase the Bonds by the Underwriter(s), the bidder(s) (Exhibits I and J).

Financing Team

Omnicap Group LLC serves as Municipal Advisor, as previously approved by the Mayor and City Council (C.F. 19-0355). Kutak Rock LLP (LBE) serves as Bond Counsel and Hawkins Delafield & Wood LLP (LBE) serves as Disclosure Counsel. The CAO selected both law firms from a qualified list that was approved by the Mayor and City Council (C.F. 12-0917-S2). The costs for these services and all other costs associated with this financing are not expected to exceed \$920,000 and will be paid solely from bond proceeds.

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 – Notice of Intention to Sell Bonds for Series 2021-A Bonds

Exhibit B – Notice of Intention to Sell Bonds for Series 2021-B Bonds

Exhibit C – Notice Inviting Bids for Series 2021-A Bonds

Exhibit D – Notice Inviting Bids for Series 2021-B Bonds

Exhibit E – Preliminary Official Statement

Exhibit F – Custodial Agreement

Exhibit G – Good Faith Deposit Agreement for Series 2021-A Bonds

Exhibit H – Good Faith Deposit Agreement for Series 2021-B Bonds

Exhibit I – Award Certificate for Series 2021-A Bonds

Exhibit J – Award Certificate for Series 2021-B Bonds

Attachment A

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

PSH Loan Program
12/20/2017

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, HI	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, I	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.

Bold dates denote actuals

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	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	1141 S CRENSHAW 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	16,000,000	\$16,000,000	\$0	\$148,148	\$0	\$0	\$0	\$0	\$ 16,000,000	\$25,469,670	24%	I, HV, H, CH	New	TOD	693	8/16/2019	10/16/2019	4/3/2020	4/17/2020	10/17/2021		
26	Ingraham Villa Apartments	2 '17-18	Ingraham Apartments, L.P.	1218 W INGRAHAM ST CA 90017	1	4%	121	90	68	30	1	52,472,377		8,450,000	\$44,022,377	\$433,656	12,000,000	\$12,000,000	\$0	\$133,333	\$0	\$0	\$0	\$0	\$ 12,000,000	\$19,323,345	23%	HV, M, I, CH	New	TOD	467	8/16/2019	10/16/2019	4/17/2020	5/1/2020	11/1/2021		
27	Mariposa Lily	2 '18-19	West Hollywood Community Housing Corporation	1055 S MARIPOSA AVE	1	4%	41	20	10	20	1	24,643,963	2,100,000		\$24,643,963	\$601,072	6,400,000	\$4,400,000	\$2,000,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 6,400,000	\$9,470,436	26%	F, I, H, HF, CH	New	TOD	261	10/11/2019	12/11/2019	5/18/2020	6/1/2020	12/1/2021		
TOTAL							1785	1415	826	341	29	\$ 877,774,535	\$ 7,118,058	\$ 73,193,063	\$ 804,581,472				\$ 281,340,750	\$ 257,185,766	\$ 24,154,984			\$ 2,954,860	\$ -	\$ -	\$ 284,295,610	\$ 301,286,523					8,213					
Average							66	52	31	13	1	\$ 32,510,168	\$ 1,779,515	\$ 3,326,957	\$ 29,799,314	\$ 492,815	\$ 10,420,028	\$ 9,525,399	\$ 2,415,498	\$ 191,38,																		

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:

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Bold dates denote actuals.

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

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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

Proposition HHH Permanent Supportive Housing Program
2020-21 Project Expenditure Plan (Approved 6/28/2021)

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	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)	7/7/2023
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)	7/1/2022
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)	11/30/2022
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)	4/29/2022
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)	8/1/2022
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)	8/15/2022
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)	4/5/2022
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)	10/25/2021	11/15/2021	5/15/2023
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)	1/11/2023
10	Sun King Apartments	MANY MANSIONS	12128 SHELDON 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)	1/6/2023
11	VA Building 207	Thomas Safran & Associates Development, Inc.	11301 WILSHIRE BLVD #207 Los Angeles, CA 90025	11	4%	60	59	0	1	\$ 8,260,000	HS, CH	1/17/2020 (Actual)	4/14/2020 (Actual)	11/13/2020 (Actual)	11/30/2020 (Actual)	11/30/2022
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)	10/7/2022
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)	12/31/2021
14	First PEP 2 Amendment: 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)	11/1/2022
15	First PEP 2 Amendment: 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)	8/5/2021	1/6/2023
16	First PEP 2 Amendment: 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)	9/30/2021	10/29/2021	10/30/2022
17	First PEP 2 Amendment: 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)	7/7/2023
18	Second PEP 4 Amendment: 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)	10/15/2021	11/15/2021	5/15/2023
19	Second PEP 4 Amendment: 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)	10/25/2021	11/15/2021	5/15/2023
20	Second PEP 4 Amendment: 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)	2/3/2023
21	Second PEP 4 Amendment: 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)	12/30/2021	1/31/2022	1/30/2024
22	Second PEP 4 Amendment: 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)	10/25/2021	11/29/2021	5/1/2023
TOTAL						1309	1154	133	22	\$ 170,441,646.00						
Average						48	43	5	1	\$ 6,312,653.56						

Notes:

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

Bold dates denote actuals.

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

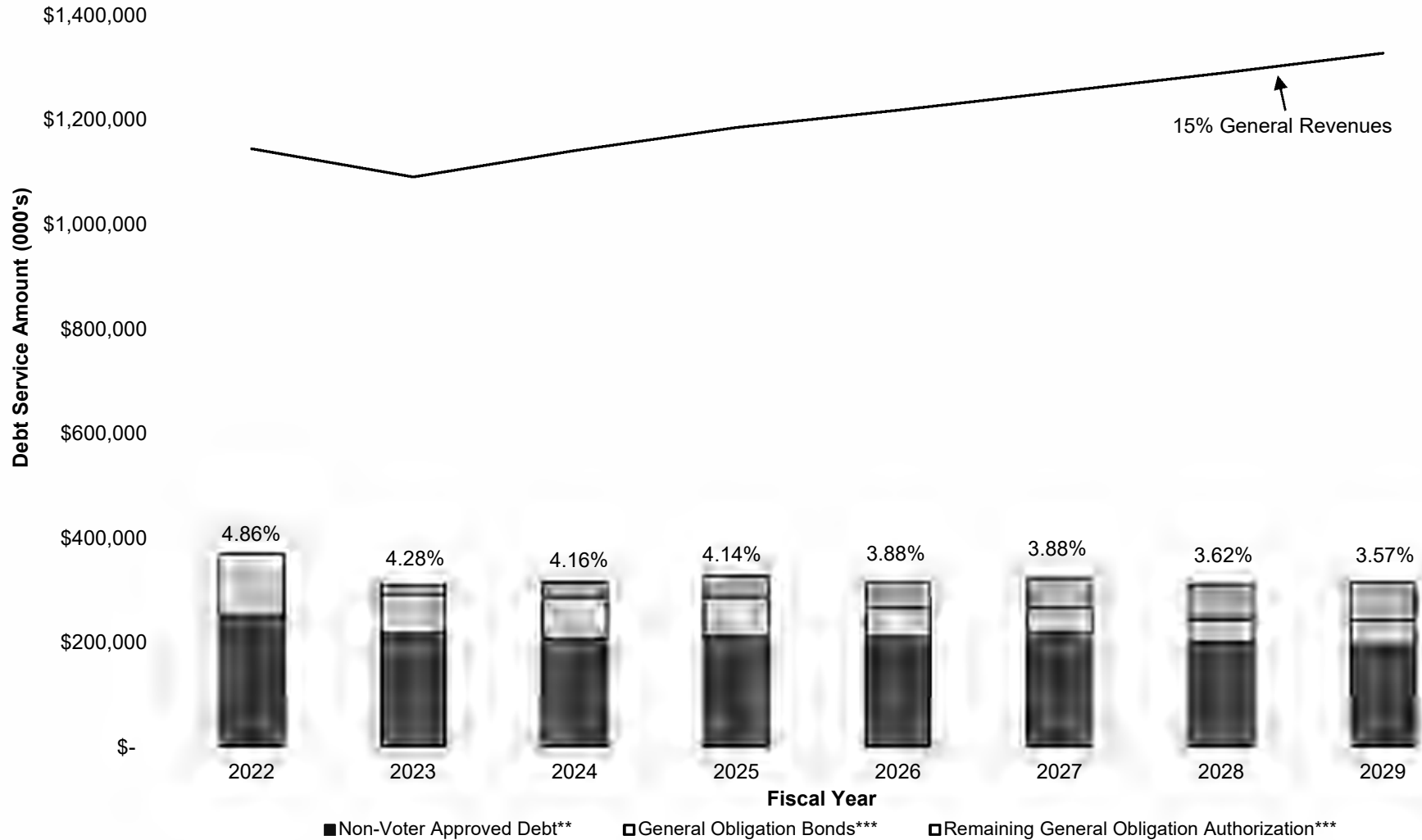
Attachment B

Voter and Non-Voter Approved Debt Chart

2021-22 ADOPTED BUDGET
VOTER-APPROVED AND NON VOTER-APPROVED DEBT
September 2021
 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 from 2021-22 to 2025-26 is (4.4%), 4.5%, 3.5%, and 3.3%, respectively. Projected revenue growth from 2025-26 through 2028-29 is 2.9%.

**Includes Judgment Obligation Bonds, 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 2021-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL
AMOUNT OF NOT TO EXCEED \$240,000,000 FOR PROPOSITION HHH PROJECTS
AND THE CITY OF LOS ANGELES GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2021-B (TAX-EXEMPT) IN AN AGGREGATE PRINCIPAL
AMOUNT OF NOT TO EXCEED \$70,000,000 FOR
REFUNDINGS, AND OTHER 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 its 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 taxable bonds;

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 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds (Taxable)”);

WHEREAS, pursuant to resolutions adopted by the Council, the City has previously issued its General Obligation Refunding Bonds, Series 2011-B and its General Obligation Refunding Bonds, Series 2012-A (together, the “Prior Bonds”) identified in Exhibit D;

WHEREAS, if certain refunding parameters are met that are consistent with the City's Debt Management Policy, including if the City Administrative Officer determines it to be in the interest of the City, the City desires to issue its General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the "Series 2021-B Bonds (Tax-Exempt)" or the "Refunding Bonds") to refund all or any portion of the Prior Bonds (collectively, the "Refunded Bonds"). The Refunding Bonds and the Series 2021-A Bonds (Taxable) are collectively referred to herein as the "Bonds";

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53506) of the Government Code and Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Sections 53550 and 53580, respectively) of the Government Code, the City is authorized to issue refunding 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 Bondowners (as defined herein); 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;

NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED by the Council of the City of Los Angeles, California, 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" mean collectively the Series 2021-A (Taxable) Authorizing Law and the Refunding Bonds Authorizing Law.

"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 collectively the City of Los Angeles General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) and the City of Los Angeles General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt).

“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 resolution adopted in connection with the issuance and sale of the 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; verification agent fees; 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 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, collectively, the “General Obligation Bonds, Series 2021-A (Taxable) Debt Service Fund” and the “General Obligation Bonds, Series 2021-B (Tax-Exempt) 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.

“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.

“Excess Earnings Fund” means the Excess Earnings Fund established in accordance with Section 5.03 hereof

“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 September 1, 2022.

“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.

“Prior Bonds” means the City’s general obligation bonds identified in Exhibit D hereto.

“Project Costs” means all expenses unambiguously 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 HIM 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.

“Refunded Bonds” means those Prior Bonds that are refunded through the issuance of the Refunding Bonds hereunder.

“Refunding Bonds” means the City of Los Angeles General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt).

“Refunding Bonds Authorizing Law” means (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) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53580, respectively), 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.

“Regulations” mean the regulations of the United States Department of the Treasury promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Series 2021-B Bonds (Tax-Exempt) and the Prior Bonds.

“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 2021-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$240,000,000 FOR PROPOSITION HHH PROJECTS, AND THE CITY OF LOS ANGELES GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021-B (TAX-EXEMPT) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$70,000,000 FOR REFUNDINGS, AND OTHER 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 2021-A Construction Fund” means the Series 2021-A Construction Fund established in accordance with Section 5.01(A) hereof.

“Series 2021-A Bonds (Taxable) Authorizing Law” means, collectively, 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, 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.

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

“Tax Certificate” means the Tax Compliance Certificate of the City delivered in connection with the issuance of the Series 2021-B Bonds (Tax-Exempt).

“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 Notices Inviting Bids and of Notices of Intention to Sell Bonds.

(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 each Series of Bonds (the “Notices Inviting Bids” and each a “Notice Inviting Bids”), in substantially the forms on file in the Office of the City Administrative Officer relating to the public sale of the Bonds which is hereby approved. The City Administrative Officer is hereby authorized to modify and supplement each Notice Inviting Bids with such further information regarding the issuance and sale of each Series of Bonds as such officer deems necessary and appropriate, and to communicate such modifications and supplements as indicated in each Notice Inviting Bids; all references to each Notice Inviting Bids herein shall be deemed to include such modifications and supplements. 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 each Series of Bonds received pursuant to and subject to the terms and conditions set forth in each Notice Inviting Bids and to award each Series of Bonds to said best bidder (or reject all bids) and to take such other actions as the City Administrative Officer deems appropriate, consistent with the provisions hereof. In the Certificate of the City Administrative Officer Awarding the Bonds to the Best Bidder for each Series of Bonds (the “Award Certificates” and each an “Award Certificate”), the City Administrative Officer 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 issuing the Bonds. Pursuant to the requirements of Section 371(d) of the City Charter of the City, the City is hereby authorized to cause the Notices 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 shall deem appropriate, with such additions and changes therein as the City Administrative Officer may approve in collaboration with the City Attorney, such approval to be conclusively evidenced by such publication of the Notices Inviting Bids, as described above, with such additions and changes. The terms and conditions of the offering and sale of each Series of Bonds shall be specified in the Notice Inviting Bids for each Series of Bonds.

(B) Pursuant to Section 53692 of the Government Code, the Council hereby authorizes and orders publication (and ratifies publication if publication has occurred) of a Notice of Intention to Sell Bonds for each Series of Bonds (the “Notices of Intention to Sell Bonds” and each a “Notice of Intention to Sell Bonds”) in substantially the forms on file in the Office of the City Administrative Officer, 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 approve, such approval to be conclusively evidenced by such publication of the Notices of Intention to Sell Bonds.

Section 1.06. Authorization of Official Statement.

(A) The proposed form of preliminary official statement relating to the Bonds, presented at this meeting and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed to cause the printing of, and to distribute, a preliminary official statement in substantially the form on file in the Office of the City Administrative Officer with such changes therein and additions thereto as the City Administrative Officer may approve, to persons who may be interested in the purchase of the Bonds. Upon approval of such changes 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, the preliminary official statement shall be deemed final as of its date 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 a final official statement for the Bonds authorized hereby, in substantially the form of such preliminary official statement, with such insertions and changes therein as he or she, with the advice of the City Attorney, may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

(B) The City may prepare and distribute a separate preliminary official statement for each Series of Bonds and a separate final official statement for each Series of Bonds if the City Administrative Officer determines it to be in the best interest of the City, such determination to be conclusively evidenced by the preparation and distribution of separate preliminary official statements and final official statements. In such circumstances, the authorizations and approvals in this Section 1.06 shall apply to each such preliminary official statement and final official statement.

Section 1.07. Continuing Disclosure. The City Administrative Officer is hereby authorized, for and in the name of and on behalf of the City, to execute a Continuing Disclosure Certificate on behalf of the City substantially in the form presented to this meeting and attached to this Resolution as Exhibit B, with such changes therein, deletions therefrom and additions thereto as the City Administrative Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate. 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 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 and Escrow Agreements. The proposed form of Custodial Agreement (the "Custodial Agreement") relating to the Costs of Issuance, presented at this meeting and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized, for and in the name of

and on behalf of the City, to execute a Custodial Agreement, with such changes therein, deletions therefrom and additions thereto as the City Administrative Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of such Custodial Agreement. The City Administrative Officer is hereby authorized, for and in the name of and on behalf of the City, to execute one or more escrow agreements where necessary in connection with the refunding of all or a portion of the Refunded Bonds, in such form as the City Administrative Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of such escrow agreements.

Section 1.09. Authorization of Refunding of Refunded Bonds. The refunding from time to time of all or any portion of the potential Refunded Bonds listed in Exhibit D attached hereto is hereby authorized provided that the refunding parameters of the City's Debt Management Policy are met, including if the City Administrative Officer determines it to be in the interest of the City.

Section 1.10. Approval of Good Faith Deposit Agreements. The proposed form of a Good Faith Deposit Agreement (the "Deposit Agreement") relating to the good faith deposits to be made by bidders for each Series of Bonds, presented at this meeting and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized, for and in the name of and on behalf on behalf of the City, to execute one or more Deposit Agreements where necessary from time to time in connection with the receipt of bids for the Bonds, with such changes therein, deletions therefrom and additions thereto as the City Administrative Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of such Deposit Agreements.

ARTICLE II

GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.01. Authorization of Bonds. The Series 2021-A Bonds (Taxable) of the City are hereby authorized and shall be issued in the aggregate principal amount of not to exceed \$240,000,000 for Proposition HHH Projects in accordance with this Resolution, the Proposition HHH Authorization and the Series 2021-A Authorizing Law. The Refunding Bonds of the City are hereby authorized and shall be issued in an aggregate principal amount of not to exceed \$70,000,000 and sufficient to refund the Refunded Bonds in accordance with this Resolution and the Refunding Bonds Authorizing Law. The Series 2021-A Bonds (Taxable) shall be designated as the "City of Los Angeles General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds)" and the Series 2021-B Bonds (Tax-Exempt) shall be designated as the "City of Los Angeles General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt)" 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 a rate per annum not in excess of the maximum rate permitted by law. The final maturity of the Series 2021-A Bonds (Taxable) shall not be later than twenty years from the issuance thereof, and the final maturity of the Series 2021-B Bonds (Tax-Exempt) shall not be later than the final maturity of the Refunded Bonds. 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 each Series 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 Notices 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 August 15, 2022 in which event it shall bear interest from the date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest with respect thereto 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 at 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 each Series of 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 to DTC a letter from the City representing such matters as shall be necessary to so qualify the Bonds (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 Series 2021-A Bonds (Taxable) 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 of a Series 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 Series 2021-A Bonds (Taxable) to be redeemed shall be pro-rata pursuant to a “Pro-Rata Pass-Through Distribution of Principal” in accordance with DTC procedures, and selection of the particular Series 2021-B Bonds (Tax-Exempt) to be redeemed shall be by lot; 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 such 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 on 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 can rescind any notice of optional redemption of the Bonds 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 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 applicable 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 and Refundings.

(A) The proceeds received by the City from the sale of the Series 2021-A Bonds (Taxable) shall be placed in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2021-A (Taxable) Proposition HHH Construction Fund” (the “Series 2021-A Construction Fund”) and the proper record of such transaction shall be placed 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 2021-A Construction Fund to pay the Project Costs associated with the Proposition HHH Projects, in each case pursuant to regular City procedures for the disbursement of such moneys.

Within the Series 2021-A Construction Fund, the City shall establish such accounts deemed necessary or desirable. Investment earnings on amounts on deposit in the Series 2021-A Construction Fund shall be retained in the Series 2021-A Construction Fund pursuant to Section 7.01 hereof. All amounts on deposit in the Series 2021-A Construction Fund shall remain in the Series 2021-A Construction Fund and used for the purposes thereof.

After completion of all Proposition HHH Projects, the Treasurer may transfer any amounts remaining in the Series 2021-A Construction Fund to the Series 2021-A Debt Service Fund.

(B) A portion of the proceeds received by the City from the sale of the Refunding Bonds, being the amount issued to refund outstanding general obligation bonds of the City, shall be deposited to the debt service funds) of or escrow account(s) for the series of Refunded Bonds to be so refunded and redeemed.

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 2021-A (Taxable) Debt Service Fund” (the “Series 2021-A Debt Service Fund”), and a fund designated “General Obligation Bonds, Series 2021-B (Tax-Exempt) Debt Service Fund” (the “Series 2021-B Debt Service Fund”) for the purpose of paying debt service on the respective Series of Bonds. Any amounts on deposit in each respective Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the City, subject to any conditions set forth in the Tax Certificate relating to the Series 2021-B Bonds (Tax-Exempt).

(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 respective Debt Service Fund and available for such purpose, to pay the principal of, redemption premium (if any) and interest on the respective Series of 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 respective Debt Service Fund and be used for the payment of the principal of, premium (if any) and interest on the respective Series of 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 applicable 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 closing. Investment earnings on amounts in the Debt Service Fund shall be retained in the Debt Service Fund pursuant to Section 7.01 hereof. Amounts on deposit in the Series 2021-B Debt Service Fund shall be transferred to the Excess Earnings Fund for the Series 2021-B Bonds (Tax-Exempt) if required for purposes of the Rebate Requirement (as such term is defined in the Tax Certificate for the Series 2021-B Bonds (Tax-Exempt)). All amounts on deposit in the Series 2021-B Debt Service Fund which are not subject to transfer to the Excess Earnings Fund shall remain in the Series 2021-B Debt Service Fund and used for the purposes thereof.

Section 5.03. Establishment and Application of Excess Earning Fund. Upon the issuance of Series 2021-B Bonds (Tax-Exempt) there shall be established in trust a special fund designated the “General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) Excess Earnings Fund” (the “Excess Earnings Fund”), and which shall be held by the Treasurer and kept separate and apart from all other funds and accounts held hereunder. The Treasurer shall transfer moneys from the Series 2021-B Debt Service Fund, or as otherwise may be provided in the Tax Certificate for the Series 2021-B Bonds (Tax-Exempt), to the Excess Earnings Fund for the Series 2021-B Bonds (Tax-Exempt) as required for purposes of the Rebate Requirement. Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate for Series 2021-B Bonds (Tax-Exempt).

Section 5.04. Costs of Issuance Fund. There is hereby established in trust a special fund designated the “General Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”) which shall be held by the Custodian and which shall be kept separate and apart from all other funds and accounts held hereunder. 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 for each Series of Bonds shall be placed 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 in connection with the Bonds, 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 each respective 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 Series 2021-A Bonds (Taxable) 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 applicable 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.

Section 5.06. Refundings. From the proceeds received by the City from the sale of the Refunding Bonds, the amount issued to refund outstanding general obligation bonds of the City shall be deposited to the debt service fund(s) of or escrow account(s) for the series of Refunded Bonds to be so refunded and redeemed.

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 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 in connection with the issuance of the Bonds 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 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, subject to any conditions set forth in the Tax Certificate for the Series 2021-B Bonds (Tax-Exempt). 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 applicable 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 and, with respect to defeasance of the Series 2021-B Bonds (Tax-Exempt), permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Series 2021-B Bonds (Tax-Exempt), 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, the obligation of the City to make deposits to and payments from the Excess Earnings Fund for the Series 2021-B Bonds (Tax-Exempt), 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. Tax Covenants. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2021-B Bonds (Tax-Exempt), the City covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, in that the City agrees to comply with the covenants contained in, and the instructions given pursuant to the Tax Certificate to be executed by the City on the date of delivery of the Series 2021-B Bonds (Tax-Exempt), and by this reference incorporated herein, as a source of guidance for compliance with such provisions. The City Administrative Officer is hereby authorized to make any elections and to take such additional actions as are necessary or appropriate in furtherance of the foregoing covenant.

The City further covenants that it (1) will take, or use its best efforts to require to be taken, all actions that may be required of the City for the interest on the Series 2021-B Bonds (Tax-Exempt) to be excluded from gross income for federal tax purposes, and (2) will not take or authorize to be taken any actions within its control that would adversely affect such status under the provisions of the Code.

Notwithstanding any other provision hereof to the contrary, upon the City's failure to observe, or refusal to comply with, the foregoing covenant, no person other than the Owners of the Series 2021-B Bonds (Tax-Exempt) shall be entitled to exercise any right or remedy provided to the above Owners under this Resolution on the basis of the City's failure to observe, or refusal to comply with, such covenant.

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, together with all other indebtedness of the City, 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 spend 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 2021-A Construction Fund in accordance with Section 5.01(A).

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. 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 10.06. Effective Date. This Resolution shall take effect immediately.

Approved as to Form

MICHAEL N. FEUER, City Attorney

By: 
Deputy City Attorney

EXHIBIT A

FORM OF BOND

EXHIBIT A-1
FORM OF SERIES 2021-A 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. [1]

\$[_____]

**CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS
SERIES 2021-A
(TAXABLE) (SOCIAL BONDS)**

Interest Rate	Maturity	Dated	CUSIP
[_____]%	[_____] 1, 20[____]	[____], 2021	[_____]

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 September 1, 2022, 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 City Treasurer 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 October 6, 2021 (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.

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, 20__, in which event it shall bear interest from the date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest with respect thereto 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	Mandatory Sinking
<u>(September 1)</u>	<u>Fund Payment</u>
	\$
*(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 excess 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.

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 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 [] 2021.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

By: _____
City Treasurer

Countersigned:

City Clerk

CERTIFICATE OF AUTHENTICATION

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

DATED: [____], 2021

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 A-2
FORM OF SERIES 2021-B 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. [1]

\$[_____]

**CITY OF LOS ANGELES
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2021-B (TAX-EXEMPT)**

Interest Rate	Maturity	Dated	CUSIP
[_____]%	[_____] 1, 20[____]	[____], 2021	[_____]

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 September 1, 2022, 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 City Treasurer 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 [October 6, 2021] (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) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53580, respectively), 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.

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, 20__, in which event it shall bear interest from the date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest with respect thereto 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 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 excess 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.

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 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 [] 2021.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

By: _____
City Treasurer

Countersigned:

City Clerk

CERTIFICATE OF AUTHENTICATION

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

DATED: [____], 2021

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

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by City of Los Angeles, California (the “City”) in connection with the issuance by the City of \$ _____ aggregate principal amount of General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”) and \$ _____ aggregate principal amount of General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds” and, together with the Series 2021-A 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) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iii) 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, (iv) Article XIII A of the California Constitution, as amended, and (v) a resolution of the City Council adopted on [October 6, 2021] authorizing the issuance of the Bonds (the “Resolution”). The Series 2021-A Bonds are also issued pursuant to the provisions of Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended. The Series 2021-B Bonds are also issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53580, respectively), as amended.

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 Underwriters 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 _____, 2021, issued by the City in connection with the sale of the Bonds.

“*Owner*” shall mean the person in whose name any Bond shall be registered.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 2022, for the report for the 2020-21 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) Information provided in APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT" to Official Statement under the headings: "BUDGET AND FINANCIAL OPERATIONS," "MAJOR GENERAL FUND REVENUE SOURCES," "BONDED AND OTHER INDEBTEDNESS" and "LITIGATION." 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, or other material events affecting the tax-exempt 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 Subsections (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 Indenture. 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 Repository through its EMMA system, in an electronic format as prescribed by the Repository, 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) and (14) 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 Repository through its EMMA system, in an electronic format as prescribed by the Repository, 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 any Series shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds of such Series. If such termination occurs prior to the final maturity of the Bonds of such Series, 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 the 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 Underwriters 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: _____, 2021

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 2021-A (Taxable) (Social Bonds), and
\$_____ General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt)

Date of Issuance: November __, 2021

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 November __, 2021. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES, CALIFORNIA

By: _____

Title: _____

EXHIBIT C

FORM OF DEEMED FINAL CERTIFICATE

CITY OF LOS ANGELES

General Obligation Bonds

Series 2021-A

(Taxable)

(Social Bonds)

General Obligation Refunding Bonds

Series 2021-B

(Tax-Exempt)

**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 October __, 2021 (the “Preliminary Official Statement”) regarding the offering of the City’s General Obligation Bonds Series 2021-A (Taxable) (Social Bonds) and General Obligation Refunding Bonds Series 2021-B (Tax-Exempt), 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 October __, 2021.

CITY OF LOS ANGELES, CALIFORNIA

By: _____
Assistant City Administrative Officer

EXHIBIT D

PRIOR BONDS

1. City of Los Angeles General Obligation Refunding Bonds, Series 2011-B, issued on July 28, 2011 in the original principal amount of \$259,660,000.
2. City of Los Angeles General Obligation Refunding Bonds, Series 2012-A, issued on May 2, 2012 in the original principal amount of \$225,850,000.

Exhibit A

Notice of Intention to Sell Bonds for Series 2021-A Bonds

NOTICE OF INTENTION TO SELL BONDS

\$211,940,000*
City of Los Angeles
General Obligation Bonds
Series 2021-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, October 27, 2021.

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, October 27, 2021, 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 Thomson Municipal News 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 on October 6, 2021.

* Preliminary; subject to change.

Exhibit B

Notice of Intention to Sell Bonds for Series 2021-B Bonds

NOTICE OF INTENTION TO SELL BONDS

\$65,630,000*

City of Los Angeles
General Obligation Refunding Bonds
Series 2021-B (Tax-Exempt)

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, October 27, 2021.

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, October 27, 2021, 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 Thomson Municipal News 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 on October 6, 2021.

* Preliminary; subject to change.

Exhibit C

Notice Inviting Bids for Series 2021-A Bonds

October 7, 2021

Dear Prospective Bidder:

In accordance with the Notice Inviting Bids, the City of Los Angeles intends to accept bids on its \$211,940,000* aggregate principal amount of General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) on Wednesday, October 27, 2021 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,

Matthew W. Szabo
City Administrative Officer

* Preliminary; subject to change.

NOTICE INVITING BIDS

\$211,940,000*
City of Los Angeles
General Obligation Bonds
Series 2021-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 \$211,940,000* aggregate principal amount of the City of Los Angeles General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”). The Series 2021-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 2021-A Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2021-A Bonds. See “Award, Delivery and Payment” herein. Bidders are required to bid on all of the Series 2021-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, October 27, 2021 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 \$2,119,400. 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.

* Preliminary; subject to change.

No Facsimile or
Other Bids:

No bids will be accepted via facsimile, hand delivery or any method other than as described above.

Receipt of Bids:

The bids will be reviewed at the City of Los Angeles; Office of the City Administrative Officer, Room 1500, City Hall East, 200 North Main Street, Los Angeles, California 90012 at the time specified above. The City Administrative Officer or any Assistant City Administrative Officer is authorized to accept bids and to award the Series 2021-A Bonds or reject all bids.

The Issue

The issue is \$211,940,000* aggregate principal amount of the Series 2021-A Bonds in denominations of \$5,000 or any integral multiple thereof.

Purpose of the Issue

The proceeds from the sale of the Series 2021-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 2021-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 2021-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 October 6, 2021 authorizing the issuance of the Series 2021-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 2021-A Bonds are awarded to the successful bidder (the “Award Certificate”).

Security

The Series 2021-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.

* Preliminary; subject to change.

Principal and Interest Payments

The Series 2021-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 2021-A Bonds will be payable semiannually on March 1 and September 1, commencing on September 1, 2022 (each an “Interest Payment Date”). Principal and premium, if any, of the Series 2021-A Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Series 2021-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 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 2021-A Bonds.

Book-Entry Only

The Series 2021-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 2021-A Bonds. Purchasers will not receive certificates representing their interest in the Series 2021-A Bonds. Individual purchases will be in the principal amount of \$5,000 or any integral multiple thereof. Ownership interests in the Series 2021-A Bonds, may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2021-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 2021-A Bonds.

