

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 16, 2022


CAO File No. 0220-05291-1235

Council File No. 22-0913

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 2022-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$410 MILLION**

RECOMMENDATIONS

That the City 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 2022-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$410 million for Proposition HHH Projects (the "Bonds");
2. ADOPT 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; and
3. AUTHORIZE the City Administrative Officer to receive and open bids on the published sale date and to award the Bonds to the bidder with the lowest true interest cost on behalf of the City as described in the Notice Inviting Bids for the Bonds.

SUMMARY

The City Administrative Officer (CAO) requests authority to issue and sell the General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$410 million for Proposition HHH projects. The Bonds are expected to finance 100 housing projects, which Council has approved in the Proposition HHH Project Expenditure Plans (PEPs) (Attachment A) for Fiscal Year (FY) 2017-18 (C.F. 17-0090), FY 2018-19 (C.F. 17-0090-S15), FY 2019-20 (C.F. 17-0090-S6), and FY 2020-21 (C.F. 17-0900-S15 and C.F. 21-0112), with total project costs of approximately \$389.4 million. The Bond issuance will result in estimated debt service payments that average \$29.7 million annually over 20 years.

The City has determined that the projects to be financed with the proceeds of the Bonds are “social projects” based on the social benefits of addressing homelessness. Thus, the City will designate the Bonds as “Social Bonds.” The “Social Bond” designation is generally designed to comport with the Social Bond Principles promulgated by the International Capital Market Association, updated as of June 2021. This designation will help the City attract potential investors with a focus on socially responsible investments.

The CAO will sell the Bonds via a competitive method of sale, which is expected to be held in September 2022. The City will repay the Bonds from proceeds of ad valorem taxes levied upon all of the taxable properties within the City.

The recommendations in this report are in compliance with the City’s Financial Policies. After the issuance of the Bonds, the ratio of annual debt service payments on voter-approved and non voter-approved debt to general revenues is projected to be 4.53 percent in 2023-24, which is below the 15 percent ceiling established in the City’s Debt Management Policy.

FISCAL IMPACT STATEMENT

There is no fiscal impact on the General Fund from approval of the recommendations in this report. Principal and interest on the Bonds will be repaid from ad valorem taxes levied upon all of the taxable properties within the City.

FINANCIAL POLICIES STATEMENT

The recommendations in this report are in compliance with the City’s Financial Policies. The Debt Management Policy requires that the ratio of annual debt service payments on voter-approved and non voter-approved debt to general revenues be no more than 15 percent. The 2022-23 debt ratio is 4.44 percent. As the first debt service payment on the Bonds is expected to take place in 2023-24, there is no projected impact to the 2022-23 debt ratio. After accounting for the issuance of the Bonds, the debt ratio is projected to increase to 4.53 percent in 2023-24.

DEBT IMPACT STATEMENT

The issuance of the Bonds will result in estimated debt service payments that average \$29.7 million annually over 20 years. The actual amount of debt service will be determined at the time of issuance subject to market conditions. The principal and interest on the Bonds will be paid from ad valorem taxes levied upon all of the taxable properties within the City.

FINDINGS

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

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

The City has issued three series of bonds under Proposition HHH as detailed in the table below. Without taking into account the Series 2022-A Bonds, the City has \$625.45 million of unissued general obligation bond authorization remaining under Proposition HHH.

Series	Issuance Date	Council File No.	Par Amount
Series 2017-A	June 27, 2017	C.F. 17-0622	\$86.37 million
Series 2018-A	June 27, 2018	C.F. 18-0505	\$276.24 million
Series 2021-A	October 27, 2021	C.F. 21-0833	\$211.94 million
		Total	\$574.55 million

Proposition HHH Permanent Supportive Housing Loan Program

Bonds issued pursuant to Proposition HHH will finance housing developments associated with the Proposition HHH Permanent Supportive Housing Loan Program, Proposition HHH Innovative Housing Challenge, and the Homekey Program (together, the "HHH Loan Programs"). Under the HHH Loan Programs, project sponsors must have demonstrated experience constructing and operating permanent supportive housing projects. They must also demonstrate site control and the ability to obtain financing and entitlements within two years of the loan commitment, unless extensions related to COVID-19 are provided. These projects must commit at least 50 percent of their units as permanent supportive housing for homeless individuals and families with half of these permanent supportive housing units reserved for the chronically homeless.

This Office expects that the Bonds will provide financing through the end of 2022-23 for 100 housing projects, which will provide a total of 5,741 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 and C.F. 21-0112), as well as under the Proposition HHH Housing Challenge Projects (C.F. 20-0388). The Los Angeles Housing Department expects that the Bonds will provide sufficient financing for the projects 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 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 2022-A Bonds as “Social Bonds.” The designation of the Bonds as “Social Bonds” is designed to generally comport with the Social Bond Principles promulgated by the International Capital Market Association, updated in June 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.

Section 5852.1 of the California Government Code

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

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

The table below provides the information required by Section 5852.1. The amounts below are good faith estimates and subject to change as interest rates are dependent on market conditions at the time of issuance.