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Principal Amortization for the Series 2021-A Bonds

The aggregate principal amount of the Series 2021-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 2022 through 2041 and in the amounts set forth below:

Maturity Schedule*

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
2022	\$10,600,000	2032	\$10,595,000
2023	10,600,000	2033	10,595,000
2024	10,600,000	2034	10,595,000
2025	10,600,000	2035	10,595,000
2026	10,600,000	2036	10,595,000
2027	10,600,000	2037	10,595,000
2028	10,600,000	2038	10,595,000
2029	10,595,000	2039	10,595,000
2030	10,595,000	2040	10,595,000
2031	10,595,000	2041	10,595,000

* Preliminary, subject to change.

Serial Bonds and/or Term Bonds

Bidders may provide that all of the Series 2021-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.

Optional Redemption

The Series 2021-A Bonds maturing on or before September 1, 20[] are not subject to optional redemption. The Bonds maturing on or after September 1, 20[] are subject to optional redemption on and after September 1, 20[] 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 2021-A Bonds.” The City, at its option, may credit

against any mandatory sinking fund redemption payment term Series 2021-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 2021-A Bonds for Redemption

Whenever less than all the Series 2021-A Bonds shall be called for redemption at the option of the City, the particular Series 2021-A Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Series 2021-A Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the Series 2021-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 2021-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 2021-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 2021-A Bonds, if less than all of the Series 2021-A Bonds of a maturity are called for prior redemption, the particular Series 2021-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 2021-A Bonds are held in book-entry form, the selection for redemption of such Series 2021-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 2021-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City’s intent with respect to the Series 2021-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 2021-A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2021-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 2021-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 2021-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 2021-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 2021-A Bonds. In the event a notice of redemption of the Series 2021-A Bonds contains such a condition and such moneys are not so received, the redemption of the Series 2021-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 2021-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 2021-A Bonds pursuant to such notice of redemption.

TERMS OF SALE

Form of Bid

Each bid must be for an amount not less than 100.2% of the principal amount of the Series 2021-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 2021-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 2nd Floor, 1359 Broadway, New York, New York, 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 2021-A Bonds” reflect certain estimates of the City and its Municipal Advisor with respect to the likely interest rates of the winning bids and the premium contained in the winning bids. The final principal amounts of each maturity of the Series 2021-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 2021-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 2021-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 underwriters’ discount, if any, but will not change the per Series 2021-A Bond underwriters’ discount as provided in the bid. The successful bidder will be notified of any adjustments in principal amounts of the Series 2021-A Bonds within 24 hours after the opening of the bids. 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. Such adjustments may affect the dollar amount of discount (underwriters’ discount and original issue discount) contained in the winning bid.

Award, Delivery and Payment

The City will take action awarding the Series 2021-A Bonds or rejecting all bids for the Series 2021-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. The Series 2021-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 2021-A Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2021-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 2021-A Bonds to the date of the Series 2021-A Bonds, results in an amount equal to the “purchase price” bid for all of the Series 2021-A Bonds. For the purpose of calculating the TIC, the principal amount of Series 2021-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.

It is expected that the Series 2021-A Bonds will be delivered to the successful bidder on or about November 3, 2021. The Series 2021-A Bonds will be delivered through the facilities of

DTC. The successful bidder shall pay for the Series 2021-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 2021-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 2021-A Bonds. Each rate bid must be in multiples of 1/8 or 1/100 of 1%. All Series 2021-A Bonds of the same maturity shall bear the same interest rate. Each Series 2021-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 2021-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 Fee

All fees due DTC shall be paid by the successful bidder.

Ratings

The City has applied for ratings from Fitch Ratings, Kroll Bond Rating Agency, Moody's Investors Service and S&P Global Ratings. 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 2021-A Bonds.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2021-A Bonds, but the City will assume no obligation for the assignment or printing of such numbers on the Series 2021-A Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any 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 2021-A Bonds. The cost for the assignment of CUSIP numbers to the Series 2021-A Bonds will be the responsibility of the successful bidder.

Good Faith Deposit

A Good Faith Deposit in the form of (a) a wire transfer in the amount of \$2,119,400 for the Series 2021-A Bonds must be provided by each bidder as potential purchaser of the Series 2021-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 2021-A Bonds in accordance with the terms of the bid; or (b) a financial surety bond (“Surety Bond”) in the amount of \$2,119,400 issued by an insurance company rated in one of the top two rating categories by a nationally recognized ratings service, without regard to any modification of the rating and licensed to issue such a bond in the State of California, naming the City as the beneficiary and identifying the bidder whose Good Faith Deposit is guaranteed by the Surety Bond.

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:

BBK:	U.S. Bank, N.A.
ABA:	<input type="text"/>
BNF:	<input type="text"/>
A/C:	<input type="text"/>
OBI:	<input type="text"/>
ATTN:	<input type="text"/>

Each bidder submitting the Good Faith Deposit by wire transfer must also send an email to: bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@mnnicap.net referencing “General Obligation Bonds, Series 2021-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 National Association of the Good Faith Deposit, contact Bertha Mares 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 2021-A Bonds at the time of delivery of the Series 2021-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 2021-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.

Surety Bonds. Any Surety Bond may be submitted by electronic mail to bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net not later than 8:00 a.m., California time, on the date of sale. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the City the amount of the Good Faith Deposit in immediately available federal funds not later than 12:00 noon, California time, on the business day next succeeding the day of acceptance of the bid, which amount shall be deposited in a fund held by

the City under the terms of the Authorizing Resolution and applied to the purchase price of the Series 2021-A Bonds. If the City has not received such federal funds wire transfer by the time stated, the City may draw upon the Surety Bond to satisfy the successful bidder's Good Faith Deposit requirements.

Right of Cancellation

Each successful bidder shall have the right, at its option, to cancel the contract to purchase the Series 2021-A Bonds if the City shall fail to execute and tender the Series 2021-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.

Insurance

The successful bidder may purchase municipal bond insurance, if available, for some or all of the Series 2021-A Bonds. However, the delivery of the Series 2021-A Bonds shall not be conditioned upon the issuance of any such insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy, including payment for any legal opinion to be delivered to any insurer, shall be the sole responsibility of the bidder. The successful bidder must provide the amount of the policy premium, if any, within one hour of the award of the Series 2021-A Bonds and also must provide the City with the municipal bond insurance commitment, if any, as well as information with respect to the municipal bond insurance policy and insurance provider for inclusion in the final Official Statement within two business days following the award of the bid by the City. The City is under no obligation to enter into any additional agreements with respect to the provision of any such insurance. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT JUSTIFY FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF, OR PAY FOR, THE SERIES 2021-A BONDS.

Reoffering Price

The successful bidder will, within one hour after being notified of the award of the Series 2021-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 2021-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 2021-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 2021-A Bonds, the following closing documents, each dated the date of such delivery:

(a) the opinion of Kutak Rock LLP, Bond Counsel to the City, approving the validity of the Series 2021-A Bonds;

(b) the opinion of Hawkins Delafield & Wood LLP, 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, DTC, or the insurer, if any, 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 2021-A Bonds, and certain other customary matters;

(d) a certificate of an appropriate official of the City acting on behalf of the City solely in his official capacity and not personally, that as of the date of the Official Statement pertaining to the Series 2021-A Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2021-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 2021-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 2021-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 2021-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 2021-A Bonds. By making a bid on the Series 2021-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 2021-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 day of delivery of the Series 2021-A Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Series 2021-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 a 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, 2286 East Maple Avenue, El Segundo, California 90254, (310) 318-3094.

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 Thomson Municipal News 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 2021-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 Thomson Municipal News 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 2021-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 Thomson Municipal News (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 2021-A Bonds and the principal amount of each maturity.

Sales

The City may, with prior notice, withdraw the Series 2021-A Bonds for sale.

Right To Reject Bids

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.

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Dated: October 7, 2021

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 2021-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 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”) through the use of the electronic bidding service provider.

We have received and reviewed the Notice Inviting Bids dated October 7, 2021 for the Series 2021-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 2021-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 2021-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 2021-A Bonds and interest rate or rates to be borne by the various maturities of the Series 2021-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) a Good Faith Deposit in the amount of \$2,119,400 by wire transfer or surety bond to: BBK: U.S. Bank National Association ABA: [____], BNF: [____], A/C: [____], A/C NAME: [____], ATTN: [____] and send a confirmatory email to bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net, or (b) deliver a financial surety bond ("Surety Bond") in the amount of \$2,119,400 issued by an insurance company rated in one of the top two rating categories by a nationally recognized ratings service, without regard to any modification of the rating and licensed to issue such a bond in the State of California, naming the City as the beneficiary and identifying the bidder whose Good Faith Deposit is guaranteed by the Surety Bond, by electronic mail to bertha.mares@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 bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net

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: October __, 2021

Respectfully submitted,

[NAME OF FIRM]

By _____

Name _____

Title _____

Exhibit D

Notice Inviting Bids for Series 2021-B Bonds

October 7, 2021

Dear Prospective Bidder:

In accordance with the Notice Inviting Bids, the City of Los Angeles intends to accept bids on its \$65,630,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) on Wednesday, October 27, 2021 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,

Matthew W. Szabo
City Administrative Officer

* Preliminary; subject to change.

NOTICE INVITING BIDS

\$65,630,000*

City of Los Angeles
General Obligation Refunding Bonds
Series 2021-B (Tax-Exempt)
(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 \$65,630,000* aggregate principal amount of the City of Los Angeles General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds”). The Series 2021-B 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 2021-B Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2021-B Bonds. See “Award, Delivery and Payment” herein. Bidders are required to bid on all of the Series 2021-B 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, October 27, 2021 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 \$656,300. 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.

* Preliminary; subject to change.

No Facsimile or
Other Bids:

No bids will be accepted via facsimile, hand delivery or any method other than as described above.

Receipt of Bids:

The bids will be reviewed at the City of Los Angeles; Office of the City Administrative Officer, Room 1500, City Hall East, 200 North Main Street, Los Angeles, California 90012 at the time specified above. The City Administrative Officer or any Assistant City Administrative Officer is authorized to accept bids and to award the Series 2021-B Bonds or reject all bids.

The Issue

The issue is \$65,630,000* aggregate principal amount of the Series 2021-B Bonds in denominations of \$5,000 or any integral multiple thereof.

Purpose of the Issue

The proceeds from the sale of the Series 2021-B Bonds will be used primarily for the purpose of refunding a portion of the City's outstanding general obligations bonds (the "Refunded Bonds").

Authorization

The Series 2021-B 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) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53480, respectively), 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 2021-B 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 October 6, 2021 authorizing the issuance of the Series 2021-B 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 2021-B Bonds are awarded to the successful bidder (the "Award Certificate").

Security

The Series 2021-B 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.

* Preliminary; subject to change.

Principal and Interest Payments

The Series 2021-B 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 2021-B Bonds will be payable semiannually on March 1 and September 1, commencing on September 1, 2022 (each an “Interest Payment Date”). Principal and premium, if any, of the Series 2021-B Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Series 2021-B 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 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 2021-B Bonds.

Book-Entry Only

The Series 2021-B 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 2021-B Bonds. Purchasers will not receive certificates representing their interest in the Series 2021-B Bonds. Individual purchases will be in the principal amount of \$5,000 or any integral multiple thereof. Ownership interests in the Series 2021-B Bonds, may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2021-B 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 2021-B Bonds.

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Principal Amortization for the Series 2021-B Bonds

The aggregate principal amount of the Series 2021-B 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 2022 through 2025 and in the amounts set forth below:

Maturity Schedule*

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
2022	\$36,335,000	2024	\$6,440,000
2023	22,095,000	2025	760,000

* Preliminary, subject to change.

Serial Bonds and/or Term Bonds

Bidders may provide that all of the Series 2021-B 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.

Optional Redemption

The Series 2021-B Bonds are not subject to optional redemption prior to maturity.

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 2021-B Bonds.” The City, at its option, may credit against any mandatory sinking fund redemption payment term Series 2021-B 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 2021-B Bonds for Redemption

Whenever less than all the Series 2021-B Bonds shall be called for redemption at the option of the City, the particular Series 2021-B Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Series 2021-B Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the Series 2021-B 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 2021-B 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 2021-B 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 2021-B Bonds, if less than all of the Series 2021-B Bonds of a maturity are called for prior redemption, the particular Series 2021-B 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 2021-B Bonds are held in book-entry form, the selection for redemption of such Series 2021-B 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 2021-B Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City’s intent with respect to the Series 2021-B 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 2021-B Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2021-B 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 2021-B Bonds are in book-entry form only, such notices will be given only to DTC or its nominee.

TERMS OF SALE

Form of Bid

Each bid must be for an amount not less than 100.2% of the principal amount of the Series 2021-B 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 2021-B 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 2nd Floor, 1359 Broadway, New York, New York, 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 2021-B Bonds” reflect certain estimates of the City and its Municipal Advisor with respect to the likely interest rates of the winning bids and the premium contained in the winning bids. The final principal amounts of each maturity of the Series 2021-B 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 2021-B 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 2021-B 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 underwriters’ discount, if any, but will not change the per Series 2021-B Bond underwriters’ discount as provided in the bid. The successful bidder will be notified of any adjustments in principal amounts of the Series 2021-B Bonds within 24 hours after the opening of the bids. 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. Such adjustments may affect the dollar amount of discount (underwriters’ discount and original issue discount) contained in the winning bid.

Award, Delivery and Payment

The City will take action awarding the Series 2021-B Bonds or rejecting all bids for the Series 2021-B 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. The Series 2021-B 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 2021-B Bonds, which best price shall be that resulting in the lowest true interest cost ("TIC") for the Series 2021-B 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 2021-B Bonds to the date of the Series 2021-B Bonds, results in an amount equal to the "purchase price" bid for all of the Series 2021-B Bonds. For the purpose of calculating the TIC, the principal amount of Series 2021-B 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.

It is expected that the Series 2021-B Bonds will be delivered to the successful bidder on or about November 3, 2021. The Series 2021-B Bonds will be delivered through the facilities of DTC. The successful bidder shall pay for the Series 2021-B 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 2021-B Bonds, less the amount of the Good Faith Deposit.

Interest Rate

Bidders must specify a rate of interest for each maturity of the Series 2021-B Bonds. Each rate bid must be in multiples of 1/8 or 1/100 of 1%. All Series 2021-B Bonds of the same maturity shall bear the same interest rate. Each Series 2021-B Bond must bear interest at the rate specified on BiDCOMP/Parity from its dated date to its maturity date. Note, interest on the Series 2021-B 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 Fee

All fees due DTC shall be paid by the successful bidder.

Ratings

The City has applied for ratings from Fitch Ratings, Kroll Bond Rating Agency, Moody's Investors Service and S&P Global Ratings. 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 2021-B Bonds.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2021-B Bonds, but the City will assume no obligation for the assignment or printing of such numbers on the Series 2021-B Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any 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 2021-B Bonds. The cost for the assignment of CUSIP numbers to the Series 2021-B Bonds will be the responsibility of the successful bidder.

Good Faith Deposit

A Good Faith Deposit in the form of (a) a wire transfer in the amount of \$656,300 for the Series 2021-B Bonds must be provided by each bidder as potential purchaser of the Series 2021-B 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 2021-B Bonds in accordance with the terms of the bid; or (b) a financial surety bond (“Surety Bond”) in the amount of \$656,300 issued by an insurance company rated in one of the top two rating categories by a nationally recognized ratings service, without regard to any modification of the rating and licensed to issue such a bond in the State of California, naming the City as the beneficiary and identifying the bidder whose Good Faith Deposit is guaranteed by the Surety Bond.

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:

BBK:	U.S. Bank, N.A.
ABA:	[]
BNF:	[]
A/C:	[]
OBI:	[]
ATTN:	[]

Each bidder submitting the Good Faith Deposit by wire transfer must also send an email to: bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@mnnicap.net referencing “General Obligation Refunding Bonds, Series 2021-B (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 National Association of the Good Faith Deposit, contact Bertha Mares 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 2021-B Bonds at the time of delivery of the Series 2021-B 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 2021-B 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.

Surety Bonds. Any Surety Bond may be submitted by electronic mail to bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net not later than 8:00 a.m., California time, on the date of sale. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the City the amount of the Good Faith Deposit in immediately available federal funds not later than 12:00 noon, California time, on the business day next succeeding the day of acceptance of the bid, which amount shall be deposited in a fund held by the City under the terms of the Authorizing Resolution and applied to the purchase price of the Series 2021-B Bonds. If the City has not received such federal funds wire transfer by the time stated, the City may draw upon the Surety Bond to satisfy the successful bidder's Good Faith Deposit requirements.

Right of Cancellation

Each successful bidder shall have the right, at its option, to cancel the contract to purchase the Series 2021-B Bonds if the City shall fail to execute and tender the Series 2021-B 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.

Insurance

The successful bidder may purchase municipal bond insurance, if available, for some or all of the Series 2021-B Bonds. However, the delivery of the Series 2021-B Bonds shall not be conditioned upon the issuance of any such insurance. Payment of any insurance premium and satisfaction of any conditions to the issuance of a municipal bond insurance policy, including payment for any legal opinion to be delivered to any insurer, shall be the sole responsibility of the bidder. The successful bidder must provide the amount of the policy premium, if any, within one hour of the award of the Series 2021-B Bonds and also must provide the City with the municipal bond insurance commitment, if any, as well as information with respect to the municipal bond insurance policy and insurance provider for inclusion in the final Official Statement within two business days following the award of the bid by the City. The City is under no obligation to enter into any additional agreements with respect to the provision of any such insurance. FAILURE OF THE INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT JUSTIFY FAILURE OR REFUSAL BY THE SUCCESSFUL BIDDER TO ACCEPT DELIVERY OF, OR PAY FOR, THE SERIES 2021-B BONDS.

Reoffering Price

The successful bidder will, within one hour after being notified of the award of the Series 2021-B 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 2021-B 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 2021-B 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 2021-B Bonds, the following closing documents, each dated the date of such delivery:

(a) the opinion of Kutak Rock LLP, Bond Counsel to the City, approving the validity of the Series 2021-B Bond and stating that based on existing laws, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the Bond Resolution and other documents pertaining to the Series 2021-B Bonds and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Series 2021-B Bonds (including any original issue discount properly allocable to the owner of a Series 2021-B Bond) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax;

(b) the opinion of Hawkins Delafield & Wood LLP, 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, DTC, or the insurer, if any, 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 2021-B Bonds, and certain other customary matters;

(d) a certificate of an appropriate official of the City acting on behalf of the City solely in his official capacity and not personally, that as of the date of the Official Statement pertaining to the Series 2021-B Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2021-B 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 2021-B 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 2021-B 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 2021-B 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 2021-B Bonds. By making a bid on the Series 2021-B 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 2021-B 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 day of delivery of the Series 2021-B Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Series 2021-B 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 a 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, 2286 East Maple Avenue, El Segundo, California 90254, (310) 318-3094.

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 Thomson Municipal News 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 2021-B 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 Thomson Municipal News 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 2021-B

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 Thomson Municipal News (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 2021-B Bonds and the principal amount of each maturity.

Sales

The City may, with prior notice, withdraw the Series 2021-B Bonds for sale.

Right To Reject Bids

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.

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Dated: October 7, 2021

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 2021-B 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 Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds”) through the use of the electronic bidding service provider.

We have received and reviewed the Notice Inviting Bids dated October 7, 2021 for the Series 2021-B 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 2021-B 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 2021-B 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 2021-B Bonds and interest rate or rates to be borne by the various maturities of the Series 2021-B 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) a Good Faith Deposit in the amount of \$656,300 by wire transfer or surety bond to: BBK: U.S. Bank National Association ABA: [____], BNF: [____], A/C: [____], A/C NAME: [____], ATTN: [____] and send a confirmatory email to bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net, or (b) deliver a financial surety bond ("Surety Bond") in the amount of \$656,300 issued by an insurance company rated in one of the top two rating categories by a nationally recognized ratings service, without regard to any modification of the rating and licensed to issue such a bond in the State of California, naming the City as the beneficiary and identifying the bidder whose Good Faith Deposit is guaranteed by the Surety Bond, by electronic mail to bertha.mares@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 bertha.mares@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net

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: October __, 2021

Respectfully submitted,

[NAME OF FIRM]

By _____
Name _____
Title _____

Exhibit E

Preliminary Official Statement

HDW – 9/13/21 Draft

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 7, 2021

NEW ISSUES – FULL BOOK-ENTRY ONLY

RATINGS:

Fitch: “ ”

Kroll: “ ”

Moody’s: “ ”

S&P: “ ”

See “RATINGS” herein

Interest on the Series 2021-A Bonds is not excluded from gross income for federal income tax purposes. In the opinion of Kutak Rock LLP, Bond Counsel, based on existing laws, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the Bond Resolution and other documents pertaining to the Series 2021-B Bonds and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Series 2021-B Bonds (including any original issue discount properly allocable to the owner of a Series 2021-B Bond) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein regarding certain other tax considerations.



CITY OF LOS ANGELES

**[\$[Principal Amount A]*
General Obligation Bonds
Series 2021-A
(Taxable)
(Social Bonds)**

**[\$[Principal Amount B]*
General Obligation Refunding Bonds
Series 2021-B
(Tax-Exempt)**

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The City of Los Angeles (the “City”) is issuing its \$[Principal Amount A]* aggregate principal amount of General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”) and \$[Principal Amount B]* aggregate principal amount of General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds”) and, together with the Series 2021-A 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 September 1, 2022 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 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 Series 2021-A Bonds will be used to (i) finance certain projects for providing 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, as described herein, and (ii) pay costs of issuance in connection with the Series 2021-A Bonds. The City is designating the Series 2021-A Bonds as “Social Bonds.” Proceeds from the sale of the Series 2021-B Bonds, together with certain available amounts, will be used to (i) refund certain outstanding general obligation bonds of the City and (ii) pay costs of issuance in connection with the Series 2021-B 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.

* Preliminary, subject to change.

INVESTORS MUST REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING ANY INVESTMENT DECISIONS.

BIDS FOR THE PURCHASE OF THE SERIES 2021-A BONDS AND THE SERIES 2021-B BONDS
WILL BE RECEIVED BY THE CITY UNTIL 9:00 A.M. AND 9:30 A.M., CALIFORNIA TIME,
RESPECTIVELY, ON OCTOBER 27, 2021
UNLESS POSTPONED OR CANCELLED AS SET FORTH IN THE NOTICES 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 Kutak Rock LLP, Los Angeles, California, Bond Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by Michael N. Feuer, City Attorney of the City of Los Angeles. Hawkins Delafield & Wood LLP, Los Angeles, California 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 October __, 2021.

Dated: October __, 2021

MATURITY SCHEDULE*

\$(Principal Amount A)
CITY OF LOS ANGELES
General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds)

<u>Year</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>(Base: 544351)</u>
	\$	%	%	%	

\$ _____ % Term Bond due September 1, 20__; Price _____ %

\$(Principal Amount B)
CITY OF LOS ANGELES
General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt)

<u>Year</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>(Base: 544351)</u>
	\$	%	%	%	

* Preliminary, subject to change.

† Copyright 2021, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, managed on behalf of the American Bankers Association by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the City or the Corporation and are included solely for the convenience of the registered owners of the applicable Bonds. The City, the Municipal Advisor and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is may be changed after the issuance of the Bonds as a result of various actions including, but not limited to, a refunding in whole or in part of certain maturities of the Bonds or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF LOS ANGELES

Mayor

Eric Garcetti

City Council

Gilbert A. Cedillo, *District 1*
Paul Krekorian, *District 2*
Bob Blumenfield, *District 3*
Nithya Raman, *District 4*
Paul Koretz, *District 5*

Nury Martinez, *District 6*
Monica Rodriguez, *District 7*
Marqueece Harris-Dawson, *District 8*
Curren D. Price, Jr., *District 9*
Mark Ridley-Thomas, *District 10*

Mike Bonin, *District 11*
John Lee, *District 12*
Mitch O'Farrell, *District 13*
Kevin de León, *District 14*
Joe Buscaino, *District 15*

CITY OFFICIALS

Michael N. Feuer, *City Attorney*
Ron Galperin, *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

Kutak Rock LLP
Los Angeles, California

Disclosure Counsel

Hawkins Delafield & Wood LLP
Los Angeles, California

Municipal Advisor

Omnicap Group LLC
El Segundo, California

Paying Agent

City Treasurer
City of Los Angeles, California

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 Underwriters do not assume any responsibility for the accuracy of such CUSIP numbers.

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

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OFFICIAL STATEMENT

**[\$[Principal Amount A]*
General Obligation Bonds
Series 2021-A
(Taxable)
(Social Bonds)**

**[\$[Principal Amount B]*
General Obligation Refunding Bonds
Series 2021-B
(Tax-Exempt)**

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 \$[Principal Amount A]* aggregate principal amount of General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”) and \$[Principal Amount B]* aggregate principal amount of General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds” and, together with the Series 2021-A Bonds, the “Bonds” and each a “Series”). 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 \$450,655,000 in aggregate principal amount of general obligation bonds outstanding. 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) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iii) 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, (iv) Article XIII A of the California Constitution, as amended, and (v) a resolution of the City Council adopted on September 22, 2021 authorizing the issuance of the Bonds (the “Resolution”). The Series 2021-A Bonds are also issued pursuant to the provisions of Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended. The Series 2021-B Bonds are also issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53580, respectively), as amended.

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 “THE BONDS – Security for the Bonds.”

Proceeds from the sale of the Series 2021-A 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 Series 2021-A Bonds. The City is designating the Series 2021-A Bonds as “Social Bonds.” Proceeds from the sale of the Series 2021-B Bonds, together with certain available amounts, will be used to (i) refund certain outstanding general obligation bonds of the City and (ii) pay costs of issuance in connection with the Series 2021-B Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

COVID-19

The pandemic caused by the novel coronavirus COVID-19 (“COVID-19”) has had tremendous economic and social impacts on the City of Los Angeles (the “City”). Since March 2020, residents of the City have been subject to various orders and directives that suspended, reduced or prohibited various non-essential activities. While several vaccinations against COVID-19 have been approved and are now being administered, and there are various indications of economic recovery, the pandemic is ongoing, and its duration, severity and ultimate economic effects remain uncertain.

The COVID-19 pandemic materially adversely disrupted the regional and local economies, including reductions in tourism and business travel, widespread business closures, and significantly higher levels of unemployment, with corresponding decreases in taxes and revenues. For Fiscal Year 2019-20, largely as a result of the pandemic, the City experienced a \$141 million reduction in fund balance. For Fiscal Year 2020-21, the City estimates that, absent the receipt of payments pursuant to the American Rescue Plan Act (“ARPA”) and other federal funds, the City would have received General Fund revenues that were \$525 million lower than were budgeted.

The passage of the federal ARPA, signed into law on March 11, 2021, provided significant relief to the City’s financial condition by backfilling various revenue losses using federal funds instead of using General Fund reserves and deficit borrowing. Furthermore, the increasing size of the vaccinated population and declining infection rates have resulted in economic recovery that is expected to restore and increase certain City revenues. The City’s Fiscal Year 2021-22 Budget restores most of the funding reductions undertaken during the pandemic, and finances new and increased services, including services to the City’s homeless population, COVID-19 relief, and increases in capital spending. Nevertheless, various risks remain, including uncertainties involving ARPA funding (such as the timing of the arrival of the second tranche of ARPA funds), slower than expected economic recovery, and future imbalance resulting in the use of one-time revenues for ongoing expenditures during 2021-22. For additional information concerning the potential effects of the pandemic on the City, see APPENDIX A – “CITY OF LOS ANGELES INFORMATION STATEMENT – OVERVIEW OF THE CITY’S FINANCIAL CONDITION – The COVID-19 Pandemic,” “Fiscal Year 2020-21,” “– COVID-19 Expenditures and Reimbursements,” “BUDGET AND FINANCIAL OPERATIONS – Fiscal Year 2020-21,” “– Fiscal Year 2021-22 Budget” and “– General Fund Budget Outlook.”

The actual impact of COVID-19 on the City, its economy and its finances will depend on future events, including future events outside of the control of the City, and actions by the federal government and the State. The City cannot predict the extent or duration of the outbreak or additional adverse impact it may have on the City’s financial condition or operations. Any financial information, including projections, forecasts and budgets presented herein do not account for all of the potential effects of COVID-19 unless specifically referenced.

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 September 1, 2022. 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*

Series 2021-A Bonds. The Series 2021-A Bonds maturing on or before September 1, 20__ are not subject to optional redemption. The Series 2021-A Bonds maturing on or after September 1, 20__ are subject to optional redemption on and after _____, 20__ 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.

Series 2021-B Bonds. The Series 2021-B Bonds are not subject to optional redemption prior to maturity.

Mandatory Redemption*

The Series 2021-A Bonds maturing on September 1, 20__ (the “Series 2021-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)	

The City, at its option, may credit against any mandatory sinking fund redemption payment Series 2021-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.

* Preliminary, subject to change.

Selection of Series 2021-A Bonds for Redemption

Whenever less than all the Series 2021-A 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 Series 2021-A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2021-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 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 2021-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 such Series of Bonds, if less than all of a maturity of the Series 2021-A Bonds is called for prior redemption, the particular Series 2021-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 such Series 2021-A Bonds are held in book-entry form, the selection for redemption of such Series 2021-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 2021-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City’s intent with respect to the Series 2021-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 2021-A 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 Series 2021-A 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 Series 2021-A 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 (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 Series 2021-A Bonds or the cessation of interest on redemption as provided in the Resolution. Each check or other transfer of funds issued by the Paying Agent for the purpose of redeeming Series 2021-A 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 Series 2021-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 2021-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 2021-A Bonds. In the event a notice of redemption of the Series 2021-A Bonds contains such a condition and such moneys are not so received, the redemption of the Series 2021-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 2021-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 2021-A 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 can rescind any notice of optional redemption of the Series 2021-A Bonds 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 2021-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 Series 2021-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 2021-A 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 Series 2021-A Bonds are in book-entry only form all redemption notices will be given solely to DTC or its nominee as registered Owner of all Series 2021-A Bonds and the Paying Agent will not have any ability to give notice to the Beneficial Owners of the Series 2021-A 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 Series 2021-A 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 Series 2021-A 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 Series 2021-A 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 Series 2021-A Bonds shall be held in trust, without liability for interest thereon, for the account of the Owners of the Series 2021-A Bonds so to be redeemed.

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 monies on deposit in certain funds and accounts as provided in the Resolution to pay the principal of, redemption premium (if any) 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.

Statutory Lien on Taxes. Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016), 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 board, 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 successor, 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.

Pledged Moneys. Pursuant to the Resolution, the City has also 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 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 the pledge and without the need for any notice, physical delivery, recordation, filing or further act. The 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.

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 monies, 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 and, with respect to the Series 2021-B Bonds, permitted under Section 149(b) of the Code and Treasury Regulations which, in the opinion of nationally-recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Series 2021-B Bonds, 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, the obligation of the City to make deposits to and payments from the Excess Earnings Fund for the Series 2021-B Bonds, 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

Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the City, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, 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 and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. Bond Counsel's legal opinion with respect to the Bonds does not express any opinion as to the effect of bankruptcy proceedings on the enforceability of the Bonds. See APPENDIX E — "PROPOSED FORM OF BOND COUNSEL OPINION."

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.

DEBT SERVICE SCHEDULE

The following table sets forth the amounts required for the payment of the principal of and interest on the Bonds.

Payment <u>Date</u>	<u>Series 2021-A Bonds</u>		<u>Series 2021-B Bonds</u>		Total Debt <u>Service</u>	Total Debt Service <u>(Fiscal Year)</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		

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PLAN OF FINANCE

Series 2021-A Bonds

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 Series 2021-A Bonds is the third 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 and issued the second series of bonds under Proposition HHH in 2018 in the aggregate principal amount of \$276,240,000. Prior to the issuance of the Series 2021-A Bonds, the City has \$837,390,000 authorized and unissued general obligation bond authorization remaining under the Proposition HHH Authorization. Proceeds from the sale of the Series 2021-A 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 Series 2021-A Bonds.

Designation as Social Bonds. The City is designating the Series 2021-A Bonds as “Social Bonds.” The Projects to be funded with proceeds of the Series 2021-A 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 Series 2021-A Bonds are “Social Projects” based on the social benefits of addressing homelessness within the City. The designation of the Series 2021-A 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 2021 publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*. These components are (1) use of proceeds, (2) process for 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 Series 2021-A Bonds do not have any security other than as provided in the Resolution and described under “THE BONDS – 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 Social Bonds comply with any legal or other standards or principles that may relate to “Social Projects” or that the Series 2021-A 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 Housing 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 Series 2021-A Bonds, together with other available moneys, to finance 70 PSH projects under the PSH Program. 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 Series 2021-A Bonds. Pursuant to the Resolution, proceeds received by the City from the sale of the Series 2021-A Bonds shall be placed in the Treasury of the City in a fund designated as the "General Obligation Bonds, Series 2021-A (Taxable) Proposition HHH Construction Fund" (the "Series 2021-A Construction Fund"). The City may expend moneys from the Series 2021-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 2021-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 Social Bonds, including the Project location and population served, (ii) the amount of proceeds of the Social Bonds allocated to and expended on each Project and (iii) the balance of unused proceeds of the Social Bonds at the end of the applicable fiscal year for each Project. Each Social Bonds Annual Report, commencing with the report for Fiscal Year 2021-22, 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 Social Bonds are expended. No reports will be provided with respect to the Social Bonds after all the net proceeds of the Series 2021-A 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.

Series 2021-B Bonds

Proceeds from the sale of the Series 2021-B Bonds, together with certain available amounts, will be used to (i) refund certain outstanding general obligation bonds of the City (collectively, the “Refunded Bonds”) set forth in the tables below and (iii) pay costs of issuance in connection with the Series 2021-B Bonds. The City may determine to refund some or all of such maturities of the bonds set forth below, or other maturities of these or other series of general obligation bonds, depending on market conditions.

Refunded Series 2011-B Bonds

Maturity (September 1)	Principal Amount to be Refunded	Redemption or Payment Date	Redemption Price	CUSIP (Base No. 544351)
2022	\$15,285,000	November 10, 2021	100%	JG5

Refunded Series 2012-A Bonds

Maturity (September 1)	Principal Amount to be Refunded	Redemption or Payment Date	Redemption Price	CUSIP (Base No. 544351)
2022	\$22,655,000	November 10, 2021	100%	JT7
2023	22,570,000	November 10, 2021	100	JU4
2024	6,935,000	November 10, 2021	100	JV2
2025	1,270,000	November 10, 2021	100	JW0

ESTIMATED SOURCES AND USES OF FUNDS

	<u>Series 2021-A Bonds</u>	<u>Series 2021-B Bonds</u>	<u>Total</u>
Sources of Funds			
Principal Amount	\$	\$	\$
Original Issue Premium			
Release of Funds relating to Prior Bonds			
Total			
Uses of Funds			
Deposit to Construction Fund	\$	\$	\$
Deposit to Redeem Refunded Bonds			
Deposit to Debt Service Fund			
Costs of Issuance ⁽¹⁾			
Underwriter's Discount			
Total	\$	\$	\$

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

TAX MATTERS

Series 2021-A Bonds – Federal Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2021-A Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses the Series 2021-A Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2021-A Bonds as a hedge against currency risks or as a position in a “straddle,” “hedge,” “constructive sale transaction” or “conversion transaction” for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire the Series 2021-A Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2021-A Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2021-A Bonds.

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

United States Holders. As used herein, the term “United States Holder” means a beneficial owner of the Series 2021-A Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury Regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be United States Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds the Series 2021-A Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a United States Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds the Series 2021-A Bonds, the United States Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2021-A Bonds.

Taxation of Interest Generally. Interest on the Series 2021-A Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers (other than those who purchase the Series 2021-A Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and characterization of payments received with respect to such Series 2021-A Bonds. In general, interest paid on the Series 2021-A Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the United States Holder’s adjusted tax basis in the Series 2021-A Bonds and capital gain to the extent of any excess received over such basis.

Original Issue Discount. The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2021-A Bonds issued with original issue discount (“Taxable Discount Bonds”). A Series 2021-A Bond will be treated as having been issued at an original issue discount if the excess of its “stated redemption price at maturity” (defined below) over its issue price

(defined as the initial offering price to the public at which a substantial amount of the Series 2021-A Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2021-A Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2021-A Bond's "stated redemption price at maturity" is the total of all payments provided by the Series 2021-A Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the City) at least annually at a single fixed rate or certain floating rates.

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

An accrual period may be of any length, and may vary in length over the term of a Series 2021-A Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Series 2021-A's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Taxable Discount Bond at the beginning of any accrual period is the sum of the issue price of the Taxable Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Series 2021-A Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, *de minimis* original issue discount, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the Series 2021-A Bonds by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount. Any owner who purchases a Series 2021-A Bond at a price which includes market discount (*i.e.*, at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed *de minimis* amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2021-A Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

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

An owner of a Series 2021-A Bond who acquires such Series 2021-A Bond at a market discount also may be required to defer, until the maturity date of such Series 2021-A Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2021-A Bond in excess of the aggregate

amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Series 2021-A Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2021-A Bond for the days during the taxable year on which the owner held the Series 2021-A Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2021-A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium. A purchaser of a Series 2021-A Bond who purchases such Series 2021-A Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2021-A Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2021-A Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Series 2021-A Bonds who acquire such Series 2021-A Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such Series 2021-A Bonds.

Unearned Income Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. United States Holders of the Series 2021-A Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Series 2021-A Bonds and to gain on the sale of a Series 2021-A Bond.

Surtax on Unearned Income. Recently enacted legislation generally imposes a tax of 3.8% on the "net investment income" of certain individuals, trusts and estates for taxable years beginning after December 31, 2012. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. United States Holders should consult their own tax advisors regarding the possible implications of this legislation in their particular circumstances.

Sale or Other Dispositions. A Bondholder's adjusted tax basis for a Series 2021-A Bond is the price such owner pays for the Series 2021-A Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2021-A Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2021-A Bond, measured by the difference between the amount realized and the Bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2021-A Bond is held as a capital asset (except in the case of Series 2021-A Bond acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the Series 2021-A Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the Series 2021-A Bonds may also result in a deemed sale or exchange of such Series 2021-A Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF THE SERIES 2021-A BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR OTHER DISPOSITION OF THE SERIES 2021-A BONDS, AND (2) THE CIRCUMSTANCES IN WHICH THE SERIES 2021-A BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-United States Holders. The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of the Series 2021-A Bonds by a person other

than a United States Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a “Non-United States Holder”).

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act (“FATCA”), payments of principal by the City or any of its agents (acting in its capacity as agent) to any Non-United States Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-United States Holder, however, federal withholding tax will apply unless the Non-United States Holder (1) is not a controlled foreign corporation for United States tax purposes that is related to the City (directly or indirectly) through stock ownership, and (2) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-United States Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the City, its agents or paying agents or a broker under penalties of perjury that it is not a United States person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers’ securities in the ordinary course of its trade or business and that also holds the Series 2021-A Bonds must certify to the City or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-United States Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-United States Holder is engaged in a trade or business in the United States and interest on a Series 2021-A Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-United States Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a United States Holder. In addition, if the Non-United States Holder is a foreign corporation, it may be subject to a branch profits tax equal to a percentage of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2021-A Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2021-A Bond by a Non-United States Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-United States Holder, and (2) in the case of an individual, the Non-United States Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the 2021-A, FATCA imposes United States withholding tax on interest payments and, for dispositions after December 31, 2018 (*see* IRS Notice 2015-66), gross proceeds of the sale of the Series 2021-A Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-United States investment funds) and certain other non-United States entities if certain disclosure and due diligence requirements related to United States accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-United States country may modify these requirements. In any event, Bondholders or beneficial owners of the Series 2021-A Bonds will have no recourse against the City, nor will the City be obligated to pay any additional amounts to “gross up” payments to such persons, as a result of any withholding

or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2021-A Bonds.

Non-United States Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2021-A Bonds.

Information Reporting and Backup Withholding. For each calendar year in which the Series 2021-A Bonds are outstanding, the City, its agents or paying agents or a broker is required to provide the Internal Revenue Service with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain United States Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a United States Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the City, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Series 2021-A Bonds. This backup withholding is not an additional tax and may be credited against the United States Holder's federal income tax liability, provided that the United States Holder furnishes the required information to the Internal Revenue Service.

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

Payments of the proceeds from the sale of a Series 2021-A Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

- a United States person;
- a controlled foreign corporation for United States tax purposes;
- a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or
- a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2021-A Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

ERISA. The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Series 2021-A Bond.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect

to the tax consequences to them of the purchase, ownership and disposition of the 2021-A, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

Series 2021-B Bonds – Federal Taxes

General Matters. In the opinion of Kutak Rock LLP, Bond Counsel, based on existing laws, regulations, rulings and judicial decisions, interest on the Series 2021-B Bonds (including any original issue discount properly allocable to the owner of a Series 2021-B Bond) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2021-B Bonds. Failure to comply with such requirements could cause interest on the Series 2021-B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021-B Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2021-B Bonds.

The accrual or receipt of interest on the Series 2021-B Bonds may otherwise affect the federal income tax liability of the owners of the Series 2021-B Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2021-B Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2021-B Bonds.

Original Issue Discount. The Series 2021-B Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Treasury Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding

period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The Series 2021-B Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2021-B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2021-B Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2021-B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Bonds – State Taxes

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

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and

delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

CERTAIN LEGAL MATTERS

Kutak Rock LLP, Los Angeles, 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. Hawkins Delafield & Wood LLP, Los Angeles, California, is serving as Disclosure Counsel to the City in connection with the issuance 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, 2020 (the "Financial Statements"), and the Independent Auditor's Report regarding the Financial Statements are available on the EMMA site at <https://emma.msrb.org/P11461151-P11132723-P11544868.pdf> and is incorporated herein by reference thereto. No other information from 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"), Kroll Bond Rating Agency ("Kroll"), Moody's Investors Service Inc. ("Moody's") and S&P Global Ratings ("S&P") 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>, Kroll, at <https://www.krollbondratings.com>, Moody's, at <https://www.moodys.com>, and S&P, at <https://www.standardandpoors.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.

UNDERWRITING

The Bonds were sold at a competitive sale on October 27, 2021. The Series 2021-A Bonds were awarded to _____ (the “Series 2021-A Underwriter”). The Series 2021-A Underwriter has agreed, subject to certain conditions, to purchase the Series 2021-A Bonds at a price of \$ _____ (which amount represents the principal amount of the Series 2021-A Bonds, plus an original issue premium of \$ _____, less an underwriter’s discount of \$ _____). The Series 2021-B Bonds were awarded to _____ (the “Series 2021-B Underwriter” and together with the Series 2021-A Underwriter, the “Underwriters”). The Series 2021-B Underwriter has agreed, subject to certain conditions, to purchase the Series 2021-B Bonds at a price of \$ _____ (which amount represents the principal amount of the Series 2021-B Bonds, plus an original issue premium of \$ _____, less an underwriter’s discount of \$ _____). The Underwriters 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, 2022 for the report for the 2020-21 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), 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 days of the incurrence of the Purchase and Assignment Agreement with the Corporation and Banc of America Public Capital Corporation in accordance with certain of the City’s continuing disclosure undertakings. On October 24, 2019, the City filed notice of the incurrence of this agreement 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 omitted from the annual reports filed for Fiscal Years 2015 through 2017 for its Solid Waste Resources Refunding Revenue Bonds, Series 2015-A, a table entitled “SOLID WASTE PROGRAM – CHANGES IN OPERATING CASH.” A supplement setting forth this information was subsequently filed 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, CALIFORNIA

By: _____
Assistant City Administrative Officer

APPENDIX A

**CITY OF LOS ANGELES
INFORMATION STATEMENT**

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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.

Particularly because of the evolving nature of the current COVID-19 public health crisis described herein, no assurance can be given that any estimates of future impact described herein will be achieved, and actual results may differ materially from the potential impact described herein. All projections, forecasts, estimates, assumptions and other forward-looking statements in this Appendix A are expressly qualified in their entirety by this cautionary statement.

In addition, this Appendix A contains historic financial, economic and demographic information regarding the City. Such information is limited to the time periods indicated and reflect data, assumptions and other information available as of the indicated dates. Certain of the information predates the COVID-19 pandemic. It is not possible to predict whether the trends shown will continue in the future.

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

OVERVIEW OF THE CITY'S FINANCIAL CONDITION

The COVID-19 Pandemic

The pandemic caused by the novel coronavirus COVID-19 (“COVID-19”) has had tremendous economic and social impacts on the City of Los Angeles (the “City”). Since March 2020, residents of the City have been subject to various orders and directives that suspended, reduced or prohibited various non-essential activities. While several vaccinations against COVID-19 have been approved and are now being administered, and there are various indications of economic recovery, the pandemic is ongoing, and its duration, severity and ultimate economic effects remain uncertain.

The COVID-19 pandemic materially adversely disrupted the regional and local economies, including reductions in tourism and business travel, widespread business closures, and significantly higher levels of unemployment, with corresponding decreases in taxes and revenues. For Fiscal Year 2019-20, largely as a result of the pandemic, the City experienced a \$141 million reduction in fund balance. For Fiscal Year 2020-21, the City estimates that, absent the receipt of payments pursuant to the American Rescue Plan Act (“ARPA”) and other federal funds, the City would have received General Fund revenues that were \$525 million lower than were budgeted.

The passage of the federal ARPA, signed into law on March 11, 2021, provided significant relief to the City’s financial condition by backfilling various revenue losses using federal funds instead of using General Fund reserves and deficit borrowing. Furthermore, the increasing size of the vaccinated population and declining infection rates have resulted in economic recovery that is expected to restore and increase certain City revenues. The City’s Fiscal Year 2021-22 Budget restores most of the funding reductions undertaken during the pandemic, and finances new and increased services, including services to the City’s homeless population, COVID-19 relief, and increases in capital spending. Nevertheless, various risks remain, slower than expected economic recovery, and future imbalance resulting in the use of one-time revenues for ongoing expenditures during 2021-22. See “BUDGET AND FINANCIAL OPERATIONS – Fiscal Year 2020-21 Budget” and “– General Fund Budget Outlook.”

Fiscal Year 2020-21

The City’s Fiscal Year 2020-21 Budget (the “2020-21 Budget”) was based on assumptions formulated in and prior to April 2020, during the onset of the pandemic, relying on data from prior recessions and the assumption that the City’s then applicable “Safer at Home” orders would be lifted by the end of May 2020. At the time of budget adoption, the City recognized that these assumptions were no longer realistic, and that the Mayor and the Council would need to regularly revisit the revenue and expenditure projections and make adjustments throughout the year as the trends and potential shortfalls became clearer.

Because of the need to use reserves to address Fiscal Year 2019-20 pandemic-driven revenue shortfalls, the City began Fiscal Year 2020-21 with a Reserve of \$262.5 million, or 3.93 percent of budgeted General Fund revenues. This represented a reduction of the Reserve Fund balance from \$407.3 million on July 1, 2019, and was the first time since 2011-12 that the City began the fiscal year with a Reserve Fund balance less than 5 percent of General Fund revenues, the minimum prescribed by the City’s Financial Policies (“Financial Policies”).

Throughout the first half of the fiscal year, the shortfall between budget assumptions and realized receipts grew monthly, and by February 2021, the City's chief fiscal officer, the City Administrative Officer ("CAO"), reported that revenues could fall \$600 million below budgeted levels, which, combined with various expenditures that were in excess of budgeted amounts, would lead to a projected 2020-21 budget gap of \$750 million.

To address the projected budget shortfall, the City reached agreements with most of its employee organizations to defer previously scheduled wage increases, in exchange for the City refraining from using civilian layoffs, furloughs, and scheduled sidelining of fire engines or ambulances as possible budget balancing solutions in 2020-21. In addition, the Mayor and Council approved spending reductions, implemented a hiring moratorium, curtailed certain City services, and approved the potential use of additional reserves and the issuance of up to \$150 million in commercial paper for working

However, federal assistance, particularly from ARPA, allowed for the City to balance its budget without drawing on reserves or deficit borrowing.

Fiscal Year 2021-22 Budget

The City's Fiscal Year 2021-22 Budget (the "2021-22 Budget") is balanced, and projects a Reserve Fund balance of \$509 million as of July 1, 2021, equal to 6.80 percent of General Fund revenues and in accordance with the 5 percent minimum prescribed by the City's Financial Policies.

The 2021-22 Budget assumes the receipt of federal funds, widespread availability of COVID-19 vaccines, no additional closures, and varying degrees of revenue recovery (depending on the underlying economic drivers that would constrain or boost growth). If vaccination efforts stall, or if variants prove to be vaccine resistant, there is risk of new outbreaks prompting renewed restrictions and closures. As discussed in the next section, the 2021-22 Budget appropriated \$639.5 million of ARPA funds to General Fund expenditures.

As a result of its substantial reliance on federal emergency funding, the 2021-22 Budget does not satisfy the portion of the City's Financial Policies prescribing that one-time revenues only be used for one-time expenditures. The 2021-22 Budget includes \$823.7 million in one-time revenues (including \$713.2 million in federal COVID-related funding and a \$85.1 million transfer from the Reserve Fund) and \$691.2 million of one-time expenditures, which results in \$132.5 million of one-time revenues being allocated towards ongoing expenditures.

The Four-Year Budget Outlook (the "Outlook") prepared annually in connection with the budget projects budget shortfalls of \$260.9 million in 2022-23, \$135.3 million in 2023-24, and \$47.3 million in 2024-25 which, if they materialize, must be addressed as part of that year's annual budget process. As it projects budget gaps in the initial years, the 2021-22 Budget does not achieve the policy goal of achieving structural balance. The Outlook projects a surplus of \$157.3 million in 2025-26, the last year of the projection period. These projections assume that there will be no employee compensation increases following the expiration of the current employee agreements, which are subject to reopeners, through the remainder of the projection period. The Outlook also does not include potentially large capital expenditures, including potential expenditures in connection with its Civic Center Master Plan, the Los Angeles Convention Center, restoration of the Los Angeles River, or mitigation of stormwater pollution, and makes certain assumptions regarding economic recovery as the pandemic subsides.

COVID-19 Expenditures and Reimbursements

The City has received substantial amounts of federal COVID-related relief. The three largest programs were the Coronavirus Relief Fund (which provided \$125 million in Fiscal Year 2020-21), \$ 1.279 billion from ARPA , and reimbursements from FEMA (\$30.8 million received in 2020-21 and \$73.8 million budgeted for receipt in 2021-22). The City expects FEMA to reimburse 100 percent of eligible expenses, although the process for claiming and receiving reimbursements can be lengthy. The City anticipates that it will be able to spend all of the \$1.279 billion ARPA funding on eligible expenditures; the City . The first installment of funds (\$639,450,464) was received on May 18, 2021 and the second equal installment is expected to be received in May 2022. According to the Interim Final Rules (the “Interim Final Rules”) published by the United States Department of the Treasury (“Treasury”), ARPA funds are eligible for certain expenditures December 31, 2023 relating to the pandemic and can be used for the provision of government services to the extent of the reduction to revenues due to COVID-19. The City will be required to submit periodic reports, and disqualified uses would be subject to recoupment. Based on calculations through December 2020, the City calculates that it has close to \$1.2 billion in revenue losses using the Treasury Department’s approved methodology through December 2020.

Based on the expectation described above, the City has programmed the ARPA funds into the 2020-21 and 2021-22 Budgets as part of General Fund revenues. If the City’s initial estimates of revenue loss prove too high or the City cannot demonstrate sufficient spending on other eligible expenditures, the City will identify additional spending in future years that can be used for eligible expenditures and obligations to avoid recoupment of ARPA funding.

Certain Significant Challenges

Homelessness. The City faces challenges in connection with its large homeless population. The pandemic has significantly increased the demands and costs of serving this particularly vulnerable population, although a significant share of those costs is expected to be reimbursed from federal and State funds. The 2021-22 Budget allocates \$959 million to combatting homelessness, consisting of \$801.6 million in new funding (including \$224.6 million from the General Fund and \$577.0 million from various special funds), and approximately \$159 million in funding carried over from prior years.

The City is subject to a lawsuit for violating various State and federal laws in connection with the City’s and County’s alleged failures in responding to homelessness, which may increase the City’s financial obligations beyond the approximately \$959 million already allocated in the 2021-22 Budget. (See “LITIGATION: *LA Alliance for Human Rights et al. v. City of Los Angeles et al*”).

In connection with that lawsuit, which is ongoing, in June 2020 the City agreed to a court-approved agreement to provide 6,700 shelter beds, permanent supportive housing units, safe parking spaces and other interventions (collectively, “beds” or “interventions”) to shelter homeless individuals. These 6,700 interventions are comprised of 5,300 new beds within 10 months, 700 beds under current City-County agreements within 10 months, and another 700 beds over 18 months for homeless individuals who live near freeways as well as those over 65 years old or most vulnerable to COVID-19. A preliminary estimate of the capital cost is \$200 million. As of June 2, 2021, 6,962 net new homeless interventions approved by the City are expected to be open by December 16, 2021; 5,780 of these are in operation and another 3,005 in

development. The City will close 1,832 interventions currently in operation by December 16, 2021 and they will be replaced by the interventions under development. The City estimates that the annual cost of operations and services for these interventions is \$104 million, of which the County has agreed to pay the City up to \$60 million per year for five years. The City has committed to fund the remaining balance of the estimated annual operations and services costs. While the City anticipates that all of these obligations will be financed in 2021-22 with COVID-related federal and State funds, and County funds for services, in future years these obligations could result in additional expenditures from the City's General Fund.

On April 20, 2021, the District Court issued a preliminary injunction that, among other things, ordered the City to place \$1 billion into an escrow account for an accounting of its uses (reflecting the approximate amount that the City allocated to homelessness in the 2021-22 Budget) and ordered the City and County to offer housing to Skid Row residents within 90 days in the case of unaccompanied women and children, within 120 days in the case of families and within 180 days in the case of the general population. The City and County appealed the District Court's preliminary injunction to the Ninth Circuit Court of Appeals on April 21, 2021. The Ninth Circuit has stayed the District Court's preliminary injunction until further notice and scheduled a hearing on the appeals of the preliminary injunction for July 7, 2021. It is unclear when the Ninth Circuit will issue a decision on these appeals.

In the event the Ninth Circuit affirms the District Court's preliminary injunction, the City will need to address the District Court's injunction, as amended or modified.

Federal Accessibility Law Matter.

The City has dealt with a number of claims and lawsuits pertaining to compliance with federal accessibility laws as described under "LITIGATION." The City is currently in litigation 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. If the DOJ is successful, the City could face potential exposure to treble damages, which, based on certain private parties' original complaint, was estimated to be \$3 billion. Due to the preliminary nature of the matter, an estimable liability amount is difficult to ascertain at this time.

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. In an amendment approved by voters in 2015 (Charter Amendment 1), the City's primary and general election

dates were moved to June and November of even-numbered years, beginning in 2020, in order to align them with federal and State elections. The measure also extended the terms of officials elected in 2015 and 2017; these candidates were given five and a half year terms instead of the customary four to transition to the new election dates.

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 he is the ex-officio head. The current Mayor, Eric Garcetti, assumed office on July 1, 2013 and was elected to a second term on March 7, 2017, which will end in 2022 due to the change in election dates. President Biden has nominated Mr. Garcetti to serve as the United States ambassador to India; his nomination is pending Senate confirmation.

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. It authorizes the number of employees in budgetary departments, creates positions and fixes salaries. The Council consists of 15 members elected by district for staggered four-year terms.

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, Ron Galperin, assumed office on July 1, 2013, and was elected to a second term on March 7, 2017, which will end in 2022 due to the change in election dates.

The City Attorney is 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, Mike Feuer, assumed office on July 1, 2013, and was elected to a second term on March 7, 2017, which will end in 2022 due to the change in election dates.

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. Any vacancies in the offices of Mayor, City Attorney, Controller and members of the City Council may be filled by Council by appointment (for a term up to the next second Monday in December of an even-numbered year) or special election. Upon any vacancy in the office of Mayor, the President of the Council shall immediately act as the Mayor and assume the powers and duties of the office while also continuing to perform the functions of member and President of the Council. The Council President will serve in this capacity as Acting Mayor until the office is filled by appointment or special election as provided in the Charter.

The 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. Matt Szabo was confirmed as the CAO by Council on June 16, 2021, replacing Richard H. Llewellyn, Jr., who

retired. Mr. Szabo has worked for the City in various capacities for over 20 years, and most recently served as the Mayor's Deputy Chief of Staff.

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. Finance also issues those licenses, permits, and tax registration certificates not issued by other city departments, including business tax certificates. The Director of Finance is appointed by the Mayor and confirmed by the Council. Diana Mangioglou has served as Director of Finance and City Treasurer since July 2020.

The City has 41 departments and bureaus for which operating funds are annually budgeted by the Council. Two of these departments, Youth Development and Community Investment for Families, were new as of July 1, 2021. 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 2019-20 Results

The City prepares its financial statements in accordance with Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board ("GASB"). Since 1999, GASB has required that basic financial statements include government-wide financial statements, which are designed to provide readers with a broad overview of the City's finances. These statements are prepared using accounting methods similar to those used by private-sector businesses, including the accrual basis of accounting. The government-wide statement of net position presents information on all the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Various GASB rules have required the inclusion of both pension and retiree health liabilities in the government-wide financial statements. The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). Governmental activities are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The City's Comprehensive Annual Financial Report (the "Annual Financial Report") for the Fiscal Year Ended June 30, 2020 reported a deficit balance for the governmental activities' unrestricted net position of \$7.445 billion, which was mainly due to a net pension liability of \$6.667 billion, net OPEB liability of \$2.014 billion, and deferred financing of certain liabilities (including claims and judgments, workers' compensation, and compensated absences).

The primary focus of the Annual Financial Report is reporting on fund financial statements, designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities. 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 following two tables summarize financial information for the General Fund contained in the City's audited Basic Financial Statements prepared in accordance with Generally Accepted Accounting Principles ("GAAP") for the periods indicated. Results for Fiscal Year 2019-20 reflect an operating deficit and reduction to Fund Balance resulting from the impact of the pandemic in the latter part of the fiscal year.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assets					
Cash and Pooled Investments ⁽¹⁾	\$1,135,914	\$1,137,680	\$1,058,705	\$1,291,607	\$1,433,584
Other Investments	-	-	-	-	451
Taxes Receivable	749,917	650,932	669,205	675,777	682,470
Accounts Receivable	124,661	116,666	107,631	109,123	127,181
Special Assessments Receivable	3,691	3,421	3,040	3,174	2,863
Investment Income Receivable	7,376	7,992	12,985	15,680	10,014
Intergovernmental Receivable	125,862	133,018	143,773	149,002	152,247
Loans Receivable	-	-	-	-	42
Due from Other Funds	109,640	68,638	115,287	84,183	196,394
Inventories	36,045	33,158	33,004	46,653	42,053
Prepaid Items and Other Assets	10	5	5	7	11
Advances to Other Funds	<u>8,155</u>	<u>12,317</u>	<u>8,814</u>	<u>8,688</u>	<u>20,831</u>
Total Assets	\$2,301,271	\$2,163,827	\$2,152,449	\$2,383,894	\$2,668,141
Liabilities:					
Accounts, Contracts and Retainage Payable	\$ 77,061	\$ 87,887	\$ 83,488	\$ 93,312	\$ 254,392
Obligations Under Securities Lending Transactions	36,108	13,914	33,339	21,874	13,799
Accrued Salaries and Overtime Payable	182,250	192,538	203,015	221,902	252,022
Accrued Compensated Absences Payable	17,733	9,887	9,254	8,381	7,912
Estimated Claims and Judgments Payable	54,364	65,534	69,831	66,284	35,741
Intergovernmental Payable	397	579	493	56	1,010
Due to Other Funds	84,503	90,237	133,283	141,905	188,702
Unearned Revenue	10	421	972	1,535	-
Deposits and Advances	24,793	34,724	9,094	12,974	9,184
Advances from Other Funds	32,775	24,032	18,391	12,499	131,093
Other Liabilities	<u>71,264</u>	<u>143,892</u>	<u>45,737</u>	<u>37,248</u>	<u>53,177</u>
Total Liabilities	\$ 581,258	\$ 663,645	\$ 606,897	\$ 617,970	\$ 947,032
Deferred Inflows of Resources					
Real Estate Tax	\$ 55,325	\$ 58,304	\$ 62,674	\$ 68,813	\$ 88,615
Taxes Other than Real Estate	417,584	348,324	344,215	377,206	398,251
Receivables from Other Government Agencies	120,010	121,432	125,663	131,890	129,309
Interest Receivable on Loans and Others	-	-	-	-	112,805
Other Deferred Inflows of Resources	<u>98,729</u>	<u>85,894</u>	<u>83,785</u>	<u>81,974</u>	<u>-</u>
Total Deferred Inflows of Resources	\$ 691,648	\$ 613,954	\$ 616,337	\$ 659,883	\$ 728,980
Fund Balances					
Nonspendable ⁽²⁾	\$ 44,210	\$ 45,480	\$ 41,823	\$ 55,348	\$ 62,895
Restricted	-	-	-	-	-
Committed	1,296	9,723	25,151	33,092	37,386
Assigned ⁽³⁾	392,418	304,482	289,080	334,195	356,167
Unassigned ⁽⁴⁾	<u>590,441</u>	<u>526,543</u>	<u>573,161</u>	<u>683,406</u>	<u>535,681</u>
Total Fund Balances	\$1,028,365	\$ 886,228	\$ 929,215	\$1,106,041	\$ 992,129
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2,301,271</u>	<u>\$2,163,827</u>	<u>\$2,152,449</u>	<u>\$2,383,894</u>	<u>\$2,668,141</u>

⁽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 Budget Stabilization Fund.

Source: City of Los Angeles, Comprehensive Annual Financial Reports.