Series	TIC	Costs of Issuance	Amount of Proceeds	Total Debt Service
2022-A	4.946%	\$ 681,511.25	\$ 392,146,313.35	\$ 593,748,201.38

Required Documents

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

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

- Notice of Intention to Sell Bonds (Exhibit A) and Notice Inviting Bids (Exhibit B), 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 C);
- 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 D);
- Good Faith Deposit Agreement, which is an agreement between the City and the Custodian to accept and return good faith deposits from potential bidders (Exhibit E); and
- Award Certificate, which is the official acceptance by the City, the Issuer, of a bid submitted by the Underwriter, the bidder, to purchase the Bonds (Exhibit F).

Financing Team

Omnicap Group LLC, as previously approved by the Mayor and City Council (C.F. 19-0355), serves as municipal advisor for the financing. Nixon Peabody LLP serves as bond counsel and Stradling, Yocca, Carlson & Rauth, a Professional Law Corporation serves as disclosure counsel. The City Attorney and the CAO selected both law firms from a qualified list approved by the Mayor and City Council (C.F. 22-0248). The costs for these services and all other costs associated with this financing are not expected to exceed \$1,170,000 and will be paid solely from bond proceeds.

Attachments

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

Attachment B – Voter and Non-Voter Approved Debt Chart

Attachment C – Authorizing Resolution

Exhibit A – Notice of Intention to Sell Bonds

Exhibit B – Notice Inviting Bids

Exhibit C – Preliminary Official Statement

Exhibit D – Custodial Agreement

Exhibit E – Good Faith Deposit Agreement

Exhibit F – Award Certificate

MWS:ZMB:09230020

Attachment A

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

Proposition HHH Permanent Supportive Housing Program
2017-18 Project Expenditure Plan (Approved 6/13/2017)

PSH Loan Program

12/20/2017

[illegible]

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

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

Notes:

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

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

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 BONSHALLO AVE	1	4%	92	74	74	17	1	36,145,454		\$5,500,000	\$30,645,454	\$392,885	15,105,750	\$13,405,766	\$1,699,984	\$181,159	\$100,000	\$0	\$0	\$0	\$ 15,105,750	\$10,700,923	42%	HS, CH, S	New/Rehab	TOD	325	5/17/2019	7/17/2019	1/17/2020	1/31/2020	7/31/2021		
7	Asante Apartments	2 '18-19	Affirmed Housing Group, Inc.	11001 S BROADWAY	8	4%	55	54	27	0	1	28,204,968		\$1,390,000	\$26,814,968	\$512,818	11,880,000	\$11,880,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 11,880,000	\$10,489,583	42%	H, CH	New	TOD	284	5/17/2019	7/17/2019	1/18/2020	2/1/2020	8/1/2021		
8	Berendo Sage	1 '18-19	West Hollywood Community Housing Corporation	1035 S BERENDO ST	1	4%	42	21	11	20	1	24,813,981	\$2,100,000		\$24,813,981	\$590,809	6,620,000	\$4,620,000	\$2,000,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 6,620,000	\$6,694,426	27%	F, M, CH	New	TOD	241	5/17/2019	7/17/2019	1/20/2020	2/3/2020	8/3/2021		
9	Rose Apartments	2 '17-18	Venice Community Housing Corporation	720 E ROSE AVE CA 90291	11	4%	35	34	17	0	1	18,220,401		1,000,000	\$17,220,401	\$520,583	7,480,000	\$7,480,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 7,480,000	\$5,796,095	41%	H, Y, CH	New	NON-TOD	183	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
10	Temple View	1 '18-19	LINC Housing Corporation	3200 W TEMPLE ST	13	4%	59	58	29	0	1	28,920,289		\$1,900,000	\$27,020,289	\$490,174	12,760,000	\$12,760,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 12,760,000	\$6,449,659	44%	H, CH	New	TOD	285	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
11	Reseda Theater Senior Housing (Canby Woods West)	1 '18-19	Thomas Safran & Associates	7221 N CANBY AVE	3	4%	26	13	7	12	1	11,682,549	\$1,200,000		\$11,682,549	\$449,329	4,060,000	\$2,860,000	\$1,200,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 4,060,000	\$3,231,481	35%	S, HS, CH	New	TOD	111	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
12	Montecito II Senior Housing	1 '18-19	Thomas Safran & Associates	6668 W FRANKLIN AVE	13	4%	64	32	16	31	1	35,363,674		\$0	\$35,363,674	\$552,557	10,140,000	\$7,040,000	\$3,100,000	\$220,000	\$100,000	\$2,954,860	\$0	\$0	\$ 13,094,860	\$13,928,989	29%	S, HS, CH	New	TOD	375	5/17/2019	7/17/2019	2/1/2020	2/15/2020	8/15/2021		
13	Serenity	1 '18-19	Domus GP, LLC	923 S KENMORE AVE	10	4%	75	74	37	0	1	37,551,673		\$6,550,000	\$31,001,673	\$500,689	13,520,000	\$13,520,000	\$0	\$182,703	\$0	\$0	\$0	\$0	\$ 13,520,000	\$12,187,796	36%	F, HS, CH	New	TOD	329	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
14	Main Street Apartments	1 '18-19	Highridge Costa Development Company, LLC	5501 S MAIN ST	9	4%	57	56	21	0	1	32,824,507		\$3,080,000	\$29,744,507	\$575,869	10,640,000	\$10,640,000	\$0	\$190,000	\$0	\$0	\$0	\$0	\$ 10,640,000	\$11,798,379	32%	HF, HV, CH	New	TOD	315	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
15	The Pointe on La Brea	1 '18-19	EAH Inc.	843 N LA BREA AVE	5	4%	50	49	25	0	1	25,785,374		\$5,200,000	\$20,585,374	\$515,707	10,780,000	\$10,780,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 10,780,000	\$7,586,832	42%	H, CH	New	TOD	218	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
16	Southside Seniors	1 '18-19	John Stanley, Inc.	1655 W MANCHESTER AVE 1141 S CRENSHAW BLVD	8	4%	50	36	18	13	1	23,401,907		\$2,035,000	\$21,366,907	\$468,038	9,320,000	\$8,020,000	\$1,300,000	\$220,000	\$100,000	\$0	\$0	\$0	\$ 9,320,000	\$7,506,287	40%	S, HS, CH	New	TOD	226	7/19/2019	9/18/2019	3/1/2020	3/15/2020	9/15/2021		
17	Solaris Apartments	1 '18-19	Domus GP, LLC	9502 N VAN NUYS BLVD	10	4%	43	42	21	0	1	24,403,352		\$3,540,000	\$20,863,352	\$567,520	9,240,000	\$9,240,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 9,240,000	\$7,460,269	38%	F, DV, CH	New	TOD	221	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
18	Talisa	1 '18-19	Domus GP, LLC	9502 N VAN NUYS BLVD	6	4%	49	48	24	0	1	29,458,224		\$5,000,000	\$24,458,224	\$601,188	10,560,000	\$10,560,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 10,560,000	\$9,443,145	36%	F, DV, CH	New	TOD	259	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
19	Deepwater	1 '18-19	LINC Housing Corporation	1424 N DEEPWATER AVE	15	4%	56	55	28	0	1	28,277,269		\$750,000	\$27,527,269	\$504,951	12,100,000	\$12,100,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 12,100,000	\$7,895,417	43%	H, CH	New	TOD	292	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
20	The Brine Residential	1 '18-19	Decro LLC	1829 N HANCOCK ST	1	4%	97	49	25	47	1	44,821,687		\$3,509,936	\$41,311,751	\$462,079	11,560,000	\$6,860,000	\$4,700,000	\$140,000	\$100,000	\$0	\$0	\$0	\$ 11,560,000	\$19,096,556	26%	F, S, V, HV, Y, HS, DV, CH	New	TOD	438	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
21	South Main Street Apartments	1 '18-19	Affirmed Housing Group, Inc.	12003 S MAIN ST	15	4%	62	61	61	0	1	29,767,145		\$1,475,000	\$28,292,145	\$480,115	12,480,000	\$12,480,000	\$0	\$220,000	\$0	\$0	\$0	\$0	\$ 12,480,000	\$11,044,857	42%	CH, O	New	TOD	300	7/19/2019	9/18/2019	3/18/2020	4/1/2020	10/1/2021		
22	Sun Commons	1 '17-18	Abbey Road, Inc.	6329 N CLYBOURN AVE CA 91606	2	9%	103	51	26	50	2	57,171,909		\$4,415,890	\$52,756,019	\$555,067	12,000,000	\$9,180,000	\$2,820,000	\$180,000	\$100,000	\$0	\$0	\$0	\$ 12,000,000	\$27,855,110	21%	F, I, H, HF, CH	New	TOD	559	N/A	N/A	2/3/2020	2/24/2020	8/24/2021		
23	67th & Main Street	2 '17-18	Coalition for Responsible Community Development	6706 S MAIN ST CA 90003	9	9%	52	26	13	25	1	29,439,693		3,770,965	\$25,668,728	\$566,148	7,180,000	\$4,680,000	\$2,500,000	\$180,000	\$100,000	\$0	\$0	\$0	\$ 7,180,000	\$16,687,288	24%	F, HV, Y, CH	New	TOD	272	N/A	N/A	11/11/2019	12/1/2019	6/1/2021		
24	Weingart Tower II (HHH PSH 1A)	2 '17-18	Chelsea Investment Corporation; Weingart Tower II, LP	555 1/2 S CROCKER ST CA 90013	14	4%	144	122	61	20	2	83,157,120		\$1,846,272	\$81,310,848	\$577,480	16,000,000	\$16,000,000	\$0	\$131,148	\$0	\$0	\$0	\$0	\$ 16,000,000	\$28,918,658	19%	I, H, CH	New	TOD	862	8/16/2019	10/16/2019	4/3/2020	4/17/2020	10/17/2021		
25	Weingart Tower (HHH PSH 1A)	2 '17-18	Chelsea Investment Corporation; Weingart Tower, LP	555 1/2 S CROCKER ST CA 90013	14	4%	134	108	53	25	1	67,069,625	\$1,718,058		\$67,069,625	\$500,520	16,000,000	\$16,000,000	\$0	\$148,148	\$0	\$0	\$0	\$0	\$ 16,													

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 (Amendment Approved 12/1/2020)

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

Notes:
All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.
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
2020-21 Project Expenditure Plan (Amendment Approved 7/27/2022)