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Property Taxes	\$1,808,486	\$1,857,683	\$1,958,033	\$2,075,764	\$2,213,899
Sales Taxes	437,775	521,910	534,236	596,465	536,362
Utility Users Taxes	614,814	611,160	640,711	606,369	643,564
Business Taxes	507,635	546,494	534,994	617,169	668,035
Other Taxes	586,375	641,755	688,804	729,649	620,653
Licenses and Permits	32,728	37,133	38,777	34,157	34,999
Intergovernmental	20,691	15,337	17,822	23,062	27,284
Charges for Services	318,462	243,379	315,900	306,462	351,983
Services to Enterprise Funds	317,265	328,511	316,245	326,650	368,706
Fines	152,304	147,023	141,346	135,526	113,643
Special Assessments	1,869	1,490	1,755	1,825	769
Investment Earnings	38,891	25,353	33,024	84,257	99,248
Change in Fair Value of Investments ⁽¹⁾	-	(23,740)	(26,754)	-	-
Other	<u>55,742</u>	<u>54,116</u>	<u>55,039</u>	<u>99,717</u>	<u>65,406</u>
Total Revenues	\$4,893,037	\$5,007,604	\$5,249,932	\$5,637,072	\$5,744,551
Expenditures:					
Current:					
General Government	\$1,316,146	\$1,356,842	\$1,332,676	\$1,336,331	\$1,553,572
Protection of Persons and Property	2,797,742	2,874,117	2,963,819	3,095,356	3,269,764
Public Works	112,473	268,201	186,390	193,846	219,657
Health and Sanitation	131,438	87,722	95,705	111,680	107,329
Transportation	105,354	129,893	119,240	107,590	102,720
Cultural and Recreational Services	57,815	12,222	61,996	61,120	52,220
Community Development	2,391	79,002	39,074	54,000	84,944
Capital Outlay	46,467	23,359	27,858	110,000	54,241
Debt Service: Interest	4,339	9,116	13,524	23,538	19,609
Debt Service: Cost of Issuance	<u>807</u>	<u>931</u>	<u>763</u>	<u>518</u>	<u>559</u>
Total Expenditures	\$4,574,972	\$4,841,405	\$4,841,045	\$5,093,979	\$5,464,615
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 318,065</u>	<u>\$ 166,199</u>	<u>\$ 408,887</u>	<u>\$ 543,093</u>	<u>\$ 279,936</u>
Other Financing Sources (Uses)					
Transfers In	\$ 349,928	\$ 297,649	\$ 277,315	\$ 265,723	\$ 292,948
Transfers Out ⁽²⁾	(600,527)	(603,044)	(643,061)	(724,032)	(714,147)
Loans from Capital Leases	-	-	-	<u>78,393</u>	-
Total Other Financing Sources (Uses)	<u>(250,599)</u>	<u>(305,395)</u>	<u>(365,746)</u>	<u>(\$379,916)</u>	<u>(\$421,199)</u>
Net Change in Fund Balance	67,466	(139,196)	43,141	163,177	(141,263)
Fund Balances, July 1	945,549	1,028,311 ⁽³⁾	886,228	929,215	1,106,041
Cumulative Effect of Change in Accounting Principle ⁽³⁾	-	-	-	-	27,351
(Decrease) Increase in Reserve for Inventories	<u>15,350</u>	<u>(2,887)</u>	<u>(154)</u>	<u>13,649</u>	-
Fund Balances, July 1 Restated	-	-	-	-	1,133,392
Fund Balances, June 30	<u>\$1,028,365⁽⁴⁾</u>	<u>\$ 886,228</u>	<u>\$ 929,215</u>	<u>\$1,106,041</u>	<u>\$ 992,129</u>

⁽¹⁾ Typically, any losses due to fair market valuation is netted out of interest earnings. Losses were reported separately in Fiscal Year 2016-17 and Fiscal Year 2017-18 to provide a more meaningful picture of real investment earnings.

⁽²⁾ Includes transfers to other funds to pay for General Fund lease-financing obligations, parks and recreational facilities, libraries, housing and community programs, arts and cultural facilities, and other departmental operations.

⁽³⁾ 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.

⁽⁴⁾ In compliance with GASB implementation guidelines on fund categories, certain funds were reassigned between Special Revenue Fund type and General Fund type, thereby resulting in the differences in fund balances.

Source: City of Los Angeles, Comprehensive Annual Financial Reports.

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 and Finance 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 City Charter, the Mayor's Proposed Budget becomes the City Budget for the ensuing fiscal year, which occurred in 2020 with respect to the 2020-21 Budget. 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. As instructed by the Mayor and Council, the CAO issues interim financial status reports (each an "FSR") as deemed necessary. 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.

Additional information concerning the City's financial condition may be found on the website of the CAO at <http://cao.lacity.org/budget/FSR.htm>; except for the discussion below, such information is not incorporated as part of this Official Statement.

Fiscal Year 2020-21

The COVID-19 pandemic became a global crisis approximately one month before the release of the City's Fiscal Year 2020-21 Proposed Budget. At the time of budget development, the pandemic's effect on the local economy was just beginning and the City's revenue projections were not based on any actual economic data or fully equivalent historical precedence that could indicate how the pandemic would impact the local economy.

The depth of the pandemic and its impact on the economy was far greater than anticipated in the 2020-21 Budget. At one point, the City projected revenue shortfalls as high as \$600 million, and additional overspending of \$150 million. In addition, the 2020-21 Budget was also exposed to risks to special fund revenues, particularly those that derived their revenues from sales tax, gas tax, admissions fees, and parking receipts, or from attendance, such as the City Zoo and the El Pueblo Historical Monument. While certain revenue sources performed better than the worst-case projections, the [City's normal revenue sources fell some \$525 million below the reduced levels assumed in the 2020-21 Budget.]

The City took a number of steps to address its revenue shortfalls. It reduced appropriations by \$158 million, supported by restrictions on hiring, overtime, and contracting, that in many cases negatively impacted services.

The City also engaged with its labor organizations on concession proposals to mitigate the need for layoffs and furloughs in 2020-21. The City reached agreements with most of its civilian and sworn unions to defer previously scheduled wage increases. In exchange, the City eliminated all unpaid furloughs planned for 2020-21, committed to no layoffs through June 30, 2021, and will fund at least \$70 million for police overtime in each of the next three years. Fire service level provisions that prohibit the scheduled sidelining of fire engines or ambulances as possible budget balancing solutions were also agreed to through 2023-24. See “BUDGET AND FINANCIAL OPERATIONS–Budget Outlook” and “–Labor Relations.”

The Mayor and Council also authorized the use of all General Fund reserves with the exception of the Emergency Reserve Account in the Reserve Fund (which equals 2.75 percent of General Fund revenues) and the issuance of up to \$150 million in commercial paper for working capital.

Various federal funding programs allowed the City to finance Fiscal Year 2020-21 expenditures without relying on many of the budget balancing measures the City had identified in its financial status reports. Among other things, the City has not needed to deplete its reserves or issue commercial paper for operating purposes. The City received significant funding from the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act and the ARPA, the latter funding being sufficient to offset the City’s current year estimated revenue shortfall.

Fiscal Year 2021-22 Budget

The Mayor released his Fiscal Year 2021-22 Proposed Budget on April 20, 2021. The Council’s Budget and Finance Committee held hearings on the Budget between April 27 and May 14, 2021. The Council deliberated on the budget on May 20, 2021 and adopted the budget on May 26, 2021. The Mayor signed the budget on June 2, 2021.

The 2021-22 Budget reflects a significant reversal from the prior year, with ARPA funding accounting for an additional \$639.5 million in revenues, which will be available for eligible General Fund expenditures. (See “OVERVIEW OF THE CITY’S FINANCIAL CONDITION—COVID-19 Expenditures and Reimbursements” for a discussion of the appropriation of these funds to the General Fund.) The 2021-22 Budget also assumes that the health risks from COVID-19 are significantly reduced by the end of July 2021 as a result of the widespread availability of the COVID-19 vaccines, no additional closures, and varying degrees of revenue recovery (depending on the underlying economic drivers that would constrain or boost growth). However, if vaccination efforts stall or if COVID-19 variants prove to be vaccine resistant, there is a risk that an increase in infection rates or other new outbreaks may result in renewed restrictions, which would ultimately negatively impact revenues. While total General Fund revenue budgeted for 2021-22 represents a 1.5 percent increase from the 2020-21 Budget, excluding the impact of federal funding, it represents 10.2 percent growth from actual revenues now estimated for 2020-21. The expected recovery in many of the City’s tax and other revenue sources, combined with federal funds, will allow the City to restore and expand certain services.

The following table presents the 2021-22 Budget and the Adopted Budgets for the preceding Fiscal Years. These budgets include the General Fund and most special revenue

funds, but exclude those operations not under the direct control of the Council (i.e., Airports, Harbor, Water and Power departments, LACERS and LAFPP). The table does not reflect changes made to the budgets subsequent to their original adoption, which for Fiscal Year 2019-20 and 2020-21 in particular were substantial due to pandemic-related revenue shortfalls. 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 3
CITY OF LOS ANGELES ADOPTED BUDGET
(ALL BUDGETED FUND TYPES)

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Revenues					
General Fund					
Property Taxes ⁽¹⁾	\$1,833,755,000	\$1,961,509,000	\$2,115,611,000	\$2,297,080,000	\$2,400,250,000
Property Tax – Ex-CRA Tax Increment	74,168,000	97,252,000	100,386,000	95,900,000	111,990,000
Other Taxes ⁽²⁾	2,327,666,000	2,449,948,000	2,564,605,000	2,424,603,000	2,442,702,000
Licenses, Permits, Fees and Fines ⁽³⁾	1,247,823,015	1,350,888,130	1,432,853,292	1,560,189,689	1,466,009,998
Intergovernmental ⁽⁴⁾	242,500,000	238,000,000	235,600,000	224,100,000	225,819,000
Other General Fund ⁽⁵⁾	76,586,999	60,861,940	83,994,246	50,856,187	835,848,794
Interest	<u>23,957,000</u>	<u>32,137,000</u>	<u>36,700,000</u>	<u>34,613,000</u>	<u>20,603,000</u>
Total General Fund Revenue	\$5,826,456,014	\$6,190,596,070	\$6,569,749,538	\$6,687,341,876	\$7,503,222,792
Special Purpose Funds					
Charges for Services and Operations ⁽⁶⁾	\$1,561,406,303	\$1,625,828,317	\$1,832,475,709	\$1,713,546,262	\$1,847,751,480
Transportation Funds ⁽⁷⁾	393,912,507	496,879,264	618,102,159	597,452,919	723,456,411
Intergovernmental ⁽⁸⁾	79,656,836	86,886,108	86,722,284	81,462,581	88,583,085
Special Assessments ⁽⁹⁾	89,023,545	100,302,644	147,298,081	141,094,694	142,634,911
Other Special Funds	525,722,289	539,171,433	532,703,902	553,533,278	1,055,314,446
Available Balances	<u>693,324,603</u>	<u>740,937,349</u>	<u>784,687,123</u>	<u>628,390,708</u>	<u>640,068,929</u>
Total Special Fund Revenue	\$3,343,046,083	\$3,590,005,115	\$4,001,989,258	\$3,715,480,442	\$3,857,741,333
City Levy for Bond Redemption and Interest	<u>122,623,642</u>	<u>119,167,296</u>	<u>138,339,047</u>	<u>128,455,723</u>	<u>119,324,987</u>
Total Receipts	\$9,292,125,739	\$9,899,768,481	\$10,710,077,843	\$10,531,278,041	\$11,480,288,112
Appropriations by Funding Source					
General Fund					
Fire Department	\$ 639,273,170	\$ 662,270,767	\$ 682,509,340	\$ 723,143,241	\$737,168,351
Police Department	1,517,200,993	1,551,479,094	1,676,632,617	1,796,387,613	1,702,988,343
Other Budgetary Departments	1,178,595,853	867,370,474	971,170,179	886,359,305	965,733,465
Tax and Revenue Anticipation Notes ⁽¹⁰⁾	1,114,644,814	1,208,676,507	1,302,296,587	1,323,536,029	1,333,686,071
Capital Finance Administration ⁽¹¹⁾	209,459,534	221,353,665	223,750,313	211,750,313	224,436,534
Human Resources Benefits	682,788,227	730,656,927	743,564,377	800,593,969	774,377,710
Other General Fund Appropriations	<u>484,493,423</u>	<u>948,788,636</u>	<u>969,826,125</u>	<u>945,571,406</u>	<u>1,764,832,318</u>
Total General Fund	\$5,826,456,014	\$6,190,596,070	\$6,569,749,538	\$6,687,341,876	\$7,503,222,792
Special Purpose Funds					
Budgetary Departments	\$1,090,933,010	\$1,109,884,995	\$1,206,897,557	\$1,156,287,496	\$1,197,358,719
Appropriations to Proprietary Departments	102,313,802	102,313,802	117,561,561	113,351,104	129,147,678
Capital Improvement Expenditure Program	343,304,288	362,899,021	428,132,311	346,768,984	355,098,353
Wastewater Special Purpose Fund	521,469,820	559,438,564	597,021,942	576,990,112	576,990,112
Appropriations to Special Purpose Funds	<u>1,285,025,163</u>	<u>1,455,468,733</u>	<u>1,652,375,887</u>	<u>1,522,082,746</u>	<u>1,599,145,471</u>
Total Special Funds	\$3,343,046,083	\$3,590,005,115	\$4,001,989,258	\$3,715,480,442	\$3,857,740,333
Bond Redemption and Interest Funds					
General Obligation Bonds	\$ 122,623,642	\$ 119,167,296	\$ 138,339,047	\$ 128,455,723	\$ 119,324,987
Total (All Purposes)	<u>\$9,292,125,739</u>	<u>\$9,899,768,481</u>	<u>\$10,710,077,843</u>	<u>\$10,531,278,041</u>	<u>\$11,480,288,112</u>

⁽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.

⁽⁴⁾ Intergovernmental revenues include proprietary departments’ transfers.

⁽⁵⁾ Other General Fund receipts include grant receipts, tobacco settlement, transfers from the Special Parking Revenue Fund, Telecommunications Development Account Fund, and any transfers from the Reserve Fund or the Budget Stabilization Fund. For 2021-22, this item includes one-time revenues from the American Rescue Plan Act.

⁽⁶⁾ Major revenue sources include the Sewer Construction and Maintenance Fund, the Convention Center Revenue Fund, the Special Parking Revenue Fund, the Zoo Enterprise Fund, the Building and Safety Building Permit Enterprise Fund, the Street Damage and Restoration Fee, and the Refuse Collection Fee.

⁽⁷⁾ Revenue sources include the Special Gas Tax Street Improvement Fund, the Proposition A Local Transit Improvement Fund, the Proposition C Anti-Gridlock Transit Improvement Fund, the Measure R Traffic Relief and Rail Expansion Fund, and the Measure M Local Return Fund.

⁽⁸⁾ Intergovernmental receipts include the Community Development Block Grant, the Local Public Safety Fund, and the Workforce Innovation Opportunity Act Fund.

⁽⁹⁾ Special Assessments include the Street Lighting Maintenance Assessment Fund, the Stormwater Pollution Abatement Fund, the Measure W – Safe, Clean Water - Regional Projects Special Fund, and the Measure W – Safe, Clean Water – Municipal Program Special Fund.

⁽¹⁰⁾ 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 “FINANCIAL OPERATIONS – Retirement and Pension Systems.” Interest due on the TRAN is also included in this line item.

⁽¹¹⁾ 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.

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 connection with the 2021-22 Budget (referred to as “the Outlook,” herein).

The Outlook assumes the availability of ARPA funding as a major General Fund revenue source for Fiscal Year 2021-22. The Outlook does not project any major General Fund increase in capital spending. See, however, the large potential projects noted in the discussion of “BUDGET AND FINANCIAL OPERATIONS – Capital Program.” The Outlook also assumes that the City will not continue a significant portion of one-time spending from the 2021-22 Budget, even though there may be pressure to continue some of these new programs or temporary service increases to existing programs. Continuing these programs would exacerbate future-year budget gaps. In addition, the Outlook assumed that the two pension systems would achieve 14 percent investment returns in 2020-21, which is lower than the returns currently expected from the two pension systems, which should reduce future-year budget gaps.

The Outlook reflects salary increases as set forth in the labor agreements that are currently in effect, including reflecting delayed salary increases in 2021-22. See “BUDGET AND FINANCIAL OPERATIONS–Labor Relations.” Various labor agreements include provisions for reopeners from time to time. The Outlook does not assume any other salary increases during the projection period.

Each Outlook the CAO prepares begins with a 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. While the Outlook does not demonstrate structural balance, as it projects deficits in the first three future years, prior Outlooks have usually projected such budget deficits as well. The Outlook does not assume any ongoing budget balancing measures, and therefore deficits are compounded from year to year. The projected budgets for future fiscal years reflect the impacts of current year assumptions and need not reflect a balanced budget, as any shortfalls will be addressed at the adoption of the budget for the applicable fiscal year.

Table 4
GENERAL FUND BUDGET OUTLOOK
As prepared and updated in connection with the Fiscal Year 2020-21 Budget
(\$ in millions)

	Adopted 2021-22	2022-23	2023-24	2024-25	2025-26
Estimated General Fund Revenues:					
General Fund Base ⁽¹⁾	\$ 6,687.3	\$ 7,503.2	\$ 7,169.60	\$ 7,493.9	\$ 7,758.5
Revenue Growth ⁽²⁾					
Property Related Taxes ⁽³⁾	131.5	130.4	109.5	130.2	136.3
Business and Sales Taxes ⁽⁴⁾	79.6	107.4	75.3	63.8	52.4
Utility Users Tax ⁽⁵⁾	(9.6)	3.1	5.8	8.3	10.7
Departmental Receipts ⁽⁶⁾	(90.5)	118.2	75.0	38.8	39.9
Other Fees, Taxes, and Transfers ⁽⁷⁾	(0.5)	16.8	58.8	23.5	18.1
American Rescue Plan (ARPA) Fund Transfer ⁽⁸⁾	639.5	(639.5)	-	-	-
SPRF Transfer ⁽⁹⁾	(19.2)	15.0	-	-	-
Transfer from the Budget Stabilization Fund ⁽¹⁰⁾	-	-	-	-	-
Transfer from Reserve Fund ⁽¹¹⁾	85.1	(85.1)	-	-	-
Total Revenues	\$ 7,503.2	\$ 7,169.6	\$ 7,493.9	\$ 7,758.5	\$ 8,015.9
<i>General Fund Revenue Increase (Decrease)%</i>	<i>12.2%</i>	<i>(4.4)%</i>	<i>4.5%</i>	<i>3.5%</i>	<i>3.3%</i>
<i>General Fund Revenue Increase (Decrease) \$</i>	<i>815.9</i>	<i>(333.7)</i>	<i>324.4</i>	<i>264.6</i>	<i>257.4</i>
Estimated General Fund Expenditures:					
General Fund Base ⁽¹²⁾	\$ 6,687.3	\$ 7,503.2	\$ 7,430.4	\$ 7,629.2	\$ 7,805.8
Incremental Changes to Base ⁽¹³⁾					
Employee Compensation Adjustments ⁽¹⁴⁾	112.9	259.5	97.5	69.9	60.0
City Employees' Retirement System ⁽¹⁵⁾	68.8	84.3	9.3	7.4	(37.4)
Fire and Police Pensions ⁽¹⁵⁾	(30.2)	43.0	19.9	(5.5)	(63.2)
Workers Compensation Benefits ⁽¹⁶⁾	(17.2)	0.2	8.3	8.9	10.2
Health, Dental and Other Benefits ⁽¹⁷⁾	(9.0)	21.0	32.9	34.8	37.0
Debt Service ⁽¹⁸⁾	12.7	(33.9)	(5.7)	7.5	(1.7)
Delete Resolution Authorities ⁽¹⁹⁾	(87.3)	-	-	-	-
Add New and Continued Resolution Authorities ⁽¹⁹⁾	95.4	-	-	-	-
Delete One-Time Costs ⁽²⁰⁾	(19.6)	(124.6)	-	-	-
Add One-Time Costs ⁽²⁰⁾	178.5	-	-	-	-
Comprehensive Homeless Strategy ⁽²¹⁾	111.3	(96.0)	-	-	-
Unappropriated Balance ⁽²²⁾	420.2	(352.2)	-	-	-
CTIEP-Municipal Facilities and Physical Plant ⁽²³⁾	52.1	(35.8)	4.9	4.0	3.9
CTIEP-Sidewalks ⁽²⁴⁾	8.4	6.8	-	-	-
- CTIEP-Pavement Preservation ⁽²⁵⁾	6.6	18.5	3.0	3.1	3.1
Appropriation to the Reserve Fund ⁽²⁶⁾	(12.3)	-	-	-	-
Appropriation to the Budget Stabilization Fund ⁽²⁷⁾	-	21.2	(19.2)	(2.0)	-
Net-Other Additions and Deletions ⁽²⁸⁾	(75.4)	115.2	47.9	48.5	40.9
Total Expenditures	\$ 7,503.2	\$ 7,430.4	\$ 7,629.2	\$ 7,805.8	\$ 7,858.6
<i>Expenditure Growth (Reduction) %</i>	<i>12.2%</i>	<i>(1.0)%</i>	<i>2.7%</i>	<i>2.3%</i>	<i>0.7%</i>
<i>Expenditure Growth (Reduction) \$</i>	<i>815.9</i>	<i>(72.8)</i>	<i>198.8</i>	<i>176.6</i>	<i>52.8</i>
TOTAL BUDGET GAP⁽²⁹⁾	\$ -	\$ (260.9)	\$ (135.3)	\$ (47.3)	\$ 157.3
<i>Incremental Increase \$</i>	<i>-</i>	<i>(260.9)</i>	<i>125.6</i>	<i>88.0</i>	<i>204.6</i>

REVENUE

⁽¹⁾ General Fund (GF) Base: The revenue base for each year represents the prior year's estimated revenues. Each year's Total Revenue incorporates revised estimates for prior year receipts, adds revenue growth, and subtracts revenue reductions to the GF Base.

⁽²⁾ Revenue Growth: Revenue projections assume the end of pandemic restrictions and the recovery in receipts with widespread vaccination and widespread immunity reached by the end of July. They further assume no additional closures. If vaccination efforts stall, or if variants prove to be vaccine resistant, there is risk of new outbreaks prompting renewed restrictions which may impact revenue growth. Revenue Growth for 2021-22 includes receipts from one-time federal funding sources totaling \$713.2 million, and represents an increase of 12.2 percent above adopted revenue and 7.8 percent above revised. Excluding one-time federal receipts from the revised 2020-21 and proposed 2021-22 estimates, total General Fund revenue for 2021-22 represents an increase of 1.5 percent from the 2020-21 Adopted Budget and 10.2 percent from the revised estimate, representing the recovery of the City's core revenue base. The amounts represent projected incremental change to the base. The revenue growth amounts deduct one-time receipts from the estimated revenue growth for the following fiscal year. Total City revenue growth for outgoing years is estimated between 3.3 and 5.6 percent, excluding federal relief funds. Unless otherwise noted, individual revenue sources reflect continuing growth in fiscal years 2022-23 through 2025-26 based on historical average receipts.

⁽³⁾ Property Related Taxes include all property tax revenues, Documentary Transfer Tax, Residential Development Tax, and the redirection of ex-CRA tax increment monies. Assessed Value growth in property tax is projected at 5.9 percent for 2021-22 was based on assumptions for

Table 4
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As prepared and updated in connection with the Fiscal Year 2020-21 Budget
(\$ in millions)

- lower growth due to low inflation; redemption activities assumed to remain flat with the recovery of past-due taxes; and refunds projected to increase with the reassessment of commercial property.
- Documentary Transfer is a volatile revenue in particular when sales volume and price move together. 2021-22 and outgoing years assumes both sales volume and prices remain stable under increasing interest rates as transfer tax revenue is predicted to surpass the peak revenue level seen at the height of the real estate bubble.
- The Residential Development Tax is correlated with building permit activity, which have been minimally impacted by the pandemic. Receipts are assumed to fully recover in 2021-22 and remain stable thereafter.
- Ex-CRA tax increment revenue growth is irregular. The estimate for 2021-22 is partly based on the proposed payment schedule (ROPS) and includes additional one-time miscellaneous revenue from surplus property sales assumed for 2021-22 and 2022-23. Subsequent fiscal years assume conservative growth based on the trend of lower tax increment growth (receipts) and increasing pass-through distributions (expenses) and align with property tax growth assumptions.
- (4) Business tax estimates for non-cannabis activities assume a modest recovery in the 2022 annual renewal period, based on the average growth rate that followed the dot-com bust and “Great Recession” (i.e., the severe financial crisis and accompanying deep recession that ended in 2009) and estimated 2021 tax period receipts as the base. The estimate for 2021-22 reflects the loss of tax amnesty revenues from an amnesty program conducted in 2020-21, recovery in non-cannabis related business activity, and continuing growth in cannabis-related business activity. Outgoing years assume high, but decreasing, growth, primarily attributed to assumptions for cannabis receipts. Sales tax growth in 2021-22 is 17.5 percent following two years of consecutive declines. Sales tax receipts are only 4.3 percent above the pre-pandemic revenue realized in 2018-19. Revenue estimates assume the return of indoor business operations, a decline in unemployment, and low inflation. Subsequent years represents a move towards the pre-pandemic growth trend.
- (5) Electricity Users tax revenue is based on estimates provided by the Department of Water and Power (DWP). 2022-23 and outgoing years assume pre-pandemic average growth.
- Gas users tax revenue for 2021-22 accounts for the second year of a three-year rate reduction stemming from a class-action lawsuit settlement. Consumption and prices are assumed to remain stable in 2021-22 and subsequent years.
- The decline in communication users tax (CUT) revenue has accelerated with strategic wireless plan pricing and decreased landline use. 2021-22 and outgoing years assume an ongoing drop in CUT receipts.
- (6) The projected revenue growth in departmental receipts inclusive of License, Permits, Fees, and Fines are dependent on policy decisions to increase departmental fees, collect full overhead cost reimbursements on Special Funds with sufficient capacity to do so, and increase reimbursements for those funds that have historically received a General Fund subsidy. Growth in departmental receipts for 2021-22 reflects the easing of pandemic-related restrictions on Transportation, Police, Fire, Building and Safety, Animal Services and other department services, restoring license, permit, fees and fine receipts. Additionally, updates to the cost allocation plan will typically increase reimbursements for related costs and other expenditures from proprietary and special funded departments. However, decreased balances in the solid waste, gas tax, stormwater, and other special funds will reduce reimbursements below cost recovery. 2022-23 and 2023-24 assume receipts return to the pre-pandemic level with growth slowing to 2.7 percent in outgoing years.
- (7) Transient occupancy tax revenue in 2021-22 assumes an increase of approximately 75 percent from the revised 2020-21 estimate, inclusive of hotel and short-term rental revenue. The 2021-22 revenue amount remains below pre-pandemic levels, after two years of decline. Estimates are based on assumptions for room demand and room rates, with greater downside risk to international tourism assumptions. A gradual recovery to pre-pandemic hotel room demand is anticipated by 2023-24 with outgoing years reflecting historical growth. Parking Occupancy tax assumes similar 75 percent growth as transient occupancy tax, although from a relatively smaller decline in 2020-21. 2021-22 through 2023-24 receipts are assumed to recover at a faster pace than TOT. 2024-25 and 2025-26 assume historical growth. The Power Revenue Transfer estimate for 2021-22 is provided by the Department of Water and Power based on assumptions for estimated 2020-21 Power System revenue. The final transfer amount may be adjusted to conform to actual 2020-21 power system revenue in accordance with audited financial statements. Outgoing years assume an average of amounts transferred since a transfer limit was established.
- (8) The American Rescue Plan Act (ARPA) provides fiscal recovery funds for metropolitan cities, distributed using a modified Community Development Block Grant (CDBG) formula. The 2021-22 amount includes \$639.5 million which represents the City’s second tranche allocation out of a total City allotment of \$1.279 billion. The City received an initial tranche of \$639.5 million in 2020-21. ARPA funds are one-time revenues and subsequent years do not include the continuation of these funds.
- (9) Revenue from the Special Parking Revenue Fund (SPRF) represents the projected surplus that may be available to transfer to the General Fund after accounting for debt service and other expenditures associated with the maintenance, upgrades, and repairs of parking structures, meters, and related assets. The annual base-level surplus is \$23.5 million. Any amounts above this are considered one-time receipts and deducted from the estimated revenue growth for the following fiscal year. The transfer in 2020-21 was originally budgeted at \$27.7 million but due to the pandemic’s impact on parking revenues, the 2020-21 transfer was eliminated. The 2021-22 estimate assumes an \$8.5 million surplus available for transfer. Subsequent years assume the base transfer amount of \$23.5 million.
- (10) The Outlook does not include any transfers from the Budget Stabilization Fund (BSF).
- (11) The transfer from the Reserve Fund in 2021-22 is \$85.1 million. The Outlook does not assume any transfers in subsequent years.

ESTIMATED GENERAL FUND EXPENDITURES:

- (12) General Fund Base: The General Fund base carries over all estimated General Fund expenditures from the prior year to the following fiscal year.
- (13) Incremental changes to the Base: The 2021-22 amount reflects funding adjustments to the prior fiscal year General Fund budget. The expenditures included for subsequent years represent major expenses known at this time and are subject to change.
- (14) Employee Compensation Adjustments: The 2021-22 amount includes employee compensation adjustments consistent with existing labor agreements as amended and all other required salary adjustments. Fiscal years 2022-23 through 2025-26 reflect restoration of one-time salary reductions from the prior year and full-funding for partially financed positions. The Outlook does not include projections for future compensation adjustments from future labor agreements, although it does include a two percent annual increase to account for natural salary

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As prepared and updated in connection with the Fiscal Year 2020-21 Budget
(\$ in millions)

growth. Most current agreements expire in 2022-23 or 2023-24.

- (15) City Employees' Retirement System (LACERS) and Fire and Police Pensions (LAFPP): The contribution rates are based on information that the systems' actuary calculated and includes the employee compensation adjustment assumptions above. In 2020, the board of commissioners for LACERS and LAFPP adopted economic and demographic assumption changes, including reducing the assumed investment rate of return from 7.25 percent to 7.00 percent. The contribution rates below include the adopted assumption changes. The 2020-21 investments return of 14 percent reflects higher than anticipated returns. The unaudited returns to date are significantly higher than 14 percent. If actual 2021-22 returns remain above this rate, the City's contribution rate will be lower than the reported projections, all else being equal.

	LACERS and LAFPP					
Assumptions	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
LACERS						
6/30 th Investment Returns	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Combined Contribution Rate	29.05%	32.15%	32.30%	31.92%	31.52%	29.27%
LAFPP						
6/30 th Investment Returns	14.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Combined Contribution Rate	46.79%	45.89%	45.27%	44.61%	43.21%	38.88%

- (16) Workers' Compensation Benefits: The projection reflects an April 2021 actuarial analysis. They reflect the impact of both current and projected future COVID-19 claims.
- (17) Health, Dental, and Other Benefits: The projection incorporates all known cost-sharing provisions adopted into labor agreements for the civilian and sworn populations. It assumes that net enrollment will increase an average of one percent for the civilian and sworn populations. Benefit rate increase assumptions are consistent with historical trends. Unemployment insurance costs rise in 2021-22, reflecting pandemic-related unemployment claim increases, and then decline in future years.
- (18) Debt Service: The debt service amounts include known future payments from the Capital Finance budget. The 2021-22 amount reflects one-time funding totaling \$11.2 million included in the Adopted Budget to prepay outstanding bonds and the Municipal Improvement Corporation of Los Angeles (MICLA) commercial paper program payments. The final debt service payment on all MICLA Los Angeles Convention Center Bonds is in 2022-23.
- (19) Resolution Authorities: The deletion line reflects the practice of annually deleting resolution authority positions, which are limited-term and temporary in nature. The "Add New and Continued Resolution Authorities" line reflects the continued or new resolution positions included in the 2021-22 Budget.
- (20) One-time Costs: The deletion line reflects the practice of deleting programs and costs that are limited-term and temporary in nature each year. The "Add One-Time Costs" line reflects the continued and new one-time costs included in the 2021-22 Budget. The Outlook deletes funding for all one-year projects in 2022-23 and retains the remaining balance for multiyear projects that will not become part of the General Fund base. To the extent that there are budget decisions to continue one-time programs in future years, expenditures would be higher than the reported projections.
- (21) Comprehensive Homeless Strategy: This amount represents the increase to the General Fund appropriation for homelessness-related services and expenditures within the context of the City's Comprehensive Homeless Strategy. The 2022-23 amount deletes one-time 2021-22 expenditures. To the extent that there are budget decisions to continue one-time programs in future years, expenditures would be higher than the reported projections.
- (22) Unappropriated Balance (UB): The 2022-23 amount eliminates one-time UB items, and continues ongoing ones. There is significant one-time UB items in 2021-22, including COVID response and new programs. To the extent that there are budget decisions to continue one-time programs in future years, expenditures would be higher than the reported projections.
- (23) Capital and Technology Improvement Expenditure Program (CTIEP) – Municipal Facilities and Physical Plant: The Adopted 2021-22 Budget includes an increase in funding from the General Fund of \$31.9 million for physical plant related capital projects and \$20.2 million for municipal facilities. The 2022-23 amount deletes funding for one-year projects. The Outlook assumes increased funding in future years to meet the policy spending level of 1.5 percent of General Fund revenue for capital and technology projects.
- (24) CTIEP – Sidewalk: Pursuant to the settlement in the case of *Willits v. City of Los Angeles*, the City is responsible for investing \$31 million annually for sidewalk improvements through 2047, with adjustments of 15.3 percent every five years to account for inflation and material price increases. The 2021-22 increase of \$6.8 million in General Fund appropriations reflects funds provided for sidewalk repair work for the Department of Water and Power and the Library Department, which will be reimbursed by those departments. The 2022-23 increase of \$6.8 million will increase the General Fund appropriation to \$29.7 million annually, with the balance of the investment covered by other sources of funds. This increase reflects both the required adjustment to the minimum obligation and the recognition that proprietary departments' expenditures will decrease as sidewalk repairs are completed at their facilities.
- (25) CTIEP – Pavement Preservation Program: The Pavement Preservation Program increase of \$6.6 million in 2021-22 reflects the restoration of General Fund to cover the costs shifted to special funds on a one-time basis in 2020-21. Future years both restore funding for one-time efficiencies and assume that the General Fund will bear cost increases to maintain service levels that exceed the capacity of special funds.
- (26) Appropriation to the Reserve Fund: There is no appropriation to the Reserve Fund in 2021-22, which is \$12.3 million less than the 2020-21 appropriation. No appropriation is included in subsequent years.
- (27) Appropriation to the Budget Stabilization Fund (BSF): Pursuant to the policy, when the combined annual growth for seven General Fund tax revenue sources exceeds the Average Annual Ongoing Growth Threshold, the budget must include a deposit into the BSF. When growth of these receipts falls short of the Average Annual Ongoing Growth Threshold, the Budget may include a withdrawal from the fund. Based on the projected growth in economically sensitive revenues, the projected transfer to the BSF is \$21.2 million in 2022-23 and \$2.0 million in 2023-24.
- (28) Net – Other Additions and Deletions: The 2021-22 amount includes one-time reductions and efficiencies and ongoing changes and new

Table 4
GENERAL FUND BUDGET OUTLOOK
As prepared and updated in connection with the Fiscal Year 2020-21 Budget
(\$ in millions)

regular positions added to the base budget. The significant reductions include the deletion of 1,140 regular authority positions through the Separation Incentive Program (SIP) and one-time reductions taken as an alternative to deleting other position authorities that were vacated due to SIP. To the extent that the 2021-22 Budget restored positions eliminated through the SIP as resolution authority positions, the funding for those positions is included in the “Add New and Continued Resolution Authorities” line. Among the significant increases are appropriations of \$37 million to Recreation and Parks and \$13 million to the Library. The remaining balance 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, structured payments, hotel development incentive agreements, LAPD vehicles, and the recycling incentives program and increased appropriations to Recreation and Parks and the Library.

⁽²⁹⁾ Total Budget Gap: The Total Budget Gap reflects the projected surplus (deficit) in each fiscal year included in the Outlook.

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 Fund Balance at year-end in the City’s financial reports. (See the footnotes for “Table 1—Balance Sheets for the General Fund.”) While significant transfers from reserves occurred in Fiscal Year 2019-20 and were originally expected in 2020-21 to partially address revenue shortfalls due to the pandemic, ARPA receipts have facilitated the preservation of budgetary reserves in 2020-21.

The City maintains a Reserve Fund, which was created by the Charter. The City may transfer moneys from the Reserve Fund as part of the 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 Reserve Fund is composed of two accounts—a Contingency Reserve Account and an Emergency Reserve Account. The City’s 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.) As shown in the table below, the 2021-22 Budget expects to exceed this goal at 6.80 percent as of July 1, 2021, after falling short of this goal for the first time in seven years the prior year due to the revenue impacts of the pandemic. An initial review of the Reserve Fund balance following the close of the 2020-21 fiscal year suggests that the actual July 1, 2021, balance exceeded the budgeted amount.

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 City is considering making a \$46 million loan from the Reserve Fund to acquire a low-income residential building in order to prevent the current owner from charging market rent as existing regulatory agreements requiring affordable rents expire. Any such loan would be expected to be repaid from proceeds of the sale of the building to a new property owner, which may take two to five years. At this point, the City cannot predict the likelihood of such a loan being made or the timing of repayment.

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 Unappropriated Balance (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 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 2021-22 Budget, the growth rate used to determine BSF contributions was calculated to be 4.1 percent, based on the 20-year historical average of these tax revenues.

Under the BSF Financial Policy, the 2021-22 Budget was neither required to make a deposit into nor permitted to take a withdrawal from the BSF. As neither occurred, the Budget complies with this Financial Policy.

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 2021-22 Budget contained a particularly large appropriation of \$531.5 million to the UB in total, including allocations of \$14.9 million as a Reserve for Mid-Year Adjustments, \$23.9 million as a Reserve for Extraordinary Liability and a wide variety of programs, the largest of which are business assistance programs (\$25 million), child care programs (\$30 million), COVID-19 emergency response (\$25 million), renewable energy projects (\$30 million), a guaranteed basic income pilot program (\$29 million), maintenance at recreation and parks facilities (\$75 million) and restaurant and small business recovery (\$25 million).

The City adopted a revision to its Financial Policies in January 2020 to add the stated goal of maintaining the cumulative value of the Reserve Fund, the Budget Stabilization Fund, and the UB line item for mid-year adjustments at an amount equal to at least 10 percent of all General Fund receipts anticipated for that fiscal year in the Adopted Budget. The July 1, 2021 funding for these reserves in the Budget totaled 8.57 percent of the General Fund, which falls short of the City’s reserve goal.

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 the use of appropriations to and from the Reserve Fund to support the Adopted Budget. The table also sets forth the City's other 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 5
HISTORICAL RESERVE FUND BALANCE AS OF JULY 1
Adopted Budget and Actual
(Cash Basis; \$ in millions)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Budget 2021-22</u>
Adopted Budget										
Emergency Reserve	\$125.1	\$133.8	\$141.3	\$148.8	\$153.4	\$160.2	\$170.2	\$180.7	\$183.9	\$206.4
Contingency	<u>92.9</u>	<u>127.3</u>	<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>
	\$218.0	\$261.1	\$284.1	\$313.4	\$334.9	\$298.3	\$350.9	\$410.4	\$243.3	\$509.9
Total Budgeted General Fund Revenues	\$4,550.5	\$4,866.9	\$5,138.3	\$5,410.4	\$5,576.4	\$5,826.5	\$6,190.6	\$6,569.7	\$6,687.3	7,503.2
Reserve Fund Balance as % of Budgeted General Fund Revenues	4.79%	5.37%	5.53%	5.79%	6.01%	5.12%	5.67%	6.25%	3.64%	6.80%
Budget Stabilization Fund	\$0.5	\$61.5	\$64.4	\$91.5	\$92.4	\$95.1	\$107.3	\$113.9	\$116.6	\$118.0
Reserves for Mid-Year in UB	<u>8.0</u>	<u>21.0</u>	<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>
Total General Fund Budget Reserves	\$226.5	\$343.6	\$369.2	\$421.9	\$442.3	413.3	\$478.6	\$559.4	\$390.0	\$642.8
% of Budgeted General Fund Revenues	4.98%	7.06%	7.19%	7.80%	7.93%	7.09%	7.73%	8.51%	5.87%	8.57%
Actual										
Emergency Reserve	\$125.1	\$133.8	\$141.3	\$148.8	\$153.3	\$160.2	\$170.2	\$180.7	\$183.9	[Estimate]
Contingency	<u>108.0</u>	<u>192.9</u>	<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>78.6</u>	[Estimate]
	\$233.1	\$326.7	\$383.0	\$442.6	\$334.2	\$354.5	\$345.8	\$407.2	\$262.5	
Reserve Fund Balance as % of Budgeted General Fund Revenues	5.12%	6.71%	7.45%	8.18%	5.99%	6.08%	5.59%	6.20%	3.93%	

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 Budget Stabilization Fund. 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 2021-22 Budget fails to satisfy this policy due to the allocation of \$823.7 million in one-time revenues (including \$639.5 million from ARPA, \$73.8

million from FEMA, and an \$85.1 million transfer from the Reserve Fund) towards \$691.2 million of one-time expenditures, which results in \$132.5 million of one-time revenues allocated towards ongoing 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 2021-22 Budget exceeds this goal, appropriating \$265.5 million towards such expenditures, representing 3.5 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.”

These Financial Policies are available on the City’s website, are subject to change, and are not incorporated as part of this Official Statement (http://cao.lacity.org/debt/fin_policies.htm).

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. Due to the impacts of the pandemic, insurance premiums for the City have increased. The 2021-22 Budget provides additional funding to cover these increased costs.

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. The 2021-22 Budget provides funding of \$87.4 million for these liabilities, of which \$80 million is dedicated to liabilities that must be paid from the General Fund. The Budget also includes a \$23.9 million appropriation in the UB as a Reserve for Extraordinary Liabilities. From time to time, the City may issue judgment obligation bonds to finance larger judgments or settlements, as it did in Fiscal Years 2008-09 and 2009-10.

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

Table 6 LIABILITY CLAIMS PAID ⁽¹⁾ (\$ in millions)					
Fiscal Year	Total Amount Budgeted				Total Claims Paid
	General Fund	Special Funds	Unappropriated Balance	Total	All Council-Controlled Funds
2016-17	\$59.6	\$ 8.9	\$ -	\$68.5	\$201.4
2017-18	80.0	9.1	20.0	109.1	107.1
2018-19	80.0	9.1	20.0	109.1	103.3
2019-20	80.0	10.5	20.0	110.5	126.9
2020-21 Estimated	80.0	7.9	-	87.9	88.4
2021-22 Budget	80.0	7.4	23.9	111.3	N/A

⁽¹⁾ Cash basis. Does not include Workers’ Compensation claims paid by the City; see Table 7. 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.

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

The City's Annual Financial Report 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 Annual Financial Report discloses and takes into account estimates of such potential liabilities. As reported in the City's Annual Financial Report (Note 4 (N): Risk Management—Estimated Claims and Judgments Payable), the City, as of June 30, 2020, estimated the amount of tort and non-tort liabilities to be “probable” of occurring at approximately \$628.7 million. In addition, and as reported in the City's Annual Financial Report, the City Attorney, as of June 30, 2020, estimated that certain other pending lawsuits and claims have a “reasonable possibility” of resulting in additional liability totaling \$64.0 million. See “LITIGATION” for a discussion of certain recently completed, pending or threatened litigation matters involving the City.

Also as of June 30, 2020, the City estimated its workers' compensation liability at \$1.8 billion; see Table 7 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 natural disaster. 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 7
HUMAN RESOURCES BENEFITS⁽¹⁾
(\$ in thousands)

	2017-18	2018-19	2019-20	Estimated 2020-21	Budget 2021-22
Workers' Compensation/Rehabilitation	\$186,263	\$195,985	\$203,356	\$211,100	\$212,467
Contractual Services	23,707	24,086	23,430	25,783	27,341
Civilian FLEX Program ⁽²⁾	274,024	282,513	291,509	308,862	300,562
Supplemental Civilian Union Benefits	5,012	5,070	5,544	6,173	5,938
Police Health and Welfare Program	144,926	156,625	157,451	158,385	160,760
Fire Health and Welfare Program	52,748	56,927	58,938	61,818	62,490
Unemployment Insurance	2,720	2,452	1,961	8,500	3,000
Employee Assistance Program	1,386	2,078	1,369	1,839	1,820
Total	<u>\$690,786</u>	<u>\$725,736</u>	<u>\$743,558</u>	<u>\$782,460</u>	<u>\$774,378</u>

⁽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 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 the Mayor; the President of the Council; the President Pro-Tempore of the Council; the chairperson of the Council’s Budget and Finance Committee; and the chairperson of the Council’s Personnel, Audits and Animal Welfare Committee. Formal Memoranda of Understanding (“MOUs”) are executed between the City and the employee organizations incorporating the negotiated wages and working conditions for each bargaining unit. For expired contracts, the terms continue to be observed during negotiations of a new contract, unless a provision has a specific termination date.

There are 44 individual MOUs, affecting about 36,400 full-time and 9,800 part-time City employees (these bargaining units include employees of the Airport and Harbor departments, but exclude DWP employees) that are represented by 22 labor unions/employee associations. The remaining approximately 800 employees are not represented. The vast majority of employees that are members of the Los Angeles City Employees’ Retirement System (“LACERS”) are considered to be “civilian” employees. Employees that are members of the City of Los Angeles Fire and Police Pension Plan (“LAFPP”) are considered to be “sworn” or “safety” employees. See “BUDGET AND FINANCIAL OPERATIONS—Retirement and Pension Systems—Los Angeles City Employees’ Retirement System (“LACERS”).”

To address the projected budget gap, the City reached agreements with most of its employee organizations to defer previously scheduled wage increases, in exchange for the City refraining from using civilian layoffs, furloughs, and scheduled sidelining of fire engines or ambulances as budget balancing solutions in 2020-21. The renegotiated MOUs had provisions for reopening of negotiations to consider restoring some or all of deferred salary increases, identifying additional economic increases and/or increasing staffing.

For a number of years, the City has accumulated liability for banked Police Department (“LAPD”) uncompensated overtime, valued at approximately \$150.2 million as of May 14, 2021. 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 recent agreement reached by the City and the union representing police officers, which deferred certain salary increases, may reduce the use of banking overtime hours, as the agreement will require the City to pay a minimum of \$70 million in cash overtime to police officers in each of the following three fiscal years: 2021-22, 2022-23, and 2023-24.

The following table summarizes the membership and status of the largest unions and employee associations. The cost of living adjustments include the terms renegotiated to defer salary increases. See “BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2020-21.”

Table 8
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS

<u>Organization</u>	<u>Employees Represented⁽¹⁾</u>	<u>Number of Bargaining Units</u>	<u>Status of Memorandum of Understanding</u>	<u>Base Wage Adjustments⁽²⁾</u>
Los Angeles Police Protective League	9,964	1	Contract expires 6/30/24	4.5% effective 9/1/19 1.5% effective 7/5/20 3.25% effective 1/17/21 3% effective 1/1/23 ⁽³⁾ 1.5% effective 1/1/23 ⁽³⁾
United Firefighters of Los Angeles City	3,282	1	Contract expires 6/29/24	2% effective 7/7/19 4.75% effective 7/5/20 4.5% effective 1/1/23
Coalition of LA City Unions	24,579	21	Contracts expires 12/31/22	2.9% effective 10/28/18 2.75% effective 1/19/20 2% effective 6/19/22 ⁽³⁾ 2% effective 6/19/22 ⁽³⁾
Engineers and Architects Association	5,479	4	Contracts expires 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
Municipal Construction Inspectors Association	880	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

⁽¹⁾ Total full-time and part-time employees in all departments except DWP, as of July 1, 2020.

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

⁽³⁾ The renegotiated MOU deferred two salary increases to the same date. Both increases are shown here separately.

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.

Table 9
AUTHORIZED CITY STAFFING⁽¹⁾

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>Budget 2021-22</u>
Sworn					
Police	10,547	10,549	10,552	10,554	10,557
Fire	<u>3,350</u>	<u>3,363</u>	<u>3,382</u>	<u>3,416</u>	<u>3,424</u>
Subtotal Sworn	13,897	13,912	13,934	13,970	13,981
Civilian					
Police	3,335	3,388	3,454	3,451	3,187
Fire	383	397	406	415	380
All Others	<u>15,760</u>	<u>16,063</u>	<u>16,378</u>	<u>16,795</u>	<u>16,014</u>
Subtotal Civilian	<u>19,478</u>	<u>19,848</u>	<u>20,238</u>	<u>20,661</u>	<u>19,581</u>
Total	33,375	33,760	34,172	34,631	33,562

⁽¹⁾ As authorized in the Adopted Budget. Includes permanent (“regular”) positions and excludes temporary personnel (also referred to as “resolution authority positions”), which total 3,171 for Fiscal Year 2021-22. Also excludes personnel of the departments of Airports, Harbor, DWP, LACERS and LAFPP.

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

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 members 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 non-economic or 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, 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 result in an actuarial value of assets that are 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 the last ten 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 (the "Risk Reports"), 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 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 expected 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.

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 City's Basic Financial Statements" in the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020.

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, 2020, the date of its most recent actuarial valuation, LACERS had 27,490 active members, 20,423 retired members and beneficiaries, and 9,207 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.)

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, 2020, approximately 73 percent of the Citywide payroll is comprised of Tier 1 members and 27 percent is comprised of Tier 3 members.

The following table includes a summary of the major plan design changes from Tier 1 to Tier 3.

Table 10 COMPARISON OF LACERS TIER I AND TIER III PLAN DESIGNS		
Plan Feature	Tier I ⁽¹⁾	Tier III
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 Years of Service before age 55; and 1.5% per Years of Service 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 most bonuses	Last 36 months prior to retirement, including most MOU 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 aggregate employer normal cost rates for the Retirement and Health Plans have stayed relatively flat since the June 30, 2010 valuation. For the Retirement Plan, the UAAL rate generally increased between the June 30, 2010 and the June 30, 2019 valuations primarily due to unfavorable investment experience and changes in actuarial assumptions. While there have also been increases in the normal cost rates due to the changes in the actuarial assumptions, those increases were offset to some degree by plan changes (the introduction of Tier 3) as new

members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, an additional employee contribution (becoming 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 decreasing the UAAL contribution rates.

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 11
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\$ in thousands)⁽¹⁾

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	UAAL ⁽²⁾	Funded Ratio ⁽³⁾	Covered Payroll ⁽⁴⁾	UAAL as a Percentage Of Covered Payroll ⁽⁵⁾
2011	\$9,691,011	\$13,391,704	\$3,700,693	72.4%	\$1,833,392	201.9%
2012	9,934,959	14,393,959	4,458,999	69.0	1,819,270	245.1
2013	10,223,961	14,881,663	4,657,702	68.7	1,846,970	252.2
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

⁽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.

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 12
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\$ in thousands)⁽¹⁾

<u>Actuarial Valuation As of June 30</u>	<u>Market Value Of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability⁽²⁾</u>	<u>Funded Ratio (Market Value)⁽³⁾</u>	<u>Covered Payroll⁽⁴⁾</u>	<u>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</u>
2011	\$ 9,186,697	\$13,391,704	\$4,205,007	68.6%	\$1,833,392	229.4%
2012	9,058,839	14,393,959	5,335,120	62.9	1,819,270	293.3
2013	10,154,486	14,881,663	4,727,177	68.2	1,846,970	255.9
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

⁽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 13
LOS ANGELES CITY EMPLOYEE'S RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
(\$ in thousands)

<u>Actuarial Valuation As of June 30</u>	<u>Actuarial Value Of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>UAAL⁽¹⁾</u>	<u>Funded Ratio⁽²⁾</u>	<u>Covered Payroll⁽³⁾</u>	<u>UAAL As a Percentage of Covered Payroll⁽⁴⁾</u>
2011	\$1,546,884	\$1,968,708	\$421,824	78.6%	\$1,833,392	23.0%
2012	1,642,374	2,292,400	650,027	71.6	1,819,270	35.7
2013	1,734,733	2,412,484	677,751	71.9	1,846,970	36.7
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

⁽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⁾ 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 2021-22 Budget. This table includes costs for contributions for both pensions and retiree health care.

Table 14
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
(\$ in thousands)⁽¹⁾

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Sources of Contributions					
Contributions for Council-controlled Departments ⁽²⁾	\$450,806	\$488,400	\$559,299	\$532,833	\$601,450
Airport, Harbor Departments, LACERS, LAFPP	<u>103,126</u>	<u>111,761</u>	<u>117,368</u>	<u>\$114,828</u>	<u>\$124,074</u>
Total	\$553,932	\$600,161	\$676,667	\$647,661	\$725,524
Percent of payroll – Tier 1	27.22%	28.31%	29.89%	29.43%	32.81%
Percent of payroll – Tier 3	24.64%	25.88%	27.70%	27.45%	30.16%
Uses of Contributions					
Current Service Liability (Normal cost)	\$214,741	\$224,161	\$234,336	\$229,795	\$265,096
UAAL	360,109	398,500	477,035	462,604	492,955
Adjustments ⁽³⁾	<u>(20,918)</u>	<u>(22,500)</u>	<u>(34,704)</u>	<u>(44,738)</u>	<u>(32,527)</u>
Total	\$553,932	\$600,161	\$676,667	\$647,661	\$725,524

⁽¹⁾ Includes funding for OPEB.

⁽²⁾ Includes employees funded by certain special funds in addition to the General Fund.

⁽³⁾ Adjustments include various "true-ups" for such adjustments as the retroactive upgrade of past Tier 2 members to Tier 1, 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. Note that these projections assume a 14 percent return in 2020-21 as well as the actuarial rate of 7.00 percent thereafter.

Table 15
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
(\$ in thousands)

	Estimated <u>2021-22</u>	Projection <u>2022-23</u>	Projection <u>2023-24</u>	Projection <u>2024-25</u>	Projection <u>2025-26</u>
Contributions for Council-controlled Departments ⁽¹⁾⁽²⁾	\$601,450	\$685,774	\$695,105	\$702,496	\$665,090
Percentage of Payroll ⁽³⁾	32.15%	32.30%	31.92%	31.52%	29.27%
Incremental Change	\$68,800	84,332	\$9,331	\$7,391	\$(37,405)
% Change	12.92%	14.02%	1.36%	1.06%	(5.32)%

⁽¹⁾ Includes the General Fund and various special funds.

⁽²⁾ Assumes 14.00% return on investment in 2020-21 and 7.00% thereafter.

⁽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.

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 some Department of Airports police. As of June 30, 2020, the date of its most recent actuarial valuation, the LAFPP had 13,486 active members (including 126 in Harbor and 100 in Airport), 13,291 retired members and beneficiaries, and 575 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 5 active members as of June 30, 2020, although both tiers have beneficiaries. Sixty-five percent of active members are in Tier 5, and 29 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.

Within the LAFPP, there is a Deferred Retirement Option Plan ("DROP"). This voluntary plan allows members to retire, for pension purposes only, after they are eligible to retire and have completed at least 25 years of service. A member entering DROP continues to work and receive salary and benefits as an active employee but stops accruing additional salary

and service credits for retirement purposes. While in DROP, the member's retirement benefit is deposited into an interest-bearing account that is distributed to the member when he or she leaves City service. Participation in DROP is generally limited to a maximum of five years. The City's actuary assumes that 95 percent of eligible active members will elect DROP prior to retirement. As of June 30, 2020, 1,478 active members participated in DROP.

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 addition to the economic assumptions, the LAFPP Board adopted the actuary's recommendations to adjust various other assumptions such as retirement, termination, and disability incidence rates. There were no changes in the mortality assumptions since the Board adopted new public safety mortality assumptions in December 2019. Adoption of the economic and non-economic assumption changes was estimated to increase City contributions by 2.3 percent of payroll. The new assumptions were used in the June 30, 2020 actuarial valuation, which was adopted by the Board on November 19, 2020 and will determine the City's contribution rate for Fiscal Year 2021-22.

The most recent valuation was adopted by the LAFPP Board in November 2020, which resulted in a lower aggregate City contribution rate for 2021-22; however, the UAAL for both pension and OPEB benefits increased slightly from \$3.01 billion to \$3.12 billion.

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 16
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\$ in thousands) ⁽¹⁾

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	UAAL ⁽²⁾	Funded Ratio ⁽³⁾	Covered Payroll ⁽⁴⁾	UAAL As a percentage of Covered Payroll ⁽⁵⁾
2011	\$14,337,669	\$16,616,476	\$2,278,807	86.3%	\$1,343,963	169.6%
2012	14,251,913	17,030,833	2,778,920	83.7	1,341,914	207.1
2013	14,657,713	17,632,425	2,974,712	83.1	1,367,237	217.6
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

⁽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, 2020.

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 17
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\$ in thousands)⁽¹⁾

Actuarial Valuation As of June 30	Market Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) Liability ⁽²⁾	Funded Ratio (Market Value) ⁽³⁾	Covered Payroll ⁽⁴⁾	Unfunded Liability As a Percentage of Covered Payroll (Market Value) ⁽⁵⁾
2011	\$13,564,904	\$16,616,476	\$3,051,572	81.6%	\$1,343,963	227.1%
2012	13,268,687	17,030,833	3,762,146	77.9	1,341,914	280.4
2013	14,729,976	17,632,425	2,902,449	83.5	1,367,237	212.3
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

⁽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 healthcare benefit liabilities of the LAFPP.

Table 18
OTHER POST-EMPLOYMENT BENEFITS
FIRE AND POLICE PENSION PLAN
(\$ in thousands)

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL ⁽¹⁾	Funded Ratio ⁽²⁾	Covered Payroll ⁽³⁾	Unfunded AAL As a Percentage of Covered Payroll ⁽⁴⁾
2011	\$ 882,890	\$2,557,607	\$1,674,717	34.5%	\$1,343,963	124.6%
2012	927,362	2,499,289	1,571,927	37.1	1,341,914	117.1
2013	1,013,400	2,633,793	1,620,393	38.5	1,367,237	118.5
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

⁽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 2021-22 Budget. This table includes costs for both pensions and retiree health care, as well as the plan's administrative expenses.

Table 19
LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
(\$ in thousands)

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
General Fund ⁽¹⁾	<u>\$634,905</u>	<u>\$687,867</u>	<u>\$705,076</u>	<u>\$738,908</u>	<u>\$721,998</u>
Percent of Payroll	44.26%	46.85%	47.37%	46.79%	45.89%
Current Service Liability	\$332,409	\$344,786	\$349,256	\$382,639	\$393,940
UAAL/(Surplus)	288,567	325,312	337,815	337,154	306,679
Administrative Costs	<u>13,929</u>	<u>17,769</u>	<u>18,005</u>	<u>19,115</u>	<u>21,379</u>
Total	<u>\$634,905</u>	<u>\$687,867</u>	<u>\$705,076</u>	<u>\$738,908</u>	<u>\$721,998</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 retirement 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 is still pending challenging the LAFPP Board's exercise of its discretion to annually increase the subsidy for sworn employees who opted to make an additional contribution to offset the cost of retiree healthcare. 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. These illustrative tables show the projected cost of contributions for both pension and OPEB. Note these projections assume a 14 percent return in 2020-21 as well as the actuarial rate of 7.00 percent thereafter.

Table 20

LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS⁽¹⁾
(\$ in thousands)

	Estimated <u>2021-22</u>	Projected <u>2022-23</u>	Projected <u>2023-24</u>	Projected <u>2024-25</u>	Projected <u>2025-26</u>
General Fund	\$721,998	\$764,996	\$784,923	\$779,468	\$716,307
Percentage of Payroll	45.89%	45.27%	44.61%	43.21%	38.88%
Incremental Change	\$(30,190)	\$42,998	\$19,927	\$(5,454)	\$(63,161)
% Change	(4.01)%	5.95%	2.60%	(0.69) %	(8.10) %

⁽¹⁾ Assumes 14.00% return on investment in 2020-21 and 7.00% thereafter.

Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

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 21
POOLED INVESTMENTS
Portfolio Characteristics
as of June 30, 2021

<u>Portfolio Funds</u>	<u>Amount of Funds at Market Value</u>	<u>Percent of Investment Pool</u>	<u>Average Weighted Maturity</u>
Core Portfolio	\$ 4,071,767,882	32.5%	74 days
Reserve Portfolio	5,810,204,475	46.4%	2.8 years
Extended Reserve Portfolio	2,633,473,454	21.0%	7.0 years
Total Investment Pool	\$12,515,445,810	100.0%	2.8 years

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

Table 22
POOLED INVESTMENT FUND
GENERAL POOL
As of June 30, 2021

Description	Par Value	Market Value	Percent of Total Funds (Market Value)	Average Days
Bank Deposits ⁽¹⁾	\$ 10,000,000	\$ 10,000,000	0.08%	0
Money Market Funds	703,050,575	703,050,328	5.62	0
LAIF (State of California)	299,996,916	299,996,916	2.40	0
Subtotal Cash and Overnight Investments	\$1,013,047,490	\$1,013,047,244	8.09%	0
Commercial Paper	\$1,438,803,000	\$1,438,661,348	11.50%	43
Negotiable Certificates of Deposit	660,256,000	660,267,800	5.28	19
Corporate Notes	242,000,000	245,157,840	1.96	230
U.S. Agencies/Munis/Supras	70,000,000	71,033,800	0.57	303
U.S. Treasuries	636,600,000	643,599,850	5.14	230
Subtotal: Pooled Investments	\$3,047,659,000	\$3,058,720,638	24.44%	98
Total Short-Term Core Portfolio	\$4,060,706,490	\$4,071,767,882	32.53%	74
Money Market Funds	\$ 150,000	\$ 150,000	0.00%	0
Commercial Paper	0	0	0.00	0
Negotiable Certificates of Deposit	0	0	0.00	0
Corporate Notes	971,500,000	991,008,575	7.92	1,092
Asset-Backed Securities	54,013,139	54,958,980	0.44	1,111
U.S. Agencies/Munis/Supras	480,950,000	486,918,254	3.89	1,514
U.S. Treasuries	6,743,000,000	6,910,642,120	55.22	1,555
Total Long-Term Reserve Portfolios	\$8,249,613,139	\$8,443,677,929	67.47%	1,495
Total Cash and Pooled Investments	\$12,310,319,629	\$12,515,445,810	100.00%	1,033

⁽¹⁾ Collected balance for Wells Fargo 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. Cash and/or securities (United States Treasuries and Federal Agencies) 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 updates an annual minimum investment target of 1.5 percent of General Fund revenue for the City’s capital and technology improvements, starting in Fiscal Year 2021-22.

As directed by the Capital Policy, the City will begin publishing a multi-year Capital and Technology Improvement Plan (the “CTIP”), which will reflect the highest priorities for projects funded from Council-controlled sources.

The table below provides the City’s preliminary multi-year funding summary for various asset classes. The summary reflects the projected capital needs for projects authorized and will be updated as the CTIP is developed. Note that these figures were developed independently from the projection used in developing the Outlook (Table 4), and particularly in years 3 and 4, reflect significantly higher future expenditures.