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

Proposition HHH Permanent Supportive Housing Program
2020-21 Project Expenditure Plan (Amendment Approved 7/27/2022)

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
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
23	Third PEP 4 Amendment: Thatcher Yard Housing	Thomas Safran & Associates Development, Inc.	3233 S THATCHER AVE CA 90292	11	4%	98	49	48	1	\$ 11,660,000	HF, HS, F, S, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/25/2021	11/15/2021	5/15/2023
24	Third PEP 4 Amendment: Washington Arts Collective	Meta Housing Corporation	4615 W WASHINGTON BLVD CA 90016	10	4%	56	20	35	1	\$ 2,097,200	HF, F, CH	2/4/2021 (Actual)	4/28/2021 (Actual)	10/25/2021	11/15/2021	5/15/2023
25	Fourth PEP 4 Amendment: Barry Apartments	Affirmed Housing Group, Inc.	2454 S BARRY AVE CA 90064	11	4%	61	34	26	1	\$ 6,918,400	H, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/21/2022	3/21/2022	3/21/2024
26	Fourth PEP 4 Amendment: Central Apartments	Highridge Costa Development Company	2106 S CENTRAL AVE CA 90011	9	4%	57	56	0	1	\$ 7,840,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/21/2022	3/21/2022	3/21/2024
27	Fourth PEP 4 Amendment: Lorena Plaza	A Community of Friends	3401 E 1ST ST CA 90063	14	9%	49	32	16	1	\$ 2,903,202	HF, H, F, CH	3/8/2021 (Actual)	6/16/2021 (Actual)	12/30/2021	1/10/2022	4/1/2024
28	Fourth PEP 4 Amendment: Lumina (fka Topanga Apartments)	Affirmed Housing Group, Inc.	10243 N TOPANGA CANYON BLVD CA 91311	12	4%	55	54	0	1	\$ 7,560,000	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	11/20/2021	12/1/2021	12/1/2023
29	Fourth PEP 4 Amendment: My Angel (fka The Angel)	Los Angeles Family Housing	8547 N SEPULVEDA BLVD CA 91343	6	4%	54	53	0	1	\$ 5,565,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/21/2022	3/21/2022	3/21/2024
30	Fifth PEP 4 Amendment: Avalon 1355	Brilliant Corners	1355 N. AVALON BLVD LOS ANGELES, CA 90006	15	4%	54	53	0	1	\$ 7,000,000	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022	3/7/2022	6/30/2023
31	Fifth PEP 4 Amendment: Beacon Landing (fka Beacon PSH)	Abode/Mercy/LA Family Housing	319 N. BEACON STREET LOS ANGELES, CA 90731	15	4%	89	88	0	1	\$ 8,555,556	H, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022	3/7/2022	6/30/2023
32	Fifth PEP 4 Amendment: Lincoln Apartments	Venice Community Housing Corporation	2467 S LINCOLN BLVD LOS ANGELES, CA 90291	11	4%	40	39	0	1	\$ 5,460,000	Y, O, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022	3/7/2022	9/29/2023
33	Fifth PEP 4 Amendment: Rousseau (fka Enlightenment Plaza Phase I)	Flexible PSH Solutions	316 N JUANITA AVE LOS ANGELES, CA 90004	13	4%	105	103	0	2	\$ 9,600,000	H, HV, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022	3/7/2022	9/29/2023
34	Fifth PEP 4 Amendment: Santa Monica & Vermont Apartments Phase I	LTSC (Little Tokyo Service Center) Community Development Corporation	4718 W SANTA MONICA BLVD LOS ANGELES, CA 90029	13	4%	94	47	46	1	\$ 12,000,000	M, O, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022	3/7/2022	2/7/2024

Proposition HHH Permanent Supportive Housing Program
2020-21 Project Expenditure Plan (Amendment Approved 7/27/2022)