Table 23
CAPITAL AND TECHNOLOGY IMPROVEMENT PLAN⁽¹⁾
(\$ in thousands)

<u>Funding Sources</u>	<u>Year 1</u> <u>(2020-21)</u>	<u>Year 2</u> <u>(2021-22)</u>	<u>Years 3-4⁽²⁾</u> <u>(2022-2024)</u>	<u>Total Costs</u> <u>(Years 1-4)</u>
MUNICIPAL FACILITIES⁽³⁾				
General Fund	\$ 7,800	\$ 28,000	\$ 723,000	\$ 758,800
Lease Revenue Bonds	88,300	107,300	1,234,000	1,429,600
General Obligation Bonds	-	-	-	-
Special Funds ⁽⁴⁾	<u>14,800</u>	<u>9,800</u>	<u>145,000</u>	<u>169,600</u>
Total	\$110,900	\$145,100	\$2,102,000	\$2,358,000
PHYSICAL PLANT⁽⁵⁾				
General Fund	\$ 27,600	\$ 83,500	\$ 117,800	\$ 228,900
Lease Revenue Bonds	-	30,000	30,000	60,000
General Obligation Bonds	-	-	-	-
Special Funds ⁽⁴⁾	<u>285,000</u>	<u>321,100</u>	<u>1,171,600</u>	<u>1,777,700</u>
Total	\$312,600	\$434,600	\$ 1,319,400	\$2,066,600
INFORMATION TECHNOLOGY⁽⁶⁾				
General Fund	\$ 22,600	\$ 44,200	\$ 22,900	\$ 89,700
Lease Revenue Bonds	-	3,600	5,800	9,400
General Obligation Bonds	-	-	-	-
Special Funds ⁽⁴⁾	<u>21,700</u>	<u>2,800</u>	<u>-</u>	<u>24,500</u>
Total	\$ 44,300	\$ 50,600	\$ 28,700	\$ 123,600
GRAND TOTAL	\$467,800	\$630,300	\$ 3,450,100	\$4,548,200

⁽¹⁾ Preliminary. Subject to change.

⁽²⁾ Includes major projects for which funding has yet to be identified and may be deferred.

⁽³⁾ The Municipal Facilities elements include administrative buildings, recreational and cultural facilities, libraries, animal shelters, public safety facilities, and yards and shops.

⁽⁴⁾ Special Funds include the Park & Recreational Sites & Facilities Fund, the Arts and Cultural Facilities and Services Trust Fund, the Measure W Local Return Fund, the Measure M Local Return Fund, the Road Maintenance and Rehabilitation Program Special (SB1) Fund, the Public Works Trust Fund, the Stormwater Pollution Abatement Fund, the Street Damage Restoration Fund, the Special Gas Tax Street Improvement Fund, and various grant funds.

⁽⁵⁾ The Physical Plant elements include stormwater, street, street lighting, slope stability, bicycle, and pedestrian projects. Does not include Wastewater and Solid Waste capital projects, which have their own individual capital programs, and are funded by a combination of revenues and revenue bonds.

⁽⁶⁾ The Information and Technology elements include citywide infrastructure and major projects and system replacements. Information Technology projects would not include infrastructure or systems with an estimated cost of less than \$1 million unless the project is determined to have a significant citywide impact.

Source: Office of the City Administrative Officer

A number of large infrastructure projects the City is considering pursuing could result in major long-term commitments of funds that have not yet been identified and which are not included in the table above. Other major capital expenditures could include such municipal facility improvements as expansions of the civic center and the convention center, which together could cost \$2 billion or more. An additional \$2 billion in recreation and park facility needs have also been identified. Physical plant improvements could include some \$4.5 billion in street repairs, \$1.5 billion in sidewalk repairs, and \$1 billion in flood control improvements.

The City is also exposed to major costs associated with compliance with the Clean Water Act (“CWA”), which regulates the discharges of pollutants by establishing 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. One source of funding for these CWA costs will be from a special parcel tax approved by Los Angeles County voters in 2018. The City received \$35.9 million in 2020-21 and \$32 million is budgeted in 2021-22. 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 2017-18, 2018-19 and 2019-20, estimated revenues for Fiscal Year 2020-21, and budgeted revenues for Fiscal Year 2021-22.

Table 24
GENERAL FUND RECEIPTS⁽¹⁾
(\$ in thousands)

	2017-18 <u>Actual</u>	2018-19 <u>Actual</u>	2019-20 <u>Actual</u>	2020-21 <u>Estimate</u>	2021-22 <u>Budget</u>
Property Tax	\$1,851,833	\$2,010,508	\$2,132,308	\$2,263,319	\$2,400,250
Property Tax Increment (Former CRA/LA)	88,507	73,971	84,054	104,576	111,990
Utility Users Tax	625,853	644,152	638,379	609,500	605,050
Departmental Receipts	1,015,490	1,129,767	1,198,296	1,138,970	1,244,790
Business Tax	554,521	603,123	655,849	692,400	716,600
Sales Tax	529,757	581,443	556,237	516,140	606,610
Documentary Transfer Tax	207,815	206,211	205,473	227,005	227,005
Power Revenue Transfer	241,848	232,557	229,913	218,355	225,819
Transient Occupancy Tax	299,108	318,888	253,539	103,650	183,300
Parking Fines	138,766	129,900	114,865	90,647	123,621
Parking Occupancy Tax	115,937	120,949	106,979	56,884	99,337
Franchise Income	56,869	84,314	84,020	82,613	94,657
State Motor Vehicle License Fees	2,127	1,946	3,198	2,942	2,942
Grants Receipts	8,548	11,613	18,398	44,617 ⁽²⁾	91,343 ⁽³⁾
Tobacco Settlement	10,952	10,616	10,178	11,489	11,489
Residential Development Tax	6,545	4,918	4,821	4,600	4,800
Special Parking Revenue Transfer	31,000	32,115	31,294	-	8,477
Interest Income	24,916	34,099	46,429	25,609	20,603
CARES Act	-	-	-	125,000	-
American Rescue Plan Transfer	-	-	-	639,450	639,450
Subtotal General Fund Revenues	\$5,810,392	\$6,231,090	\$6,374,231	\$6,957,766	\$7,418,133
Reserve Fund Transfer	9,108	5,791	195,465	-	85,090
Total General Fund	<u>\$5,819,500</u>	<u>\$6,236,881</u>	<u>\$6,569,696</u>	<u>\$6,957,766</u>	<u>\$7,503,223</u>

⁽¹⁾ Cash basis.

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

⁽³⁾ Includes \$73.8 million in FEMA reimbursement.

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

Both the 2020-21 Budget and the 2021-22 Budget rely on ARPA funding. (See “OVERVIEW OF THE CITY’S FINANCIAL CONDITION—COVID-19 Expenditures and Reimbursements” 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 Annual Financial Report includes reporting of revenues based on GAAP. See the City’s Annual Financial Report 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 33.5 percent of General Fund revenues in the 2021-22 Budget. The City has limited information of the impact of the pandemic and the recession on the valuation of its property tax base.

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. 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, and other taxable personal property such as boats and aircraft, as well as 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 25 ASSESSED VALUATION⁽¹⁾					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Locally Assessed					
Land	\$306,136,812,787	\$329,102,259,292	\$352,506,933,714	\$375,613,820,236	\$394,598,572,212
Improvements	260,935,746,380	280,224,446,180	299,590,583,910	319,689,264,560	332,201,374,517
Personal Property	4,163,011,484	3,299,927,802	4,020,257,586	3,997,131,756	4,019,429,073
Less: Exemptions ⁽²⁾	<u>24,236,863,599</u>	<u>23,950,069,180</u>	<u>26,571,608,102</u>	<u>26,822,209,552</u>	<u>29,365,270,443</u>
Total Locally Assessed	\$546,998,707,052	\$588,676,564,094	\$629,546,167,108	\$672,478,007,000	\$701,454,105,359
Public Utilities ⁽³⁾	73,781,054	40,022,411	42,153,347	66,084,991	73,778,428
Unsecured Valuations	<u>20,848,434,238</u>	<u>22,575,613,220</u>	<u>23,370,052,850</u>	<u>23,469,028,925</u>	<u>22,238,902,102</u>
Gross Revenue-Producing Valuations	\$567,920,922,344	\$611,292,199,725	\$652,958,373,305	\$696,013,120,916	\$723,766,785,889
Less: Homeowners' Exemptions ⁽⁴⁾	<u>2,411,313,641</u>	<u>2,364,506,686</u>	<u>2,329,536,808</u>	<u>2,264,753,291</u>	<u>2,226,637,411</u>
Net Local Revenue-Producing Valuations	\$565,509,608,703	\$608,927,693,039	\$650,628,836,497	\$693,748,367,625	\$721,540,148,478
Change from Prior Year	6.6%	7.7%	6.8%	6.6%	4.01%

⁽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.

⁽³⁾ Assessed by the State Board of Equalization.

⁽⁴⁾ Exemptions reimbursed to local governments by the State.

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. 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 are difficult to predict, the City reports 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.

The 2021-22 Budget assumed 5.9 percent growth in its property tax base and a 6.1 percent increase in property tax revenue. Subsequently, the County Assessor (the "Assessor") reported that assessed valuation for the City increased by 4.0 percent in 2021-22.

Table 26
PROPERTY TAX - ALL SOURCES⁽¹⁾
Annual Property Tax by Account
(\$ in thousands)

	Actual 2017-18	Actual 2018-19	Actual 2019-20	Estimated 2020-21 ⁽³⁾	Budget 2021-22
Secured	\$1,331,529	\$1,458,252	\$1,528,635	\$1,615,056	\$1,723,575
Unsecured	53,251	56,894	59,230	57,782	56,380
Homeowner Exemption	7,980	7,875	7,941	7,771	7,690
Supplemental	34,555	39,270	39,039	40,800	42,655
Redemptions	20,704	19,622	21,375	30,922	30,920
County Admin Charges	(18,885)	(20,818)	(21,153)	(22,723)	(24,410)
Refunds	(17,972)	(23,084)	(19,547)	(16,623)	(19,550)
Adjustments	821	(941)	911	58	-
Miscellaneous Property	7,300	7,045	10,167	11,221	12,390
1% Property Tax	\$1,419,284	\$1,544,112	\$1,626,598	\$1,724,264	\$1,829,650
Percent Change ⁽²⁾	7.3%	8.8%	5.3%	6.0%	6.1%
State Vehicle License Fee Replacement	439,849	473,440	505,710	539,055	570,600
Sales Tax Replacement	-	-	-	-	-
Subtotal	439,849	473,440	505,710	539,055	570,600
Property Tax All Sources	\$1,859,133	\$2,017,552	\$2,132,308	\$2,263,319	\$2,400,250
Percent Change	3.3%	8.5%	5.7%	6.1%	6.1%

⁽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.

⁽³⁾ Based on the Mayor's Proposed Budget dated April 20, 2020. These estimates have not been updated to include subsequent projected budgetary shortfall. See "BUDGET AND FINANCIAL OPERATIONS - Fiscal Year 2020-21 Budget."

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 2021-22, appears in the table below. The tax roll for the next fiscal year is typically released in the summer.

Table 27
CITY OF LOS ANGELES
TWENTY LARGEST 2021-22 SECURED PROPERTY TAXPAYERS

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2021-22 Secured Assessed Valuation</u>	<u>Percent of Secured AV⁽¹⁾</u>
Douglas Emmett LLC	Office Building	\$ 2,672,575,239	0.38%
Essex Portfolio LP	Apartments	1,466,229,531	0.21
Century City Mall LLC	Shopping Center	1,091,138,977	0.16
Greenland LA Metropolis	Apartments with Retail	966,598,953	0.14
FSP South Flower Street	Office Building	964,738,709	0.14
Hanjin International Corp.	Hotel	867,474,871	0.12
Rochelle H. Sterling	Apartments	838,124,648	0.12
Omni Wilshire Courtyard LLC	Office Building	794,670,367	0.11
Anheuser Busch Commercial	Industrial	762,511,489	0.11
Valero Energy Corporation	Petroleum	746,204,280	0.11
One Hundred Towers LLC	Office Building	687,016,162	0.10
Trizec 333 LA LLC	Office Building	673,797,273	0.10
Tesoro Corporation	Petroleum	670,068,162	0.10
Maguire Partners 355 S. Grand LLC	Office Building	630,139,070	0.09
BRE HH Property Owner LLC	Office Building	625,298,936	0.09
APM Terminals Pacific Ltd.	Terminal Operations	614,119,000	0.09
Olympic and Georgia Partners LLC	Hotel	601,431,351	0.09
Tishman Speyer Archstone Smith	Apartments	600,722,759	0.09
LA Live Properties LLC	Commercial	561,741,163	0.08
Maguire Properties 555 W Fifth	Office Building	552,468,542	0.08
Total		\$17,387,069,482	2.71%

⁽¹⁾ Based on 2021-22 Local Secured Assessed Valuation of \$701,454,105,359.

Source: California Municipal Statistics, Inc.

For additional information on the City's property tax base, see "PART 2—HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION," Table 59: Assessed Valuation and Parcels by Land Use and Table 60: Per Parcel Assessed Valuation of Single-Family Residential Properties.

Utility Users Taxes

Utility users taxes represent 8.1 percent of General Fund revenues in the 2021-22 Budget. 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); for example, the increase in gas users tax receipts in 2018-19 reflects an unusually cold winter.

Projected revenues in 2021-22 for the electricity users tax were 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.

A portion of the City's gas users tax was challenged in *Lavinsky et al. v. City of Los Angeles* and in *Enquist et al. v. City of Los Angeles*. Specifically, the lawsuits challenged the imposition of the gas users tax on certain charges and fees. The City reached a settlement agreement on the *Lavinsky* case. Estimates for revenues have been adjusted to reflect the impact of the *Lavinsky* settlement. The City also reached a court approved settlement on the *Enquist* case.

The City's prior telephone users tax ordinance has been the subject of litigation challenging the application of the tax to certain telecommunications services, most of which have been resolved. See "LITIGATION—2. Telephone Utility Users Tax Cases." Receipts from this tax have been declining due to changes in telephone use and pricing.

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

Table 28 UTILITY USERS TAX RECEIPTS⁽¹⁾ (\$ in thousands)					
	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>Estimated 2020-21</u>	<u>Budget 2021-22</u>
Electric Users Tax	\$386,525	\$417,489	\$434,847	\$423,800	\$435,950
Gas Users Tax	68,028	77,035	73,837	74,100	74,100
Communications Users Tax	<u>171,300</u>	<u>149,628</u>	<u>129,695</u>	<u>111,600</u>	<u>95,000</u>
Total	\$625,853	\$644,152	\$638,379	\$609,500	\$605,050
Change from Prior Year	0.2%	2.9%	(0.9)%	(4.5)%	(0.7)%
⁽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." Departmental receipts represent 16.6 percent of General Fund revenues in the 2021-22 Budget.

In 2020-21, these revenues fell as a result of the pandemic and recession, but were offset by \$125 million in CARES Act funding. Among the areas where the largest shortfalls have been experienced are Ambulance Fees, MTA reimbursements for police services, and Fire and Police Permits (accounted for under “Other Departmental Receipts”), and Special Fund Related Cost reimbursements from planning, cannabis regulation, housing code enforcement, transportation sales tax, and solid waste funds. Receipts are anticipated to stabilize in 2021-22.

The table below shows receipts from departmental receipts.

Table 29 DEPARTMENTAL RECEIPTS⁽¹⁾ (\$ in thousands)					
	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>Estimated 2020-21</u>	<u>Budget 2021-22</u>
Ambulance Fees	\$ 84,671	\$ 78,472	\$ 94,074	\$ 73,344	\$78,700
Services to Dept. of Airports	82,532	78,879	86,242	92,189	90,538
Services to Harbor Dept.	34,456	42,428	39,065	44,841	45,504
Services to DWP	29,325	29,847	32,473	13,497 ⁽²⁾	40,490
Services to Sewer Program	95,526	107,585	109,264	94,045	128,996
Solid Waste Fee	58,309	61,661	75,427	82,498	18,811 ⁽³⁾
Gas Tax Reimbursements	1,284	23,108	21,769	39,707	40,153
Services to Stormwater Fund	9,507	-	4,732	3,048	-
Special Funds Related Costs	202,155	229,122	261,845	296,425	333,973
MTA Reimbursement	53,555	65,705	105,507	74,580	96,244
One Time Reimbursements ⁽²⁾	8,776	23,040	17,577	139,786 ⁽⁴⁾	2,420
Library Reimbursements	67,988	69,653	71,915	74,668	83,080
Recreation and Parks Reimbursements	43,951	49,177	49,287	52,813	64,725
State Mandated	2,907	3,320	7,172	3,806	3,000
Miscellaneous Taxes and Fees	7,300	8,540	-	-	-
Other Departmental Receipts	<u>233,249</u>	<u>259,232</u>	<u>129,308</u>	<u>178,723</u>	<u>218,156</u>
Total General Fund	\$1,015,490	\$1,129,767	\$1,198,296	\$1,263,970	\$1,244,790
Change from Prior Year	11.2%	11.3%	6.1%	5.5%	(1.5%)
⁽¹⁾ Cash basis. ⁽²⁾ Reflects a credit due to prior-year overpayments. ⁽³⁾ Because this fee has not been set to generate full cost recovery, funds are available to only partially reimburse Bureau of Sanitation overhead costs. ⁽⁴⁾ Includes \$125 million from 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

Business tax receipts represent 9.6 percent of General Fund revenues in the 2021-22 Budget. 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 2021-22 Budget includes cannabis business tax revenue projected at \$165.7 million, representing 23.1 percent of business tax revenue. Cannabis business tax revenues are estimated to have grown 71.2 percent in 2020-21 and are projected to grow 23.7 percent in 2021-22.

Excluding receipts from a temporary tax amnesty program, non-cannabis business tax revenues are estimated to have fallen 6.6 percent in 2020-21 and are projected to experience a modest 2.1 percent increase for 2021-22.

The table below shows receipts from business tax.

Table 30 BUSINESS TAX RECEIPTS (\$ in thousands)		
<u>Fiscal Year</u>	<u>Receipts⁽¹⁾</u>	<u>Change from Prior Year</u>
2017-18	\$554,521	5.0%
2018-19	603,123	8.8
2019-20	655,849	8.7
2020-21 Estimated	692,400	5.6
2021-22 Budget	716,600	3.5

⁽¹⁾ Cash basis.

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

Sales Tax

Budgeted sales tax receipts represent 8.1 percent of General Fund revenues in the 2021-22 Budget, a decline from prior years. 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 31
LOS ANGELES CITY
SALES TAX COMPONENTS
As of July 1, 2021

<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 \$44 million in Fiscal Year 2020-21 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 sales tax. Delayed Fiscal Year 2017-18 remittances resulting from the State’s implementation of a new sales tax automation system contributed to the low growth in 2017-18 and high growth in 2018-19.

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 and forecasted receipts. The sales tax growth rate of 17.5 percent projected in the 2021-22 Budget follows two years of consecutive declines; budgeted receipts are 4.3 percent above the pre-pandemic revenue realized in 2018-19. Sales tax revenue estimates assume the return of indoor business operations, a decline in unemployment, and low inflation. There is a risk that actual revenues will be less than estimated if these assumptions prove optimistic.

Table 32
GENERAL FUND SALES TAX RECEIPTS
(\$ in thousands)

<u>Fiscal Year</u>	<u>Receipts⁽¹⁾</u>	<u>Change from Prior Year</u>
2017-18	\$529,757	1.8%
2018-19	581,443	9.8
2019-20	556,237	(4.3)
2020-21 Estimated	516,140	(7.2)
2021-22 Budget	606,610	17.5

⁽¹⁾ Cash basis.

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

Documentary Transfer Tax

Documentary transfer tax receipts represent 3.0 percent of General Fund revenues in the 2021-22 Budget. 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, although not evident in the years represented in the table below, 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 2007-08, and another 31 percent in 2008-09. 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.

The 2021-22 Budget estimate assumes that pricing and sales volume will remain relatively unchanged.

The table below presents receipts from this revenue source.

Table 33
DOCUMENTARY TRANSFER TAX RECEIPTS
(\$ in thousands)

<u>Fiscal Year</u>	<u>Receipts⁽¹⁾</u>	<u>Change from Prior Year</u>
2017-18	\$207,815	(1.1)%
2018-19	206,211	(0.7)
2019-20	205,473	(0.4)
2020-21 Estimated	227,005	10.5
2021-22 Budget	227,005	0.0

⁽¹⁾ Cash basis.

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

Power Revenue Transfers to General Fund

Transfers from the Power Revenue Fund represent 3.0 percent of budgeted General Fund revenues in the 2021-22 Budget. 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 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 the audited financial statements. The transfer occurs in the latter half of the following 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. The principal case on this matter was *Eck v. City of Los Angeles* (“*Eck*”). This matter was settled under a court-approved settlement on February 26, 2018, with all appeals challenging the settlement having been exhausted. The settlement 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. Other remaining litigation associated with the transfer of such surplus power revenues has been essentially resolved in the City’s favor. See “LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 26.”

The following table shows transfers from the Power Revenue Fund. Beginning with Fiscal Year 2018-19, amounts reflect the settlement under the *Eck* case. At the time of budget preparation, no estimate was available on the impact of the pandemic and recession on the DWP’s revenue.

Table 34
TRANSFERS FROM POWER REVENUE FUND
(\$ in thousands)

<u>Fiscal Year</u>	<u>Receipts⁽¹⁾</u>	<u>Change from Prior Year</u>
2017-18	\$241,848	(8.5)%
2018-19	232,557	(3.8)
2019-20	229,913	(1.1)
2020-21 Estimated ⁽²⁾	218,355	(5.0)
2021-22 Budget	225,819	3.4

⁽¹⁾ Cash basis.

⁽²⁾ The 2020-21 transfer amount was reduced to reflect lower audited 2019-20 power system revenue.

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

Transient Occupancy Tax

Transient occupancy tax receipts represent 2.4 percent of General Fund revenues in the 2021-22 Budget. 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.

This revenue is very sensitive to changing conditions that affect travel and has been significantly impacted by the pandemic. Transient occupancy tax revenue for 2020-21 is estimated to be only 33 percent of its peak in 2018-19. While significant growth is budgeted as travel recovers, it would still represent only 55 percent of its peak.

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 Visitors' Bureau (also known as L.A., Inc.). The table below presents General Fund receipts from the 13 percent portion of the tax rate.

Table 35
GENERAL FUND TRANSIENT OCCUPANCY TAX RECEIPTS
(\$ in thousands)

<u>Fiscal Year</u>	<u>Receipts⁽¹⁾</u>	<u>Change from Prior Year</u>
2017-18	\$299,108	12.6%
2018-19	318,888	6.6
2019-20	253,539	(20.5)
2020-21 Estimated	103,650	(59.1)
2021-22 Budget	183,300	76.8

⁽¹⁾ Cash basis.

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

Parking Fines and other Parking-Related Revenues

Parking fine receipts represent 1.6 percent of General Fund revenues in the 2021-22 Budget. The schedule of 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. While parking fine revenue has declined each of the prior seven years, revenues were trending towards growth in 2019-20 prior to the onset of the pandemic. The pandemic's impact to parking demand reduced both ticket issuance and the collection rate for fines, with 2020-21 revenue further reduced under relaxed parking enforcement and fine relief policies. The 2021-22 Budget reflects increased issuance and collection rates due to increased parking demand and the end of temporary relief measures.

The table below shows receipts from all parking fines.

Table 36
PARKING FINES RECEIPTS
(\$ in thousands)

<u>Fiscal Year</u>	<u>Receipts⁽¹⁾</u>	<u>Change from Prior Year</u>
2017-18	\$138,766	(1.4)%
2018-19	129,900	(6.4)
2019-20	114,865	(11.6)
2020-21 Estimated	88,747	(21.1)
2021-22 Budget	123,621	36.4

⁽¹⁾ Cash basis.

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

The General Fund receives two other revenues related to parking activity, from a parking occupancy tax and from transfers from its Special Parking Revenue Fund. The parking occupancy tax is levied at 10 percent of parking fees. Revenues from this source fell 53 percent from 2018-19 to 2020-21, from \$120.9 million to \$56.9 million. The 2021-22 Budget estimates \$99.3 million in revenues. The Special Parking Revenue Fund collects receipts from City-owned off-street parking facilities. Surplus revenues after the cost of operating and maintaining those facilities can be transferred to the General Fund. While the annual base transfer is \$23.5 million, no surplus funds were available for transfer in 2020-21, and \$8.5 million is budgeted in 2021-22.

Impact of State of California Budget

A number of the City's revenues are collected and subvented 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 to State law. During prior State fiscal crises, the State has reallocated a portion of such revenues to assist in its own budget balancing. 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.") The State budget provides certain funding for emergency response and for homelessness, from which the City expects to benefit.

The State's fiscal year begins on July 1 and ends on June 30. The State Constitution requires the Governor to submit a budget for each fiscal year to the Legislature by the preceding January 10 (the "Governor's Budget"). The Constitution requires the Legislature to pass a budget bill by June 15, although the Legislature has frequently failed to meet this deadline. Because more than half of the State's General Fund income is derived generally from the April 15 personal income tax, the Governor submits a "May Revision" to his proposed budget. The Legislature typically waits for the May Revision before making budget decisions. Once the budget bill has been approved by a majority vote of each house of the Legislature, it is sent to the Governor for signature. Increases in taxes require approval of a two-thirds majority of each house.

On June 28, 2021, the California State Legislature passed the 2021-22 State Budget, which estimates a budget surplus of \$47 billion, mainly due to higher than anticipated revenues and receipt of \$27 billion from the American Rescue Plan. The State will also receive an additional \$550 million from the Coronavirus Capital Projects Fund, which the State plans to allocate for broadband infrastructure projects. The 2021-22 State Budget continues to build the State's reserves, pay down the State's long-term retirement liabilities, invest in education, confront homelessness and housing affordability, and fund capital projects. The following are State budget items with potential impacts to the City:

- \$8.1 billion for the Golden State Stimulus program, which provides \$600 stimulus payments for low- and moderate-income households and an additional \$1.5 billion, for a total funding amount of \$4.0 billion, for grants to small business experiencing hardships due to the pandemic.

- \$1.8 billion to support state and local emergency response to COVID-19.
- An additional \$100 million for a total funding amount of \$162.6 million to aid local governments with emergency response.
- \$1.1 billion over a three-year period for Caltrans to partner with local governments in a statewide beautification effort.
- \$2.75 billion over two years for the additional acquisition and rehabilitation of facilities through the Homekey Program. The Homekey Program provides grants to local governments to acquire hotels, motels, vacant apartments, and other properties to establish permanent housing for individuals experiencing homelessness, at risk of homelessness, or those impacted by COVID-19.
- \$2.0 billion over two years for the Homeless Housing, Assistance, and Prevention program (HHAP) to help counties, Continuums of Care, and large cities address homelessness and help move people off the streets.
- An additional \$240 million for other programs to address homelessness.
- \$1 billion to complete critical transportation projects in anticipation of the 2028 Olympics Games in Los Angeles.
- \$600 million provide planning and implementation grants to regional entities for infill developments that reduce vehicle miles traveled and help reach the State's climate goals.
- \$100 million to establish a cannabis related local jurisdiction assistance grant program to aid local governments in permitting and regulating cannabis businesses.

None of these funding sources are currently included in the City 2021-22 Budget.

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.

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 37
APPROPRIATIONS LIMITS AND APPROPRIATIONS SUBJECT TO LIMITATION

<u>Fiscal Year</u>	<u>City Appropriations Limit</u>	<u>Appropriations Subject to Limitations</u>	<u>Amount Appropriations Are Under Limit</u>
2017-18	\$5,415,819,599	\$4,095,495,596	\$1,320,324,003
2018-19	5,669,148,096	4,353,097,592	1,316,050,504
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 Budget ⁽¹⁾	7,264,486,670	4,677,432,449	2,587,054,221

⁽¹⁾ The Appropriation Limit will be reconsidered by the Council later in the fiscal year to incorporate the State’s price and population factors for 2021-22.

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

Articles XIII C and XIII D of the California Constitution - Proposition 218

Articles XIII C and XIII D 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, 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.

In addition, Article XIIC 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 XIIC. 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, XIIC and XIID 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*. This matter was settled under a court-approved settlement on February 26, 2018. The settlement 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. The other lawsuits associated with the transfer of such surplus power revenues have been essentially resolved in the City's favor. See "MAJOR GENERAL FUND REVENUE SOURCES—Power Transfer 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.

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 various voter authorizations for general obligation bonds that were outstanding as of June 1, 2021.

Table 38
GENERAL OBLIGATION BONDS
As of June 1, 2021

Date of Election	Projects	Amount Authorized	Amount Issued	Amount Outstanding ⁽¹⁾	Amount Authorized but Unissued
11/3/98	Zoo Facilities (Proposition CC)	\$ 47,600,000	\$ 47,600,000	\$ 2,721,419	--
11/3/98	Library Facilities (Proposition DD)	178,300,000	178,300,000	1,515,101	--
11/7/00	Fire, Paramedic, Helicopter and Animal Shelter Projects (Proposition F)	532,648,000	532,648,000	44,455,160	--
3/5/02	Emergency Operations, Fire, Dispatch and Police Facilities (Proposition Q)	600,000,000	600,000,000	71,643,472	--
11/2/04	Storm Water Projects (Proposition O)	500,000,000	439,500,000	185,104,847	\$ 60,500,000
11/8/16	Homelessness (Proposition HHH)	<u>1,200,000,000</u>	<u>362,610,000</u>	<u>322,020,000</u>	<u>837,390,000</u>
	Total	\$3,058,548,000	\$2,160,658,000	\$627,460,000	\$897,890,000

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

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.

Table 39
2020-21 TYPICAL TAX RATE PER \$100 OF ASSESSED VALUATION
TRAs 00067, 00013, 00016⁽¹⁾

Countywide 1%	1.000000%
City of Los Angeles	.016538
Los Angeles Unified School District	.139929
Los Angeles Community College District	.040162
Metropolitan Water District	<u>.003500</u>
Total	1.200129%

⁽¹⁾ Tax Rate Areas 00067, 00013, and 00016 are the three largest within the City in terms of assessed valuation:

TRA 00067 2020-21 AV: \$238,147,109,971
TRA 00013 2020-21 AV: \$106,307,675,103
TRA 00016 2020-21 AV: \$103,685,780,556

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 as of October 1, 2021.

Table 40
GENERAL FUND BONDED AND OTHER FINANCING LEASE OBLIGATIONS
As of October 1, 2021

<u>Series</u>	<u>Project</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
Public Offerings				
MICLA Refunding Certificates of Participation, Program AS (dated April 2, 2002) ⁽¹⁾	Real Property (Pershing Square)	\$ 7,655,000	\$ -	10/1/21
MICLA Lease Revenue Bonds, Series 2010-C (Taxable) (dated November 23, 2010)	Real Property	18,170,000	15,570,000	11/1/40
MICLA Lease Revenue Bonds, Series 2014-A (dated September 24, 2014)	Real Property	41,800,000	-	5/1/34
MICLA Lease Revenue bonds, Refunding Series 2014-B (dated September 24, 2014)	Real Property	51,730,000	-	5/1/33
MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A (dated November 19, 2015)	Real Property (Convention Center)	292,415,000	65,520,000	11/1/22
MICLA Lease Revenue Refunding Bonds, Series 2016-A (dated June 1, 2016)	Capital Equipment and Fixtures	125,235,000	80,880,000	11/1/26
MICLA Lease Revenue Refunding Bonds, Series 2016-B (dated June 1, 2016)	Real Property	685,270,000	579,105,000	11/1/39
MICLA Lease Revenue Bonds, Series 2018-A (dated February 6, 2018)	Capital Equipment and Fixtures	54,430,000	41,320,000	11/1/27
MICLA Lease Revenue Bonds, Series 2018-B (dated February 25, 2018)	Real Property	31,270,000	28,650,000	11/1/37
MICLA Lease Revenue Refunding Bonds, Series 2018-C (dated February 26, 2018)	Real Property	25,630,000	18,865,000	11/1/27
MICLA Lease Revenue Bonds, Series 2019-A (dated June 26, 2019)	Capital Equipment and Fixtures	86,610,000	-	11/1/28
MICLA Lease Revenue Refunding Bonds, Series 2019-B (dated September 30, 2019)	Real Property	102,750,000	-	11/1/38
MICLA Lease Revenue Bonds, Series 2020-A (dated August 20, 2020)	Capital Equipment and Fixtures	84,725,000	84,725,000	11/1/30
MICLA Lease Revenue Refunding Bonds, Series 2020-B (dated August 20, 2020)	Real Property	80,850,000	74,625,000	11/1/40
MICLA Lease Revenue Refunding Bonds, Series 2020-C Taxable (dated August 20, 2020)	Real Property	102,265,000	102,265,000	11/1/41
MICLA Lease Revenue Refunding Bonds, Series 2021-A (Taxable) (dated March 4, 2021)	Capital Equipment and Real Property	177,470,000	177,470,000	11/1/38
MICLA Lease Revenue Refunding Bonds, Series 2021-B (dated March 4, 2021)	Capital Equipment and Real Property	<u>60,481,000</u>	<u>60,481,000</u>	11/1/38
Subtotal Public Offerings		\$2,028,756,000	\$1,329,476,000	
Private Placements				
[MICLA Qualified Energy Conservation Bonds, Series 2011-A (Taxable) (dated October 26, 2011)]	Real Property	11,920,000	3,871,203	10/1/28
MICLA 2016 Streetlights (dated April 5, 2016)	Capital Equipment and Streetlights	26,368,864	10,369,234	4/1/24
MICLA 2017 Streetlights Financing (dated April 18, 2017)	Capital Equipment and Streetlights	39,297,800	24,792,673	6/1/27
2017 Police Vehicles Lease Financing (dated November 15, 2017)	Capital Equipment	21,110,000	7,053,080	11/15/22
2017 Police Radios Lease Financing (dated December 22, 2017)	Vehicles and Handheld Radios	64,500,000	31,384,203	2/1/25
MICLA 2019 Streetlights Financing (dated September 30, 2019)	Capital Equipment and Fixtures	17,845,461	16,017,515	6/1/29
MICLA 2020 Streetlights Financing (dated November 1, 2020)	Capital Equipment and Fixtures	<u>9,088,272</u>	<u>9,088,272</u>	6/1/31
Subtotal Private Placements		<u>\$190,130,397</u>	<u>\$102,576,180</u>	
Total Lease Obligations		<u>\$2,218,886,398</u>	<u>\$1,432,052,180</u>	

⁽¹⁾ Primary source of repayment is a special tax on properties in the vicinity of Pershing Square through the establishment of a Mello-Roos District, but the City remains contingently liable for making up any deficiency from its General Fund.

Commercial Paper Program

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 October 1, 2021, \$309.9 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 October 1, 2021, \$20.7 million in LACC CP was outstanding under this program.

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 prior to expiration would be drawn upon 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 at no more than the stipulated 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 table below summarizes the direct pay letters of credit that currently support the payment of principal of and interest on the General MICLA CP and the LACC CP programs, respectively.

Table 41
LEASE REVENUE COMMERCIAL PAPER NOTES LETTERS OF CREDIT

<u>Series</u>	<u>LOC Provider</u>	<u>Amount of CP Supported</u>	<u>LOC Expiration</u>
A-1 and B-1	BMO Harris Bank, N.A.	\$150,000,000	June 30, 2022
A-2 and B-2	Bank of America, N.A.	100,000,000	June 30, 2022
A-3 and B-3	U.S. Bank National Association	175,000,000	June 30, 2022
Convention Center	State Street Bank and Trust Company	100,000,000	June 30, 2022

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, refuse collection 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's debt management group 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. A large portion of these cash flow needs arise from the City's long-standing practice of paying its contribution to its pension systems early in the fiscal year in order to receive a discount. The following table summarizes the City's most recent TRANs issuance.

Table 42
TAX AND REVENUE ANTICIPATION NOTES

<u>Fiscal Year</u>	<u>LACERS</u>	<u>Fire and Police Pensions</u>	<u>Cashflow</u>	<u>Total Par Amount</u>
2017-18	\$439,678,882	\$619,240,476	\$390,135,642	\$1,449,055,000
2018-19	477,615,000	672,655,000	391,160,000	1,541,430,000
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

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 43
NET DIRECT DEBT
As of October 1, 2021

	<u>Outstanding</u>
General Obligation Bonds	\$530,300,000
Lease Obligations ^{(1) (2)}	\$1,432,052,180
GROSS DIRECT DEBT	\$1,962,352,180
Revenue Bonds ⁽²⁾	
Power Revenue (DWP)	\$9,905,715,000
Water Revenue (DWP) ⁽³⁾	5,267,440,000
Department of Airports	8,224,485,000
Harbor Department ⁽⁴⁾	618,480,000
Wastewater System ⁽³⁾	
Senior Revenue Bonds	971,695,000
Subordinate Revenue Bonds	1,521,075,000
Solid Waste Resources Fee	<u>164,495,000</u>
Subtotal	\$26,673,385,000
TOTAL CITY DEBT	\$28,635,737,180
Less:	
Revenue Bonds	<u>(26,673,385,000)</u>
NET DIRECT DEBT	\$1,962,352,180
Plus:	
Overlapping Debt ⁽⁵⁾	<u>13,564,865,000</u>
NET OVERALL DEBT	<u>\$15,527,217,180</u>

⁽¹⁾ Includes only bonded and certificated lease obligations and long-term private placements.

⁽²⁾ Does not include any commercial paper or revolving credit agreements.

⁽³⁾ Does not include outstanding California State Revolving Fund loans.

⁽⁴⁾ Does not include outstanding California Department of Boating and Waterways loans.

⁽⁵⁾ Overlapping debt information from California Municipal Statistics, Inc. as of October 1, 2021. See Table 51.

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

Table 44
DEBT SERVICE TO MATURITY ON DEBT PAYABLE FROM PROPERTY TAXES⁽¹⁾
As of October 1, 2021

<u>Fiscal Year</u>	<u>Principal</u>	<u>General Obligation Bonds</u>		<u>Total</u>
		<u>Interest</u>		
2022	\$ 0	\$10,050,403		\$10,050,403
2023	79,635,000	18,520,636		98,155,636
2024	61,525,000	15,776,651		77,301,651
2025	44,360,000	13,756,343		58,116,343
2026	37,355,000	12,199,068		49,554,068
2027	35,945,000	10,816,189		46,761,189
2028	34,485,000	9,492,207		43,977,207
2029	35,940,000	8,180,847		44,120,847
2030	31,225,000	6,916,369		38,141,369
2031	23,675,000	5,896,655		29,571,655
2032	23,595,000	5,044,121		28,639,121
2033	18,125,000	4,282,408		22,407,408
2034	18,125,000	3,609,407		21,734,407
2035	18,125,000	2,930,105		21,055,105
2036	18,125,000	2,248,646		20,373,646
2037	18,125,000	1,565,029		19,690,029
2038	18,125,000	879,255		19,004,255
2039	13,810,000	267,914		14,077,914
	<u>0</u>	<u>0</u>		<u>0</u>
Total	<u>\$530,300,000</u>	<u>\$132,432,249</u>		<u>\$662,732,249</u>

⁽¹⁾ Totals may not add due to independent rounding.

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

Table 45
DEBT SERVICE TO MATURITY ON BONDED AND CERTIFICATED LEASE OBLIGATIONS⁽¹⁾
As of October 1, 2021

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$153,464,974	\$53,071,730	\$206,536,704
2023	130,659,590	48,042,576	178,702,166
2024	114,264,595	44,212,197	158,476,792
2025	109,335,117	40,556,267	149,891,384
2026	102,489,302	36,880,324	139,369,627
2027	106,069,518	32,913,065	138,982,583
2028	81,708,216	28,976,303	110,684,519
2029	74,275,289	25,643,243	99,918,532
2030	63,539,184	22,659,423	86,198,607
2031	66,412,395	19,776,657	86,189,052
2032	57,168,000	17,031,120	74,199,120
2033	57,306,000	14,463,899	71,769,899
2034	58,785,000	12,014,127	70,799,127
2035	57,864,000	9,696,873	67,560,873
2036	60,235,000	7,310,371	67,545,371
2037	62,832,000	4,702,430	67,534,430
2038	34,913,000	2,564,706	37,477,706
2039	22,321,000	1,344,948	23,665,948
2040	9,780,000	638,180	10,418,180
2041	7,025,000	225,938	7,250,938
2042	1,605,000	22,976	1,627,976
	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$1,432,052,180</u>	<u>\$422,747,355</u>	<u>\$1,854,799,534</u>

Totals may not add due to independent rounding.

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

Debt Management Policies

The City adopted a written debt policy in August 1998, which was incorporated into the City's Administrative Code in May 2000 and has also adopted policies for Mello-Roos financing, variable rate debt and swaps. Revisions of these policies were approved by the Council in September 2020. (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 46
DEBT MANAGEMENT POLICY RATIOS

<u>Ratio</u>	<u>Ceiling</u>	<u>2019-20</u>	<u>Estimated 2020-21</u>	<u>Budget 2021-22</u>
Total Direct Debt Service as Percent of General Revenues ⁽¹⁾	15.0%	5.90%	4.51%	4.86%
Non-Voted Direct Debt Service as Percent of General Revenues ⁽¹⁾	6.0% ⁽²⁾	3.92%	2.78%	3.35%

⁽¹⁾ For purposes of the Debt Policy, General Revenues includes the General Fund, the General Obligation Bond Debt Service Fund, 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 47
FINANCIAL RATIOS

<u>As of June 30</u>	<u>Net Direct Debt</u>	<u>Net Debt Per Capita</u>	<u>Net Debt as Percent of Net Assessed Valuation</u>
2017	\$2,279,944,100	\$572	0.43%
2018	2,277,748,296	570	0.40
2019	2,241,343,140	562	0.37
2020	2,160,374,979	543	0.33
2021 Budget	2,064,424,459	526	0.30

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

The table below shows debt service paid from the General Fund as a percent of General Fund revenues.

Table 48
GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND⁽¹⁾
(\$ in thousands)

<u>Fiscal Year</u>	<u>Debt Service Payments⁽²⁾</u>	<u>General Fund Revenues⁽³⁾</u>	<u>Debt Service as Percentage of General Fund Revenue</u>
2017-18	\$218,487	\$5,841,076	3.74%
2018-19	226,334	6,236,881	3.63
2019-20	228,118	6,569,750	3.47
2020-21 Estimated	221,756	6,957,766	3.19
2021-22 Budget	224,032	7,503,223	2.99

⁽¹⁾ Cash basis.

⁽²⁾ Debt service payments on lease obligations and judgment obligation bonds.

⁽³⁾ Including operating transfers in.

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 49
RETIREMENT OF NET DIRECT DEBT⁽¹⁾
As of October 1, 2021

	<u>General Obligation Bonds</u>		<u>Bonded and Certificated Leases</u>		<u>Total</u>	
<u>Maturing Within</u>	<u>Maturing Principal</u>	<u>Cumulative % of Debt Retired</u>	<u>Maturing Principal</u>	<u>Cumulative % of Debt Retired</u>	<u>Maturing Principal</u>	<u>Cumulative % of Debt Retired</u>
>0 to 5 years	\$258,820,000	48.8%	\$610,553,578	42.6%	\$869,373,578	44.3%
>5 to 10 years	148,920,000	76.9%	391,664,602	70.0%	540,584,602	71.9%
>10 to 15 years	90,625,000	94.0%	291,358,000	90.3%	381,983,000	91.3%
>15 to 20 years	31,935,000	100.0%	136,871,000	99.9%	168,806,000	99.9%
>20 to 25 years	0	100.0%	1,605,000	100.0%	1,605,000	100.0%
Total	\$530,300,000		\$1,432,052,180		\$1,962,352,180	

⁽¹⁾ Totals may not add due to independent rounding.

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.

The City may also seek further general obligation bond voter authorization.

Table 50
PROPOSED SCHEDULE OF BOND ISSUANCES AND TRANSACTIONS
DEBT CALENDAR
(As of October 1, 2021)

	<u>Expected Sale Date</u>	<u>Amount</u>
Los Angeles Wastewater System Refunding Bonds	Fall 2021	\$266 million
Los Angeles Wastewater System Forward Refunding Bonds	Fall 2021	\$231 million
Los Angeles Wastewater System State Revolving Fund Loan	TBD	\$77.3 million
General Obligation Bonds (Proposition HHH), Series 2021-A and Refunding Series 2021-B	Fall 2021	\$240 million
Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds	Fall 2021	\$30 million
MICLA Lease Revenue Bonds, Series 2021-C (Capital Equipment and Real Property)	Winter 2021	\$200 million
Community Facilities District No. 8 (Legends of Cascades) 2022 Special Tax Refunding Bond	Winter 2021	\$5 million
2022 Tax and Revenue Anticipation Notes	Summer 2022	\$1.6 billion
General Obligation Bonds (Proposition O)	Winter 2022	\$37 million
MICLA Lease Revenue Bonds, Series 2023-A (Capital Equipment) and Series 2023-B (Real Property)	Spring 2023	\$120 million

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. 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 “Proposed 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 51
STATEMENT OF OVERLAPPING DEBT
As of October 1, 2021

	Debt Outstanding 10/1/21	Estimated Percent Applicable	Estimated Shares Of Overlapping Debt 10/1/21
<u>OVERLAPPING DEBT REPAID WITH PROPERTY TAXES</u>			
The Metropolitan Water District of Southern California	\$ 26,830,000	21.429%	\$ 5,749,401
Los Angeles Community College District	4,146,515,000	72.335	2,999,381,625
Beverly Hills Unified School District	441,617,136	0.148	653,593
Inglewood Unified School District	134,275,000	0.760	1,020,490
Las Virgenes Unified School District	107,388,325	0.886	951,461
Los Angeles Unified School District	10,335,150,000	88.386	9,134,825,679
Other School Districts	541,217,928	Various	444,536
City of Los Angeles Community Facilities District No. 3	605,000	100.000	605,000
City of Los Angeles Community Facilities District No. 4	59,225,000	100.000	59,225,000
City of Los Angeles Community Facilities District No. 8	5,425,000	100.000	5,425,000
Mountains Recreation and Conservation Authority Assessment Districts	14,730,000	100.000	14,730,000
Los Angeles Unified School District supported general obligation bonds			136,883,398
<u>OTHER OVERLAPPING DEBT:</u>			
Los Angeles County General Fund Obligations	2,575,585,386	40.851	1,052,152,386
Los Angeles County Superintendent of Schools Certificates of Participation	3,972,227	40.851	1,622,694
Los Angeles County Sanitation District Nos. 1, 4, 5, 8 & 16 Authorities	6,697,602	0.001 – 11.927	328,022
Inglewood Unified School District Certificates of Participation	1,185,000	0.760	9,006
Las Virgenes Unified School District Certificates of Participation	9,517,975	0.886	84,329
Los Angeles Unified School District Certificates of Participation	120,710,000	88.386	106,690,741
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$317,850,000	100.000%	\$317,850,000
SUBTOTAL, OVERLAPPING DEBT			\$13,564,865,000
City of Los Angeles General Obligation Bonds	\$ 530,300,000	100.000%	\$ 530,300,000 ⁽¹⁾
City of Los Angeles General Fund Obligations	1,432,052,181	100.000	1,432,052,181
TOTAL CITY OF LOS ANGELES DIRECT DEBT			\$1,962,352,181
TOTAL DIRECT AND OVERLAPPING DEBT			\$15,527,217,746 ⁽²⁾

⁽¹⁾ Excludes general obligation bonds to be sold.

⁽²⁾ 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.”

Climate Change

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

The 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.

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 has mitigated the attack and notified all the affected individuals immediately. Following this incident, certain City personnel attended security awareness training. The City installed web application firewall and endpoint protection system to quickly identify and respond to cyber-attacks targeted at the department 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 has conducted 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.

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

The Clean Water Act (“CWA”) regulates the discharges of pollutants into the waters of the United States by establishing 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 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 November 8, 2012, the LARWQCB adopted the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit (“MS4 permit”) Order No. R4-2012-0175, which became effective on December 28, 2012. The MS4 permit establishes the TMDL of pollutants 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 of Los Angeles), the Los Angeles County Flood Control District, and the County are covered by the MS4 and responsible for compliance with the MS4 permit. The City is currently subject to 22 TMDL thresholds, 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 for the option to work together to develop and implement Enhanced Watershed Management Programs (“EWMPs”) to address permit and TMDL requirements. The MS4 permit has safe harbor provisions whereby, the City was deemed in compliance with the TMDLs during the development of the EWMPs, provided that all requirements and deadlines related to the EWMP development were met. As the EWMPs cross multiple local jurisdictions, the City collaborated with other participating agencies on the development of the EWMPs, which were approved by the LARWQCB in 2016.

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 on 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 EWMPs necessary to meet the current TMDL compliance deadlines 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. It is anticipated that the LARWQCB will be adopting the 2021 MS4 Permit in July of 2021. The City's Bureau of Sanitation is in the process of negotiating time extensions to be included in the upcoming permit. If not granted, the City could potentially face fines for failing to meet the 2021 TMDL compliance milestones as well as upcoming TMDL milestones that will take effect by 2026.

The City's share of the costs of the approved EWMP projects required to meet the TMDLs through 2037 is estimated by the LARWQCB to be approximately \$8 billion. Estimating project costs over such a long time period is inherently difficult and no assurance can be provided by the City that LARWQCB's approved projections are accurate.

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 with Fiscal Year 2019-20 and is projected to generate approximately \$300 million a year. This program is administered by the Los Angeles County Flood Control District ("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 has budgeted \$32 million from this source in the 2021-22 Budget and received \$35.9 million in 2020-21. In addition, the City is competing for project funding from the Measure W Regional Program administered by the LACFCD. Under the first round of regional funding for 2020-21, the Bureau of Sanitation secured funding totaling \$61.2 million over the next five years for four projects. As the regional program progresses, the Bureau of Sanitation is anticipating approximately \$20 million to \$30 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. A plan to expend the remaining \$60.5 million in bond fund authority and wind down the Proposition O program is expected to be approved by the Mayor and Council by

summer 2021. The plan includes leveraging some of the remaining Proposition O authority to support Measure W projects seeking regional funding.

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”).

In accordance with a Memorandum of Understanding between the City, the United States Olympic Committee (“USOC”), and LA 2028, an independent review was conducted by KPMG to validate the 2028 Games budget. The 2028 Games budget is \$6.88 billion, which includes both a contingency against cost overruns of \$615.9 million and the impact of inflation. The City and LA 2028 approved the Youth Sport Partnership Agreement in February 2020 to provide the City \$160 million in order to enhance access and remove barriers to sport programming for youth leading up to the 2028 Games.

Pursuant to a Host City Contract between the City and the IOC, the IOC is protected against any costs and expenses in excess of those agreed to by the IOC. The City has several funding sources to finance expenses relative to the 2028 Games, including \$160 million pursuant to a Youth Sport Partnership Agreement and up to \$270 million from the State for budgetary shortfalls if the host committee has exhausted its funds and the City has spent \$270 million on the 2028 Games.

Other cities that hosted the Olympic Games and the Paralympic Games have incurred significant financial obligations because of the extensive capital project expenses of construction of new public infrastructure and facilities. However, the City does not anticipate it will be necessary to construct extensive new capital projects in order to host the 2028 Games. The City is presently unable to determine the fiscal impact and financial risk to the City of hosting the 2028 Games.

Federal Public Corruption Investigation

Jose Huizar, a former member of the Los Angeles City Council, has been indicted for violations of the Racketeer Influenced and Corrupt Organizations (“RICO”) Act in connection with a criminal enterprise in which the United States Attorney alleges that Mr. Huizar received at least approximately \$1.5 million in bribes. Mr. Huizar was suspended from office on June 23, 2020. He has since been replaced by Kevin de Leon. 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 federal criminal complaint against Mr. Huizar is 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. Mitchell Englander, a former City Council member, resigned his City Council seat on December 31, 2018, pled guilty in connection with the investigation, and has begun serving 14 months in federal prison. The City cannot predict the outcome of these investigations.

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 following list of certain newly completed, pending or threatened litigation matters involving the City was prepared by the Office of the City Attorney, and includes matters with a potential exposure of \$10 million or more. For all pending or threatened litigation matters and administrative proceedings not listed below, the City believes, based on current facts and circumstances, that a final determination of such matters, either individually or in the aggregate, should not materially affect the General Fund's financial position. Certain litigation or administrative proceedings discussed below, 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. *Telephone Utility Users Tax Cases.*

A number of claims have been filed in connection with the City's Telephone Utility Users tax on telephone services, which was amended in 2008 to eliminate any such future claims (see "MAJOR GENERAL FUND REVENUE SOURCES — Utility Users Taxes"). On December 27, 2006, in *Ardon v. City of Los Angeles*, plaintiff filed a class action that challenged the validity of the City's telephone utility users tax based on a federal government interpretation of the federal excise tax. The City settled this case in 2016, the terms of which capped its liability to \$92.5 million. The City initially transferred \$50 million to an escrow account managed by a third-party administrator for payment of claims and other costs during 2016-17. Following the third party administrator's final accounting, which was completed in September 2021, the City's final liability was determined to be approximately \$48.7 million.

[As part of the settlement, cases that were filed against the City for the same claim and dependent upon the result of *Ardon*, namely *J2 Global Communications, Inc. v. City of Los Angeles* and *TracFone Wireless, Inc. v. City of Los Angeles* (TracFone has filed two cases), were given the option to join the *Ardon* settlement claim process or continue pursuing their respective claims against the City. The plaintiffs in *J2* elected to opt in to the *Ardon* settlement as of the June 2016 deadline. With respect to the two separate cases named *TracFone Wireless, Inc. v. City of Los Angeles*, the court approved a final settlement on or about April 21, 2021. Under the terms of the settlement, the City will provide TracFone a refundable tax credit of \$1.65 million against future taxes owed for 36 months. In the 37th month, the City is to refund the balance of any unused tax credits to TracFone.]

2. *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 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 as early as 2001 until 2010, as well as related civil penalties, which, based on the private parties' original complaint, is estimated to be approximately \$3 billion. However, the City disputes (1) any assertion that, as a matter of law, the City's certifications signed as part of these entitlement programs are subject to the FCA; (2) that any conduct by the City otherwise met the high standard for imposing FCA liability; (3) that there is a factual basis for treble damages calculated from the total of these receipts, even if the Court otherwise found the City liable; and (4) that there is any legal basis for DOJ to bring the state common law claims against the City. The City is vigorously defending its interests in this matter. Due to the preliminary nature of the matter, an estimable liability amount is difficult to ascertain 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.

3. *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 that (ii) just compensation is due under the California Outdoor Advertising Act. The City denied the claim by letter dated March 1, 2018. The parties entered into another tolling agreement extending the term to February 1, 2022. Unless the tolling agreement is extended again, the statute of limitation will begin to run starting February 1, 2022.

4. *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. CBS Outdoor has four years to file suit. A suit has yet to be filed.

5. *Gas Utility Users Tax Cases.*

Enquist et al. v. City of Los Angeles. This case involves a class action lawsuit in connection with the City's gas utility users tax. Plaintiffs filed its class action lawsuit on August 13, 2015 seeking a refund of gas taxes paid to the City. The suit challenges the City's method of taking into account Customer Charges and Service Establishment Charges in computing the tax, which the City continues to follow. Plaintiffs seek an unspecified refund amount. The court certified the class in April 2019. In February 2020, the parties following a two-mediation reached a settlement which the court preliminary approved. Under the terms of the settlement, the City's liability is capped at \$32.5 million, inclusive of attorney's fees and administrative costs. Of the liability, approximately one-third

of that amount would lead to a cash payment from the City. The remaining balance would be funded through a reduction of gas utility users tax imposed on customers for a period of no more than six years. The court granted final approval of the settlement on March 17, 2021.

6. *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.

On December 26, 2014, the City filed a motion to dismiss the plaintiffs' complaint. The Federal District Court granted the City's motion to dismiss the complaint on March 19, 2015. 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. The City sought review of the Ninth's Circuit's decision with the U.S. Supreme Court. On March 19, 2018, the U.S. Supreme Court denied the City's request. The District Court heard arguments on the motion for class certification on September 21, 2020. ON August 5, 2021, the District Court granted plaintiff's motion for class certification, in part and denied in part. The District Court certified two classes and denied the certification of a third. Plaintiffs' filed a motion of reconsideration with respect to the third class on August 17, 2021. Based on the pleadings, the plaintiffs' claim of damages for the certified classes is estimated to be approximately \$18 million.

7. *Blue Cross of America v. City of Los Angeles.*

On March 30, 2017, Blue Cross filed a protective tax refund complaint of business taxes paid for tax year 2015, under Article XIII, Section 28 of the California Constitution. In October 2017, Blue Cross filed a supplemental claim (together with the 2017 complaint, the "Blue Cross Action") seeking additional refunds of business taxes paid for tax years 2016, 2017, 2018 and 2019. 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"). 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.

One of the issues to be resolved in *Myers*, is whether Blue Cross is an "insurer" for purposes of California tax law and therefore required to pay a gross premiums tax in lieu of a corporate franchise tax. Following an adverse appellate court ruling, which concluded that the matter should be first adjudicated at the trial court, on April 2, 2019, Blue Cross filed a request to the California Supreme Court to resolve the question of whether Blue Cross is an "insurer" under the California Constitution. The California Supreme Court denied the appeal on May 15, 2019. Due to COVID-19, the trial was rescheduled from July 2020 to January 2021. On February 21, 2021, the trial court, in a judgment, determined that Blue

Cross was not an “insurer”. On March 21, 2021, the plaintiffs filed a notice of appeal. It is unknown when the appeal will be heard. 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. The refund is estimated to be approximately \$55 million (inclusive of interest), as computed through the end of 2021, plus attorney’s fees.

8. *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 a tax under Proposition 218, and therefore required 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 November 2, 2020, the City filed a motion for summary judgment on both causes of action; that same date, the plaintiffs filed a motion for summary adjudication of the second cause of action. 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 the same date, the Court also denied the plaintiffs' motion for summary adjudication. On April 6, 2021, judgment was entered in the City's favor. On June 2, 2021, the plaintiffs' filed a notice of appeal.

9. *Capital Foresight Investments, LP et al v. City of Los Angeles.*

On September 15, 2019, the plaintiffs filed suit against the City over the City’s seventy-inch below-ground storm drain located under the plaintiffs’ properties. The plaintiffs allege that the City does not hold an easement on the plaintiffs’ property for the drain and thus its presence limits the developmental value of the property. On April 23, 2021, the plaintiffs’ stayed the case indefinitely subject to the plaintiffs’ relocation of the storm drain. Under the terms of the stay, the plaintiffs’ will be permitted to seek reimbursement from the City for the reasonable cost associated with the relocation of the storm drain. To the extent the parties dispute the cost reimbursement, the plaintiffs’ will be able to revive its suit as it relates to the cost reimbursement figure.

10. *Andrew Wilson et al. v. City of Los Angeles et al.*

In 1984, plaintiff was arrested and charged with the robbery felony-murder of Christopher Hanson. The plaintiff maintained his innocence. After spending 34 years in custody, the plaintiff was released. Following his release, the plaintiff sued the City, together with other parties, for wrongful incarceration in Federal court. He alleged that the only evidence directly connecting him to the murder was the eyewitness testimony of a witness to the murder, and that the witness’ identification of the plaintiff was the result of wrongdoing by one of the LAPD Detectives who was involved in the murder investigation. As a result of the Detective’s alleged wrongdoing, the plaintiff was wrongfully convicted of murder. A settlement, by and between the parties, is pending.

11. *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 of Los Angeles (“City”) and the County of Los Angeles (“County”) for violating various State and Federal laws in connection with homeless individuals. The plaintiffs contend that the County and the City have not made sufficient progress in providing housing and other services to the homeless population. Such failure has resulted in impassable sidewalks and exposed the public to health risks, environmental hazards, increased crime, and untreated mental illness and addiction. The plaintiffs demand 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 approximately 6,000 to 7,000 homeless individuals living near freeway overpasses, underpasses, and ramps. Of that number, approximately 3,000 to 4,000 were found in the City. Under the order, the City, together with the County, were required to shelter or provide alternative housing to these homeless individuals in facilities that were safe, humane, hygienic, and public health compliant. The injunction was to be effective on May 22, 2020. The District Court stayed its order on May 22, 2020 pending the review of an alternative shelter and relocation plan submitted by the City and County. On June 18, 2020, the City and County entered into an agreement to memorialize an alternative shelter and relocation plan, subject to court approval and monitoring. Under the agreement, the City agreed to provide 6,700 beds to shelter homeless individuals. Of that number, 6,000 would be additional new beds to be available from the date of the agreement, as follows: 5,300 beds within 10 months and 700 beds within 18 months. On June 18, 2020, the District Court approved the agreement and vacated the preliminary injunction.

A preliminary estimate of the capital cost to the City for providing the 6,700 beds is \$200 million. The City estimates that the annual cost of operations and services for this population is \$104 million, of which the County has agreed to pay the City approximately \$60 million per year for five years. The City has committed to fund the remaining half of the estimated annual operations and services costs. Such costs will total approximately \$300 million over five years. While the City anticipates that all of these obligations will be financed in 2021-22 with COVID-related federal and State funds, and County funds for services, in future years these obligations could result in additional expenditures from the City’s General Fund.

On April 20, 2021, the District Court issued a preliminary injunction in this case focused on the City's and County's handling of homelessness in the “Skid Row” area of the City. In the injunction, among other things, the District Court ordered (1) the City to place \$1 billion into an escrow account for an accounting of its uses (reflecting the approximate amount that the City allocated to homelessness in the 2021-22 Budget), (2) suspended the sale or transfer of any City property pending a City Controller report, (3) ordered an audit of the City’s expenditures related to homeless housing, and (4) ordered the City and County to offer housing

to Skid Row residents within 90 days in the case of unaccompanied women and children; within 120 days in the case of families; and within 180 days in the case of the general population. The cost estimate to offer housing to Skid Row residents is unknown at this time.

The City and County appealed the District Court's preliminary injunction to the Ninth Circuit Court of Appeals on April 21, 2021. The Ninth Circuit has stayed the District Court's preliminary injunction pending a decision. Oral arguments were heard on July 7, 2021. It is unclear when the Ninth Circuit will issue its decision.

In the event the Ninth Circuit affirms the District Court's preliminary injunction, the City will need to address the District Court's injunction, as amended or modified.

12. *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 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, from the actions of four officers of the Minneapolis Police Department, and Breonna Taylor, shot by Louisville Metro Police Department officers. The lawsuit was filed in Federal District Court. 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 amount of liability cannot be determined.

13. *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. At this time, due to the preliminary nature of the lawsuit, an estimable liability amount cannot be determined.

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 "BUDGET AND FINANCIAL OPERATIONS—Retirement and Pension Systems—Fire and Police Pension Plan," above).

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 Retirement 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 filed an additional lawsuit against the Board of Police Pension Commissioners 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. Due to the coronavirus, the trial date was rescheduled from December 2020 to September 20, 2021. In the event of an adverse ruling, which is reasonably possible, a special study would need to be conducted by the LAFPP Plan actuary in order to quantify the costs of the annual subsidy increase.

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 2021 population of 3.92 million. Los Angeles is the principal city, comprised of 470 square miles, 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. In particular, the impact of the COVID-19 pandemic on the local economy and workforce is not reflected in the information within.

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 City 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 then 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.

The City and its surrounding metropolitan region continued to experience growth in population and in 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 and television 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. The County is a top-ranked county in manufacturing in the nation. Important 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 City, County, and State population, estimated as of January 1 of each year.