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
35	Fifth PEP 4 Amendment: Santa Monica & Vermont Apartments Phase II	LTSC (Little Tokyo Service Center) Community Development Corporation	4718 W SANTA MONICA BLVD LOS ANGELES, CA 90029	13	4%	93	47	45	1	\$ 12,000,000	M, O, F, I, CH	5/25/2021 (Actual)	8/11/2021 (Actual)	2/7/2022	3/7/2022	2/7/2024
36	Sixth PEP 4 Amendment: 4507 Main St	EAH Inc.	4507 MAIN ST LOS ANGELES, CA 90037	9	9%	61	31	29	1	\$ 6,000,000	H, I, CH	7/1/2021 (Actual)	10/20/2021 (Actual)	4/1/2022	5/1/2022	12/1/2024
37	Sixth PEP 4 Amendment: Vermont Manchester Senior (fka Vermont/Manchester)	BRIDGE Housing Corporation; Coalition for Responsible Community Development	8400 S VERMONT AVE LOS ANGELES, CA 90044	8	4%	62	60	0	2	\$ 12,400,000	HF, HS, F, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	2/21/2022	2/28/2022	4/30/2024
38	Seventh PEP 4 Amendment: Whittier HHH (fka Whittier PSH)	Mercy Housing	3554 WHITTIER BLVD LOS ANGELES, CA 90023	14	4%	64	63	0	1	\$ 6,125,000	H, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/6/2022	6/30/2022	11/30/2023
39	Seventh PEP 4 Amendment: Oak Apartments (fka 2745-2759 Francis Ave)	Koreatown Youth and Community Center	2745 W FRANCIS AVE LOS ANGELES, CA 90005	1	4%	64	63	0	1	\$ 6,610,000	HS, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/6/2022	6/30/2022	12/31/2023
40	Seventh PEP 4 Amendment: The Banning (fka 841 N Banning)	Century Affordable Development, Inc.	841 N BANNING BLVD WILMINGTON, CA 90744	15	4%	64	63	0	1	\$ 8,000,000	H, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/6/2022	6/30/2022	11/30/2023
41	Seventh PEP 4 Amendment: Voltaire Villas (fka Montesquieu Manor/Enlightenment Plaza-Phase II)	Flexible PSH Solutions; The Pacific Companies	316 N JUANITA AVE LOS ANGELES, CA 90004	13	4%	72	71	0	1	\$ 9,940,000	H, CH	9/9/2021 (Actual)	12/8/2021 (Actual)	6/6/2022	7/6/2022	10/30/2023
42	Current PEP 4 Amendment: Ambrosia	Domus Development, LLC	823 W MANCHESTER AVE LOS ANGELES, CA 90044	8	4%	90	80	9	1	\$ 11,200,000	H, I, CH	7/7/2022 (Estimated)	10/19/2022 (Estimated)	4/19/2023	4/30/2023	12/31/2024
43	Current PEP 4 Amendment: Confianza	Century Affordable Development, Inc.	14142 W VANOWEN ST VAN NUYS, CA 91405	2	4%	64	63	0	1	\$ 10,000,000	H, CH	7/7/2022 (Estimated)	10/19/2022 (Estimated)	4/19/2023	4/30/2023	10/31/2024
	TOTAL					2755	2323	387	45	\$ 339,876,004.00						
	<i>Average</i>					<i>64</i>	<i>54</i>	<i>9</i>	<i>1</i>	<i>\$ 7,904,093.12</i>						

Notes:
The table above excludes Homekey projects, which were added to the 2020-21 PEP pursuant to C.F. No. 21-0112.
All figures are HHH relevant unless specifically noted otherwise, and are subject to change until loan closing.
Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

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

Attachment B

Voter-Approved and Non Voter-Approved Debt Chart

2022-23 ADOPTED BUDGET

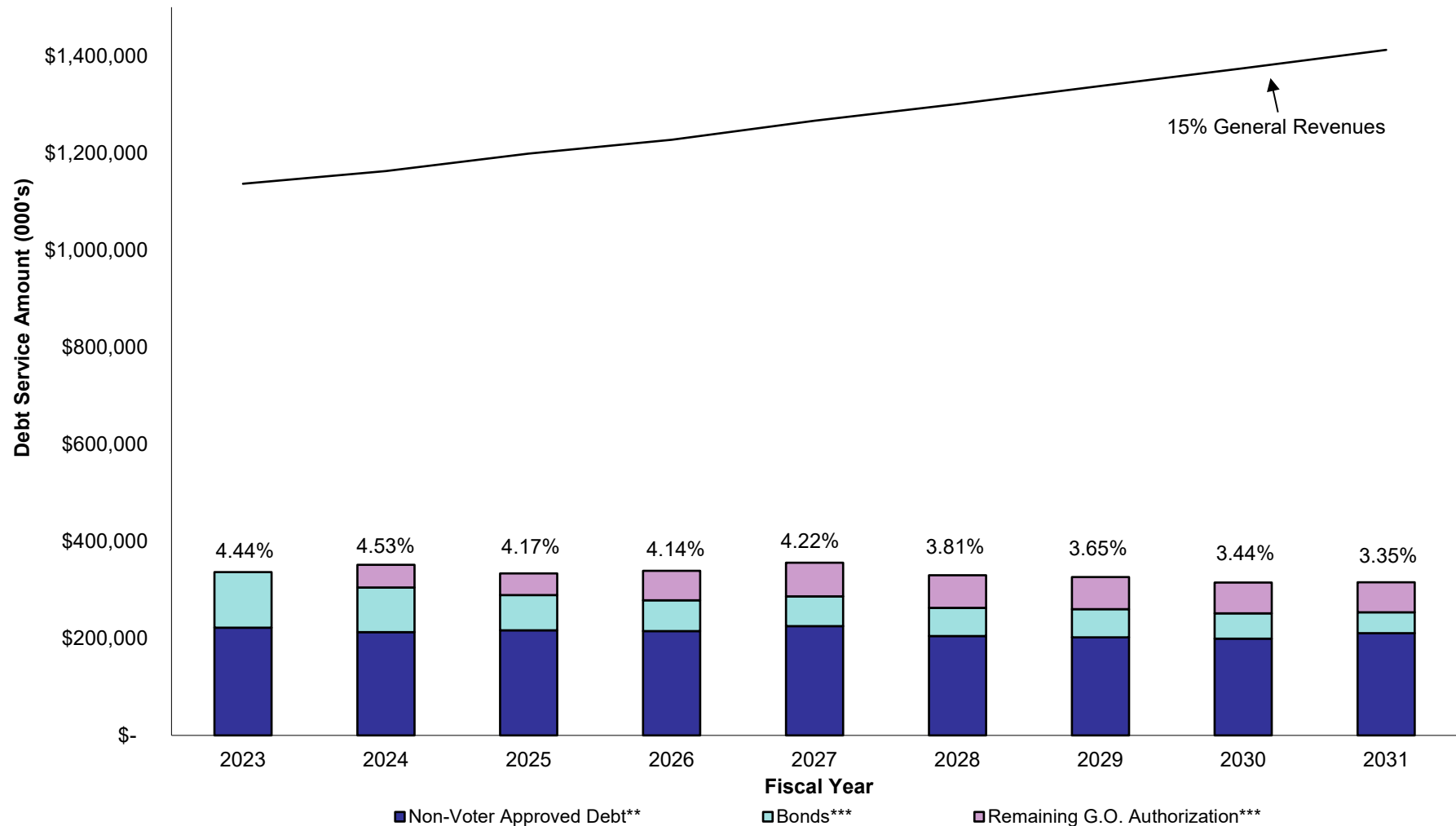
VOTER-APPROVED AND NON VOTER-APPROVED DEBT

August 2022

Debt Service to General Revenues*

DEBT MANAGEMENT POLICY

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



*Projected revenue growth in 2023-24 to 2026-27 is 2.3%, 3.2%, 2.3%, and 3.2%, respectively. Projected revenue growth in 2027-28 through 2030-31 is 2.9%.

**Includes Convention Center, MICLA bond issuances, and MICLA Commercial Paper and Refundings.

***Voter-Approved Debt

Attachment C
Authorizing Resolution

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF LOS ANGELES GENERAL OBLIGATION BONDS, SERIES 2022-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$410,000,000 FOR PROPOSITION HHH PROJECTS, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF INTENTION TO SELL BONDS AND A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE BONDS, AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND MATTERS RELATING THERETO

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

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

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

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

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

WHEREAS, the City desires to issue at this time a portion of the bonds authorized by the Proposition HHH Authorization in the form of its General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the “Bonds”);

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

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

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

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

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

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

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

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") requires that the City obtain from an underwriter, financial advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

WHEREAS, in compliance with SB 450, the City has obtained from its municipal advisor the required good faith estimates and such estimates have been disclosed to the Council prior to the date of this Resolution; and

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

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

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

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND APPROVAL OF DOCUMENTS

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

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

“Authorizing Law” means, collectively, 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.

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

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

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

“Bonds” means the City of Los Angeles General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds).

“Business Day” means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close.

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

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

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

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

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

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

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

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

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

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

“Council” means the Council of the City.

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

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

“Debt Service Fund” means the “General Obligation Bonds, Series 2022-A (Taxable) Debt Service Fund” established in accordance with Section 5.02 hereof.

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

“Deposit Agreement” means the Good Faith Deposit Agreement described in Section 1.10 hereof.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any successor appointed pursuant to Section 3.02 hereof

“DTC Participants” means the participants of DTC.

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

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

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

“Interest Payment Date” means each March 1 and September 1, commencing on September 1, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Resolution” means this “RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF LOS ANGELES GENERAL OBLIGATION BONDS, SERIES 2022-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$410,000,000 FOR PROPOSITION HHH PROJECTS, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF INTENTION TO SELL BONDS AND A CONTINUING

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

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

“Series 2022-A Construction Fund” means the General Obligation Bonds, Series 2022-A Construction Fund established in accordance with Section 5.01 hereof.

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

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

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

“Treasury” means the City Treasury.

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

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

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

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

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

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

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

Section 1.06 Authorization of Official Statement.

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

appropriate; all references to the Official Statement herein shall be deemed to include such modifications and supplements. The best bidder is hereby authorized to use and distribute the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds.

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

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

Section 1.09 Reserved.

Section 1.10 Approval of Good Faith Deposit Agreement. The Good Faith Deposit Agreement (the "Deposit Agreement") relating to the good faith deposit(s) to be made by each bidder for the Bonds, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized

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

ARTICLE II

GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.01 Authorization of Bonds. The Bonds of the City are hereby authorized and shall be issued in the aggregate principal amount of not to exceed \$410,000,000 for Proposition HHH Projects in accordance with this Resolution, the Proposition HHH Authorization and the Authorizing Law. The Bonds shall be designated as the "City of Los Angeles General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds)" with such additional or other series or subseries designations as the City Administrative Officer may approve. The Bonds shall be general obligations of the City, secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City.

Section 2.02 Form and Date of Bonds.

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

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

(C) Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after a Record Date but on or prior to the following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or (ii) it is authenticated on or prior to August 15, 2023, in which event it shall bear interest from its date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment.

Interest with respect to any Bond shall be computed using a year of 360 days, comprised of twelve 30-day months. Interest on the Bonds shall be payable on each Interest Payment Date by check or draft mailed by the Paying Agent to the Owners thereof at their addresses as they appear on the Bond Register kept by the Paying Agent as of the close of business on the Record Date; provided, however, that an owner of at least \$1,000,000 aggregate principal amount of Bonds may request payment by wire transfer by delivering written transfer instructions to the Paying Agent at least seven days prior to the applicable Record Date.