Table 52
CITY, COUNTY AND STATE POPULATION STATISTICS

	City of <u>Los Angeles</u>	Annual <u>Growth Rate⁽¹⁾</u>	County of <u>Los Angeles</u>	Annual <u>Growth Rate⁽¹⁾</u>	State of <u>California</u>	Annual <u>Growth Rate⁽¹⁾</u>
2000	3,694,742	-	9,519,330	-	33,873,086	-
2005 ⁽¹⁾	3,769,131	0.40%	9,816,153	0.62%	35,869,173	1.18%
2010 ⁽¹⁾	3,792,621	0.12	9,818,605	0.00	37,253,956	0.77
2015 ⁽¹⁾	3,938,939	0.77	10,124,800	0.62	38,865,532	0.87
2016	3,958,803	0.50	10,150,386	0.25	39,103,587	0.61
2017	3,984,916	0.66	10,181,162	0.30	39,352,398	0.64
2018	3,996,298	0.29	10,192,593	0.11	39,519,535	0.42
2019	3,986,031	(0.26)	10,163,139	(0.29)	39,605,361	0.22
2020	3,975,234	(0.27)	10,135,614	(0.27)	39,648,938	0.11
2021	3,923,341	(1.31)	10,044,458	(0.90)	39,466,865	(0.46)

⁽¹⁾ For five-year time series, figures represent average annual growth rate for each of the five years.

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. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2021, with 2010 Census Benchmark. Sacramento, California, May 7, 2021.

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 53
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND
UNEMPLOYMENT OF RESIDENT LABOR FORCE⁽¹⁾

<u>Civilian Labor Force</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Los Angeles					
Employed	1,923,300	1,960,500	1,974,600	1,988,500	1,750,400
Unemployed	<u>106,900</u>	<u>98,600</u>	<u>95,800</u>	<u>92,900</u>	<u>259,300</u>
Total	2,030,100	2,059,100	2,070,500	2,081,300	2,009,700
County of Los Angeles					
Employed	4,765,900	4,841,900	4,860,300	4,894,300	4,291,700
Unemployed	<u>264,600</u>	<u>242,200</u>	<u>235,200</u>	<u>227,300</u>	<u>629,800</u>
Total	5,030,500	5,084,000	5,095,500	5,121,600	4,921,500
<u>Unemployment Rates</u>					
City	5.3%	4.8%	4.6%	4.5%	12.9%
County	5.3%	4.8%	4.6%	4.4%	12.8%
State	5.5%	4.8%	4.3%	4.2%	10.1%
United States	4.9%	4.4%	3.9%	3.7%	8.1%

⁽¹⁾ March 2020 Benchmark report as of March 26, 2021; not seasonally adjusted.

Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in Table 54.

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 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 in this series was 12.3 percent at the height of the Great Recession in 2010. The California Employment Development Department has reported preliminary unemployment figures for [July 2021 of 7.9 percent statewide, 10.2 percent for the County, and 10.2 percent for the City (not seasonally adjusted).]

The following table summarizes the California Employment Development Department’s estimated annual employment for the County, 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 54
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE⁽¹⁾

	County of Los Angeles <u>2020</u>	% of <u>Total</u>	State of California <u>2020</u>	% of <u>Total</u>
Agricultural	4,400	0.1%	407,300	2.5%
Mining and Logging	1,700	0.0	19,800	0.1
Construction	145,500	3.5	855,100	5.2
Manufacturing	313,800	7.6	1,261,700	7.6
Trade, Transportation and Utilities	787,300	19.0	2,894,900	17.5
Information	185,800	4.5	529,000	3.2
Financial Activities	211,500	5.1	815,300	4.9
Professional and Business Services	593,300	14.3	2,595,200	15.7
Educational and Health Services	820,900	19.8	2,731,600	16.5
Leisure and Hospitality	394,400	9.5	1,477,600	8.9
Other Services	127,000	3.1	473,200	2.9
Government	<u>565,600</u>	13.6	<u>2,487,100</u>	15.0
Total ⁽²⁾	4,151,000		16,547,900	

⁽¹⁾ The California Employment Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.

⁽²⁾ May not add due to rounding.

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table 53.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2020 Benchmark report released March 26, 2021.

Major Employers

The estimated top 25 major non-governmental employers in the County in 2020 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 6.5 percent of the labor force.

Table 55
LOS ANGELES COUNTY
2020 MAJOR NON-GOVERNMENTAL EMPLOYERS

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
Kaiser Permanente	Nonprofit health care plan	41,349
University of Southern California	Private university	22,164
Target Corp.	Retailer	20,000
Northrop Grumman Corp.	Defense contractor	18,000 ⁽¹⁾
Ralphs/Food 4 Less (Kroger Co. Division)	Grocery retailer	15,532
Cedars-Sinai	Health system	15,302
Amazon	Online retailer	15,000 ⁽¹⁾
Allied Universal	Security professionals	14,480
Providence	Health care	14,094
Walt Disney Co.	Media and entertainment	12,750 ⁽¹⁾
UPS	Logistics, transportation and freight	11,643
NBCUniversal	Media and entertainment	11,500 ⁽¹⁾
Home Depot	Home improvement specialty retailer	11,200 ⁽¹⁾
AT&T	Telecommunications, DirecTV, cable, satellite and television provider	11,000 ⁽¹⁾
Albertsons Cos.	Grocery retailer	10,000 ⁽¹⁾
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,463
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	8,000 ⁽¹⁾
Wells Fargo Bank, N.A.	Diversified financial services	7,613
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,500 ⁽¹⁾
Bank of America Corp.	Banking and financial services	7,500
FedEx Corp.	Shipping and logistics	7,000 ⁽¹⁾
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	6,730
Children's Hospital Los Angeles	Hospital	6,400
Raytheon Intelligence & Space ⁽²⁾	Advanced sensors, training cyber and software solutions	6,316
Dignity Health	Health care	6,000 ⁽¹⁾

⁽¹⁾ Business Journal estimate.

⁽²⁾ Raytheon Intelligence, Information and Services and Raytheon Space and Airborne Systems merged in April 2020.

Source: [Los Angeles Business Journal, Weekly Lists, originally published August 31, 2020.]

The estimated top 25 major governmental employers in the County in 2020 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 9.1 percent of the labor force.

Table 56
LOS ANGELES COUNTY
2020 LARGEST PUBLIC SECTOR EMPLOYERS

<u>Employers</u>	<u>Employees</u>
Los Angeles County	113,207
Los Angeles Unified School District	77,928
University of California, Los Angeles	50,957
U.S. Government – Federal Executive Board ⁽¹⁾	50,000
City of Los Angeles ⁽²⁾	34,172
State of California ⁽³⁾	30,370
Long Beach Unified School District	11,867
Los Angeles County Metropolitan Transportation Authority	9,978
Los Angeles Department of Water and Power (LADWP)	9,400
Mt. San Antonio Community College District	8,857
Los Angeles Community College District	6,874
City of Long Beach	5,500
California State University, Northridge	4,107
Los Angeles World Airports (LAWA)	3,563
Pomona Unified School District	3,288
California State University, Long Beach	3,058
California State University, Los Angeles	3,012
California State Polytechnic University, Pomona	2,669
Montebello Unified School District	2,621
Compton Unified School District	2,322
City of Santa Monica	2,200
City of Glendale	2,100
City of Pasadena	2,095
Santa Monica Community College District	2,000
William S. Hart Union High School District	1,950

⁽¹⁾ Excludes law enforcement and judiciary employees.

⁽²⁾ Excludes proprietary departments (LADWP, LAWA, Port of L.A.).

⁽³⁾ Excludes education employees.

Source: Los Angeles Business Journal, Weekly Lists, originally published August 31, 2020.

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.

Table 57
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	Personal Income (thousands of dollars)	Per Capita Personal Income ⁽¹⁾ (dollars)
2016		
County ⁽²⁾	\$ 581,458,264	\$57,538
State ⁽³⁾	2,273,557,500	58,074
United States ⁽³⁾	16,151,881,000	49,995
2017		
County ⁽²⁾	\$ 602,431,122	\$59,625
State ⁽³⁾	2,383,130,500	60,581
United States ⁽³⁾	16,937,582,000	52,096
2018		
County ⁽²⁾	\$ 627,608,360	\$62,300
State ⁽³⁾	2,514,503,400	63,759
United States ⁽³⁾	17,839,255,000	54,581
2019		
County ⁽²⁾	\$ 653,482,910	\$65,094
State ⁽³⁾	2,632,279,800	66,745
United States ⁽³⁾	18,542,262,000	56,474
2020		
County	N/A	N/A
State ⁽³⁾	\$ 2,814,010,800	\$71,480
United States ⁽³⁾	19,679,715,100	59,729

⁽¹⁾ Per capita personal income was computed using Census Bureau midyear population estimates. Per capita personal income is total personal income divided by total midyear population. Estimates for 2016 to 2019 reflect county population estimates available as of March 2020.

⁽²⁾ Last updated: November 17, 2020 – new statistics for 2019; revised statistics for 2016 – 2018.

⁽³⁾ Last updated: March 24, 2021 –new statistics for 2020; revised statistics for 2016 – 2019.

Source: U.S. Bureau of Economic Analysis, “Table SAINC1: Personal Income Summary” and “Table CAINC1: Personal Income Summary” (accessed September 13, 2021).

Retail Sales

As the largest city in the County, the City accounted for \$39.0 billion (or 25 percent) of the total \$155.7 billion in County taxable sales for 2020. The following table sets forth a history of taxable sales for the City for calendar years 2016 through 2020.

Table 58
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Motor Vehicle and Parts Dealers	\$ 4,769,093	\$ 4,622,056	\$4,953,943	\$4,920,618	\$4,542,813
Home Furnishings and Appliance Stores	1,945,181	1,961,481	1,994,456	1,879,295	1,498,438
Bldg. Materials and Garden Equip. and Supplies	2,384,196	2,473,704	2,604,997	2,633,786	2,761,651
Food and Beverage Stores	2,781,424	2,909,253	2,965,281	3,003,306	3,002,654
Gasoline Stations	3,670,451	3,973,137	4,577,433	4,634,896	2,857,608
Clothing and Clothing Accessories Stores	3,201,152	3,211,811	3,358,528	3,392,114	2,269,390
General Merchandise Stores	2,812,550	2,858,495	2,901,449	2,908,563	2,486,745
Food Services and Drinking Places	8,775,092	9,273,985	9,704,572	10,214,928	6,159,671
Other Retail Group	<u>4,229,201</u>	<u>4,292,007</u>	<u>4,582,036</u>	<u>4,686,277</u>	<u>4,349,487</u>
Total Retail and Food Services	34,568,339	35,575,932	37,642,695	38,273,783	29,928,457
All Other Outlets	<u>10,624,426</u>	<u>11,140,929</u>	<u>11,862,801</u>	<u>11,900,668</u>	<u>9,076,295</u>
TOTAL ALL OUTLETS	\$45,192,765	\$46,716,861	\$49,505,496	\$50,174,450	\$39,004,752
Year-over-year growth	2.5%	3.4%	6.05%	1.4%	(22.3%)

Source: California Department of Tax and Fee Administration, Research and Statistics.

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 59
CITY OF LOS ANGELES
ASSESSED VALUATION AND PARCELS BY LAND USE

	2021-22 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential				
Commercial Office	\$ 99,479,806,013	14.18%	26,214	3.36
Vacant Commercial	2,411,441,436	0.34	1,329	0.17
Industrial	45,798,520,681	6.53	17,694	2.27
Vacant Industrial	1,952,747,009	0.28	4,115	0.53
Recreational	2,697,996,471	0.38	790	0.10
Government/Social/Institutional	4,025,036,089	0.57	3,701	0.47
Miscellaneous	<u>376,223,984</u>	<u>0.05</u>	<u>1,803</u>	<u>0.23</u>
Subtotal Non-Residential	\$156,741,771,683	22.35%	55,646	7.13%
Residential				
Single Family Residence	\$374,334,075,716	53.37%	503,701	64.50%
Condominium/Townhouse	45,834,858,933	6.53	89,666	11.48
Mobile Homes and Lots	174,681,616	0.02	3,450	0.44
Mobile Home Park	245,888,787	0.04	93	0.01
2-4 Residential Units	36,796,040,685	5.25	74,932	9.59
5+ Residential Units/Apartments	84,025,603,719	11.98	35,512	4.55
Vacant Residential	<u>3,301,184,220</u>	<u>0.47</u>	<u>17,984</u>	<u>2.30</u>
Subtotal Residential	\$544,712,333,676	77.65%	725,338	92.87%
Total	\$701,454,105,359	100.00%	780,984	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 60 CITY OF LOS ANGELES PER PARCEL ASSESSED VALUATION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES						
	<u>No. of Parcels</u>	<u>2020-21 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>		
Single Family Residential Properties	501,673	\$352,280,534,540	\$702,211	\$398,665		
<u>2021-22 Assessed Valuation</u>	<u>No. of Residential Parcels ⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	6,435	1.278%	0.178%	\$ 225,186,390	0.060%	0.060%
\$50,000 - \$99,999	15,478	3.073	4.350	1,163,094,310	0.311	0.371
\$100,000 - \$149,999	17,847	3.543	7.894	2,234,658,564	0.597	0.968
\$150,000 - \$199,999	28,872	5.732	13.626	5,087,361,888	1.359	2.327
\$200,000 - \$249,999	36,916	7.329	20.954	8,308,388,792	2.220	4.546
\$250,000 - \$299,999	43,021	8.541	29.495	11,810,210,962	3.155	7.701
\$300,000 - \$349,999	50,184	9.963	39.459	16,303,175,712	4.355	12.057
\$350,000 - \$399,999	49,281	9.784	49.242	18,470,666,643	4.934	16.991
\$400,000 - \$449,999	26,509	5.263	54.505	11,260,599,056	3.008	19.999
\$450,000 - \$499,999	28,936	5.745	60.250	13,736,960,896	3.670	23.669
\$500,000 - \$549,999	28,655	5.689	65.939	15,034,447,505	4.016	27.685
\$550,000 - \$599,999	26,816	5.324	71.263	15,404,531,648	4.115	31.800
\$600,000 - \$649,999	19,684	3.908	75.170	12,290,709,284	3.283	35.084
\$650,000 - \$699,999	15,329	3.043	78.214	10,331,929,948	2.760	37.844
\$700,000 - \$749,999	12,841	2.549	80.763	9,299,593,451	2.484	40.328
\$750,000 - \$799,999	11,916	2.366	83.129	9,222,161,796	2.464	42.792
\$800,000 - \$849,999	10,053	1.996	85.125	8,285,370,957	2.213	45.005
\$850,000 - \$899,999	8,677	1.723	86.847	7,582,561,313	2.026	47.031
\$900,000 - \$949,999	7,389	1.467	88.314	6,826,926,159	1.824	48.854
\$950,000 - \$999,999	6,354	1.261	89.576	6,191,038,962	1.654	50.508
\$1,000,000 and greater	<u>52,508</u>	<u>10.424</u>	100.000	<u>185,264,501,480</u>	<u>49.492</u>	100.000
Total	503,701	100.000%		\$374,334,075,716	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 61
CITY OF LOS ANGELES
RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Valuation ⁽¹⁾	\$6,822	\$7,924	\$8,654	\$8,520	\$6,285
Residential ⁽²⁾	3,359	3,522	3,940	3,437	2,930
Non-Residential ⁽³⁾	729	1,197	1,256	1,091	1,187
Miscellaneous Residential ⁽⁴⁾	25	134	180	173	129
Miscellaneous Non-Residential ⁽⁵⁾	56	87	40	146	46
Number of Residential Units:					
Single family ⁽⁶⁾	2,393	3,148	3,598	3,739	2,685
Multi-family ⁽⁷⁾	11,495	10,984	12,659	10,693	9,171
Subtotal Residential Units	13,888	14,132	16,257	14,432	11,856
Number of Non-Residential Units ⁽⁸⁾	97	630	12	1	0
Miscellaneous Residential Units ⁽⁹⁾	672	4,701	4,614	5,014	3,017
Miscellaneous Non-Residential Units ⁽¹⁰⁾	1,036	100	493	475	257
Total Units	15,693	19,563	21,376	19,922	15,130

⁽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 be updated by Bond Counsel.]

Certain provisions of the resolution of the City Council adopted on September 22, 2021 (the “Resolution”) authorizing the issuance of the Bonds are summarized below. This summary does not purport to be complete or definitive and is qualified entirely by reference to the full terms of the Resolution.

Certain Definitions in the Resolution

The following are definitions of terms used in this summary. Such definitions also apply to terms used in this Official Statement, to the extent such terms are not otherwise defined in this Official Statement.

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

“Authorizing Law” means collectively the Series 2021-A (Taxable) (Social Bonds) Authorizing Law and the Refunding Bonds Authorizing Law.

“Beneficial Owner” means 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 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.

“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 collectively the City of Los Angeles General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds), the City of Los Angeles General Obligation Refunding Bonds and Series 2021-B (Tax-Exempt).

“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 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, 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 the Resolution (and any resolution adopted in connection with the issuance and sale of the 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 advisor 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; verification agent fees; 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 pursuant to the Resolution.

“Council” means the Council of the City.

“Custodian” means the financial institution selected by the City Administrative Officer to serve as custodian for the Costs of Issuance Fund.

“Debt Service Fund” means the Debt Service Fund established pursuant to the Resolution.

“Debt Service Payments” has the meaning given to that term by the Resolution.

“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 the Resolution.

“DTC Participants” means the participants of DTC.

“Escrow Agreement” means the Escrow and Custodial Agreement described in the Resolution.

“Excess Earnings Fund” means the Excess Earnings Fund established pursuant to the Resolution.

“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, 2019.

“Investment Securities” means (i) any security described in Articles 1 and 2 of Chapter 4, Division 2, Title 5 of the California 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 the 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 the 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 the 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 by the Resolution.

“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 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, all as further described therein.

“Proposition HHH Projects” means projects for providing 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 for providing facilities to increase access to mental health care, drug and alcohol treatment, and other services, all as further 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 a day is a Business Day.

“Redemption Notice” means the notice given by the Paying Agent pursuant to the Resolution.

“Refunding Bonds” means the City of Los Angeles General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt).

“Refunding Bonds Authorizing Law” means (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) Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53580, respectively), 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.

“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.

“Reserve Fund” means the Reserve Fund of the City established pursuant to Section 302 of the Charter of the City.

“Resolution” means the “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 2021-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$240,000,000 FOR PROPOSITION HHH PROJECTS, AND THE CITY OF LOS ANGELES GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021-B (TAX-EXEMPT)) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$70,000,000 FOR REFUNDINGS, AND OTHER MATTERS RELATING THERETO” as from time to time amended or supplemented by Supplemental Resolutions adopted in accordance with the terms of the Resolution.

“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 2021-A Bonds (Taxable) Authorizing Law” means, collectively, 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, 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.

“Series 2021-A Construction Fund” means the Series 2021-A Construction Fund established pursuant to the Resolution.

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

“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 the Resolution.

“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.

Establishment of Funds and Accounts

Under the Resolution the following funds have been established with respect to the Bonds: the General Obligation Bonds, Series 2021-A Construction Fund, the General Obligation Bonds, Series 2021-A (Taxable) Debt Service Fund, General Obligation Bonds, Series 2021-B (Tax-Exempt) Debt Service Fund, the General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) Excess Earnings Fund and the General Obligation Bonds Costs of Issuance Fund. If at any time it is deemed necessary or desirable by the City, the City may establish additional funds under the Resolution and/or accounts or sub-accounts within any of the funds or accounts established under the Resolution.

Tax Levy

Under the Resolution, the Council shall levy an *ad valorem* property tax or assessment 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 respective Debt Service Fund and available for such purpose, to pay the principal of, redemption premium (if any) and interest on the respective Series of Bonds due and payable, either at maturity or by mandatory sinking fund redemption, in the next succeeding Bond Year and to replenish any amounts borrowed from the Reserve Fund in any prior Fiscal Year to pay the principal of, redemption premium (if any) or interest on the respective Series of Bonds.

Investments of Certain Funds

Moneys held in all funds and accounts established under the Resolution 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, subject to any conditions set forth in the Tax Certificate for the Series 2021-B Bonds. Nothing in the 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 shall be retained in the construction fund and all amounts on deposit in the Debt Service Fund shall be retained in the Debt Service Fund.

Covenants

Pursuant to the Resolution, the City covenants to levy a property tax or assessment in each Fiscal Year in accordance with the Resolution 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 payable from such property tax. The City further covenants to comply with the Continuing Disclosure Certificate, provided that the failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default under the Resolution; however, any Owner or Beneficial Owner, as such term is defined in the Continuing Disclosure Certificate, 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 Resolution.

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 \$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 appointed in the Resolution 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.

Supplemental Resolution

The Resolution 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 provided, however, that certain ministerial modifications or amendments may be adopted without the requirement of consent of the Owners. 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. 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 thereof.

Defeasance

If all or any portion of the Outstanding Bonds shall be paid and discharged in accordance with the Resolution then all obligations of the City and the Paying Agent under the 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, the obligation of the City to make deposits to and payments from the Excess Earnings Fund for the Series 2021-B Bonds 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 the Resolution.

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 the Resolution 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 the Resolution.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by City of Los Angeles, California (the “City”) in connection with the issuance by the City of \$ _____ aggregate principal amount of General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”) and \$ _____ aggregate principal amount of General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds” and, together with the Series 2021-A 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) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iii) 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, (iv) Article XIII A of the California Constitution, as amended, and (v) a resolution of the City Council adopted on [September 22, 2021] authorizing the issuance of the Bonds (the “Resolution”). The Series 2021-A Bonds are also issued pursuant to the provisions of Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended. The Series 2021-B Bonds are also issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Sections 53550 and 53580, respectively), as amended.

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 Underwriters 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 _____, 2021, issued by the City in connection with the sale of the Bonds.

“*Owner*” shall mean the person in whose name any Bond shall be registered.

“*Participating Underwriter*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 2022, for the report for the 2020-21 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) Information provided in APPENDIX A — “CITY OF LOS ANGELES INFORMATION STATEMENT” to Official Statement under the headings: “BUDGET AND FINANCIAL OPERATIONS,” “MAJOR GENERAL FUND REVENUE SOURCES,” “BONDED AND OTHER INDEBTEDNESS” and “LITIGATION.” 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, or other material events affecting the tax-exempt 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 Subsections (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 Indenture. 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 Repository through its EMMA system, in an electronic format as prescribed by the Repository, 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) and (14) 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 Repository through its EMMA system, in an electronic format as prescribed by the Repository, 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 any Series shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds of such Series. If such termination occurs prior to the final maturity of the Bonds of such Series, 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 the 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 Underwriters 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: _____, 2021

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 2021-A (Taxable) (Social Bonds),
and
\$_____ General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt)

Date of Issuance: November __, 2021

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 November __, 2021. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES, CALIFORNIA

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 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

[Closing Date]

[To be provided by Bond Counsel]

Exhibit F
Custodial Agreement

CUSTODIAL AGREEMENT

Dated as of
November 1, 2021

By and Between

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION
as Custodian

RELATING TO
COSTS OF ISSUANCE

CUSTODIAL AGREEMENT

THIS CUSTODIAL AGREEMENT, dated as of November 1, 2021 (this “Agreement”), is entered into by and between the CITY OF LOS ANGELES, a charter city in the State of California (the “City”) and [CUSTODIAN], 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 October 6, 2021 authorizing the issuance of the below-described Bonds (the “Authorizing Resolution”);

WHEREAS, the City has approved the issuance and sale of \$[_____] aggregate principal amount of the City’s General Obligation Bonds, Series 2021-A (Taxable) (Social Bonds) (the “Series 2021-A Bonds”) and \$[_____] aggregate principal amount of the City’s General Obligation Bonds, Series 2021-B (Tax-Exempt) (the “Series 2021-B Bonds,” and together with the Series 2021-A 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 and 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 held by the Custodian, a fund designated the “Costs of Issuance Fund” established pursuant to the Authorizing Resolution within which are established the “Series 2021-A Costs of Issuance Account” and the “Series 2021-B Costs of Issuance Account.” There shall be deposited into the Series 2021-A Costs of Issuance Account the amount of \$[_____] , to pay Series 2021-A Costs of Issuance (the “Series 2021-A COI Deposit”), which amount comprises a portion of the Good Faith Deposit received by the Custodian for the Series 2021-A Bonds. There shall be deposited into the Series 2021-B Costs of Issuance Account the amount of \$[_____] , to pay Series 2021-B Costs of Issuance (the “Series 2021-B

COI Deposit” and together with the Series 2021-A COI Deposit, the “COI Deposit”), which amount comprises a portion of the Series 2021-B Good Faith Deposit received by the Custodian.

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.

(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 November 1, 2022 shall be disbursed for deposit to, pursuant to instructions of the City Administrative Officer, the respective Debt Service Fund for each Series of 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 B 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.

[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 NATIONAL ASSOCIATION, as
Custodian

By: _____
Authorized Officer

EXHIBIT A

SCHEDULE OF COSTS OF ISSUANCE

SERIES 2021-A COSTS OF ISSUANCE ACCOUNT

Description	Company Name	Amount
--------------------	---------------------	---------------

SERIES 2021-B COSTS OF ISSUANCE ACCOUNT

Description	Company Name	Amount
--------------------	---------------------	---------------

EXHIBIT B

SCHEDULE OF FEES FOR SERVICES AS COSTS OF ISSUANCE CUSTODIAN

[TO BE PROVIDED BY CUSTODIAN]

Exhibit G

Good Faith Deposit Agreement for Series 2021-A Bonds

GOOD FAITH DEPOSIT AGREEMENT

by and between

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Custodian

relating to

The City of Los Angeles
General Obligation Bonds
Series 2021-A (Taxable) (Social Bonds)

Dated as of October 27, 2021

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EXHIBIT A	SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

GOOD FAITH DEPOSIT AGREEMENT

THIS GOOD FAITH DEPOSIT AGREEMENT, dated October 27, 2021 (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 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 October 6, 2021 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, 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 (the “Authorizing Resolution”); and

WHEREAS, the City has approved the issuance of not to exceed \$240,000,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2021-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 \$2,119,400; 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 2021-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 October 27, 2021 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 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.

[Remainder of page left intentionally blank]

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 NATIONAL ASSOCIATION,
as Custodian

By _____
Authorized Officer

EXHIBIT A

SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

Custodial Fee

Includes performance of the routine duties as custodian of the Good Faith Deposit. This is a one-time fee payable at closing.

\$[_____]

Disbursement/Draw—SEI

Charge per item disbursed. Includes the wire or check fee.

\$[_____]

Exhibit H

Good Faith Deposit Agreement for Series 2021-B Bonds

GOOD FAITH DEPOSIT AGREEMENT

by and between

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Custodian

relating to

The City of Los Angeles
General Obligation Refunding Bonds
Series 2021-B (Tax-Exempt)

Dated as of October 27, 2021

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EXHIBIT A	SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

GOOD FAITH DEPOSIT AGREEMENT

THIS GOOD FAITH DEPOSIT AGREEMENT, dated October 27, 2021 (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 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 October 6, 2021 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, 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 (the “Authorizing Resolution”); and

WHEREAS, the City has approved the issuance of not to exceed \$70,000,000 aggregate principal amount of the City’s General Obligation Refunding Bonds, Series 2021-B (Tax-Exempt) (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 \$656,300; 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 Refunding Bonds, Series 2021-B (Tax-Exempt) 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 October 27, 2021 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 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.

[Remainder of page left intentionally blank]

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 NATIONAL ASSOCIATION,
as Custodian

By _____
Authorized Officer

EXHIBIT A

SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

Custodial Fee

Includes performance of the routine duties as custodian of the Good Faith Deposit. This is a one-time fee payable at closing.

\$[_____]

Disbursement/Draw—SEI

Charge per item disbursed. Includes the wire or check fee.

\$[_____]

Exhibit I

Award Certificate for Series 2021-A Bonds

**CERTIFICATE OF THE CITY ADMINISTRATIVE OFFICER
OF THE CITY OF LOS ANGELES AWARDED
THE CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS, SERIES 2021-A (TAXABLE) (SOCIAL BONDS)
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$[_____]
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 [October 6, 2021] (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 2021-A (Taxable) (Social Bonds)" (the "Series 2021-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 2021-A Bonds;

3) at the time and place fixed for the opening of bids for the Series 2021-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 2021-A Bonds and to award the Series 2021-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 2021-A Bonds and the interest rates per annum, is the bid for the Series 2021-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 2021-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 2021-A Bonds comply with the requirements of the City;

8) the award of the Series 2021-A Bonds as provided herein is in the best interest of the City;

9) all bids for the Series 2021-A Bonds other than the one accepted in paragraph 5 above are hereby rejected, and the City Administrative Officer will direct U.S. Bank 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 2021-A Bonds are attached hereto and marked Exhibit 2;

11) the issuance of the Series 2021-A Bonds on the terms of the accepted Bid is in the interest of the City;

12) interest on the Series 2021-A Bonds is intended to be included in gross income of the holders thereof for federal income tax purposes; and

13) the estimated designated costs of issuing the Series 2021-A Bonds is \$[_____].

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the __ of ____, 2021.

CITY OF LOS ANGELES, CALIFORNIA

Assistant City Administrative Officer

EXHIBIT 1

[See winning bid attached hereto.]

EXHIBIT 2

[See terms of the Series 2021-A Bonds attached hereto.]

Exhibit J

Award Certificate for Series 2021-B Bonds

**CERTIFICATE OF THE CITY ADMINISTRATIVE OFFICER
OF THE CITY OF LOS ANGELES AWARDED
THE CITY OF LOS ANGELES
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021-B (TAX-EXEMPT)
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$[_____]
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 [October 6, 2021] (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 Refunding Bonds, Series 2021-B (Tax-Exempt)" (the "Series 2021-B Bonds") for the purpose of refunding all or a portion of the City's outstanding general obligation bonds described in Exhibit 1 attached hereto (the "Refunded Bonds");

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 2021-B Bonds;

3) at the time and place fixed for the opening of bids for the Series 2021-B 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 2021-B Bonds and to award the Series 2021-B Bonds to the best bidder and reject all other bids;

5) the Bid of [_____] attached hereto and marked Exhibit 2 (the "Bid") specifying the purchase price for the Series 2021-B Bonds and the interest rates per annum, is the bid for the Series 2021-B 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 2021-B 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 2021-B Bonds comply with the requirements of the City;

8) the award of the Series 2021-B Bonds as provided herein is in the best interest of the City;

9) all bids for the Series 2021-B Bonds other than the one accepted in paragraph 5 above are hereby rejected, and the City Administrative Officer will direct U.S. Bank 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 2021-B Bonds are attached hereto and marked Exhibit 3;

11) the issuance of the Series 2021-B Bonds on the terms of the accepted Bid is in the interest of the City;

12) interest on the Series 2021-B Bonds is intended to be included in gross income of the holders thereof for federal income tax purposes; and

13) the estimated designated costs of issuing the Series 2021-B Bonds is \$[_____].

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the __ of ____, 2021.

CITY OF LOS ANGELES, CALIFORNIA

Assistant City Administrative Officer

EXHIBIT 1
Refunded Bonds

1. City of Los Angeles General Obligation Refunding Bonds, Series 2011-B, issued on July 28, 2011 in the original principal amount of \$259,660,000.
2. City of Los Angeles General Obligation Refunding Bonds, Series 2012-A, issued on May 2, 2012 in the original principal amount of \$225,850,000.

EXHIBIT 2

[See winning bid attached hereto.]

EXHIBIT 3

[See terms of the Series 2021-B Bonds attached hereto.]