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

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

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

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

ARTICLE III

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

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

customary expenses incurred and fees charged by the Paying Agent with respect to such transfer. The City and the Paying Agent may treat the registered Owner of any Bond as the absolute Owner thereof for all purposes whatsoever in accordance with this Resolution, and the City and the Paying Agent shall not be affected by any notice to the contrary.

Section 3.02 Book-Entry Bonds.

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

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

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

(B) In order to qualify the Bonds for DTC's book-entry system, the City has executed and delivered the Representations Letter. The execution and delivery of the Representations Letter shall not in any way limit the provisions of this Section 3.02 or in any other way impose upon the Paying Agent or the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondowners, as shown on the Bond Register.

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

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

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

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

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

shall be valid or obligatory for any purpose or entitled to the benefit hereof, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

ARTICLE IV

REDEMPTION

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

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

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

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

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

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

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

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

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

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

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

Section 4.05 Payment Upon Redemption. The redemption price of any Bond called for redemption shall be payable upon surrender of such Bond at the office of the Paying Agent in Los Angeles, California. Upon the surrender of any Bond redeemed in part only, the City shall execute

and the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds of authorized denomination or equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the City and the Paying Agent shall be released and discharged thereupon from all liability to the extent of such payment.

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

ARTICLE V

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

Section 5.01 Construction Fund. The proceeds received by the City from the sale of the Bonds shall be deposited in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2022-A (Taxable) Proposition HHH Construction Fund” (the “Series 2022-A Construction Fund”) and the proper record of such transaction shall be recorded upon the books to be kept for such purpose by the Treasurer and the Controller. The City shall, from time to time, disburse moneys from the Series 2022-A Construction Fund to pay the Project Costs, in each case pursuant to regular City procedures for the disbursement of such moneys.

Within the Series 2022-A Construction Fund, the City shall establish such accounts as may be deemed necessary or desirable. Investment earnings on amounts on deposit in the Series 2022-A Construction Fund shall be retained in the Series 2022-A Construction Fund pursuant to Section 7.01 hereof. All amounts on deposit in the Series 2022-A Construction Fund shall remain in the Series 2022-A Construction Fund and used for the purposes thereof.

After completion of all Proposition HHH Projects in accordance with this Resolution, the Treasurer may transfer any amounts remaining in the Series 2022-A Construction Fund to the Series 2022-A Debt Service Fund.

Section 5.02 Debt Service Fund; Taxes.

(A) The Controller shall establish in the Treasury of the City, separate and apart from any other funds of or held by the City, a fund designated “General Obligation Bonds, Series 2022-A (Taxable) Debt Service Fund” (the “Debt Service Fund”) for the purpose of paying debt service on the Bonds. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the City.

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

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

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

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

Section 5.03 Reserved.

Section 5.04 Costs of Issuance Fund. There shall be established in trust a special fund designated the “General Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”) pursuant to the Custodial Agreement, which shall be held by the Custodian and which shall be kept separate and apart from all other funds and accounts. The proceeds received by the City from the sale of the Bonds in the amount determined by the City Administrative Officer to be sufficient to pay the Costs of Issuance shall be deposited in the Costs of Issuance Fund. The City Administrative Officer may direct the Custodian to establish separate accounts and subaccounts within the Costs of Issuance Fund for the purposes hereof. The City shall pay Costs of Issuance using moneys disbursed from time to time, as appropriate, from the Costs of Issuance Fund and any account or subaccount established therein. The Custodian shall pay the Costs of Issuance in accordance with instructions of the City Administrative Officer. All Costs of Issuance shall be incurred by the City in connection with the sale and issuance of the Bonds. After payment of all Costs of Issuance, any moneys then remaining in the Costs of Issuance Fund, including any interest

earnings thereon, may be transferred, pursuant to instructions of the City Administrative Officer to the Debt Service Fund.

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

ARTICLE VI

PAYING AGENT AND CUSTODIAN

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

Section 6.02 Successor Paying Agent. The Treasurer or his or her appointee may resign as Paying Agent, and in such case the City Administrative Officer shall forthwith appoint a successor thereto. Any successor shall be a bank, trust company, national banking association or other financial institution doing business and having an office in California, having (or whose parent holding company has) a combined capital and surplus (exclusive of borrowed capital) of at least seventy-five million (\$75,000,000). If a successor Paying Agent is appointed, the officers of the City are authorized to prepare and present to the Council for approval a Paying Agent agreement relating to the Bonds. The Paying Agent herein appointed or any successor Paying Agent may at any time resign as such upon 30 days' written notice filed with the City, in which event, the City shall forthwith appoint a substitute Paying Agent and the resignation shall become effective upon such appointment. If the Paying Agent or any successor becomes incapable of acting as such, the City shall forthwith appoint a substitute Paying Agent. Any bank, trust company, national banking association or other financial institution into which the Paying Agent may be merged or with which it may be consolidated shall become the Paying Agent without further action of the City. The Paying Agent (if other than the Treasurer or any other officer of the City) may become the Owner of any of the Bonds with the same rights it would have had if it were not the Paying Agent.

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

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

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

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

ARTICLE VII

INVESTMENTS

Section 7.01 Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Treasurer or the Paying Agent, as applicable, to the fullest extent practicable in cash deposits or Investment Securities as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts. Nothing in this Resolution shall prevent any Investment Securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in any construction fund (including any accounts therein) shall be retained in the construction fund and all amounts in the Debt Service Fund shall be retained in the Debt Service Fund.

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

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

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

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

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

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE

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

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

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

(C) by depositing with an institution that meets the requirements of serving as Paying Agent pursuant to Section 6.02 hereof, in trust, lawful money or noncallable direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed by the United States of America, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, as verified by the report of an Independent Certified Public Accountant, to pay and discharge all or such portion of Bonds Outstanding, including any premium and all interest thereon, notwithstanding that any Bonds or such portion thereof shall not have been surrendered for payment;

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

the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the City to pay to the Paying Agent, if other than the Treasurer or any other officer of the City, the amounts owing to the Paying Agent pursuant to Section 6.01 hereof.

ARTICLE X

MISCELLANEOUS

Section 10.01 Reserved.

Section 10.02 General Covenants.

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

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required of the City by law, the Authorizing Law, the Proposition HHH Authorization and this Resolution to exist, to have happened and to have been performed in due time, form and manner, precedent to and in the issuance of the Bonds, shall exist, shall have happened and shall have been performed, and the issuance of the Bonds, 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 expend all Bond proceeds in accordance with applicable law, including but not limited to the Proposition HHH Authorization and the Authorizing Law. The City covenants to spend the amounts on deposit in the Series 2022-A Construction Fund in accordance with Section 5.01.

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

Section 10.05 Electronic Signatures. All of the agreements contemplated by this Resolution may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated

by the City) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement.

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

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

Approved as to Form

MICHAEL N. FEUER, City Attorney


By:  _____
Deputy City Attorney

EXHIBIT A

FORM OF BOND

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

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

No. _____ \$ _____

**CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS
SERIES 2022-A
(TAXABLE) (SOCIAL BONDS)**

<u>Interest Rate</u>	<u>Maturity</u>	<u>Dated</u>	<u>CUSIP</u>
_____%	_____ 1, 20__	_____ 1, 2022	_____

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, 2023, 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 _____, 2022 (the “Resolution”), and pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (Commencing with Section 53506), as amended, (ii) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, and (v) Article XIII A of the California Constitution, as amended. Capitalized undefined terms used herein shall have the meanings set forth in the Resolution.

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

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

This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication hereof unless (i) it is authenticated after a Record Date but on or prior to the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to August 15, 2023, in which event it shall bear interest from its date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Interest with respect to any Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

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

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

Redemption Date
(September 1)

Mandatory Sinking
Fund Payment

\$

*(maturity)

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

The rights and obligations of the City and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the City with the written consent of owners of at least 60% in aggregate principal amount of the Outstanding (as defined in the Resolution) Bonds, exclusive of Bonds, if any, owned by the City (other than a pension fund); provided, however, that no such modification or amendment shall, without the 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 [Mayor/Assistant City Administrative Officer] and the Treasurer of the City, countersigned by the manual signature of the City Clerk or a Deputy City Clerk of the City and sealed with the corporate seal of the City and has caused this Bond to be dated the ____th of _____ 2022.

CITY OF LOS ANGELES

By: _____
[Mayor/Assistant City Administrative Officer]

By: _____
City Treasurer

Countersigned:

[City Clerk/Deputy City Clerk]

CERTIFICATE OF AUTHENTICATION

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

DATED: _____, 2022

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 2022-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on _____, 2022 authorizing the issuance of the Bonds (the “Resolution”).

The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating 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 _____, 2022, 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, 2023, for the report for the 2021-22 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;

(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 the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent other than the original Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (other than the City or the City Administrative Officer) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions relating to the filing of an Annual Report or the giving of notice of a Listed Event as set forth in Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in

the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Owners' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating 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: _____, 2022

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 2022-A (Taxable)
(Social Bonds)

Date of Issuance: September __, 2022

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 September __, 2022. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES

By: _____

Title: _____

EXHIBIT C

FORM OF DEEMED FINAL CERTIFICATE

CITY OF LOS ANGELES
General Obligation Bonds
Series 2022-A
(Taxable)
(Social Bonds)

15c2-12 CERTIFICATE OF THE

CITY OF LOS ANGELES

The undersigned, Assistant City Administrative Officer for the City of Los Angeles (the “City”), has reviewed the Preliminary Official Statement, dated _____, 2022 (the “Preliminary Official Statement”), regarding the offering of the City’s General Obligation Bonds Series 2022-A (Taxable) (Social Bonds), and hereby represents on behalf of the City that the information contained in the Preliminary Official Statement, except for the omissions from the Preliminary Official Statement permitted under Section (b)(1) of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended (the “Rule”), is deemed final by the City as of the date of this certificate within the meaning of the Rule.

IN WITNESS WHEREOF, the City has executed this certificate as of _____, 2022.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

Exhibit A

Notice of Intention to Sell Bonds

NOTICE OF INTENTION TO SELL BONDS

\$389,435,000*

City of Los Angeles
General Obligation Bonds
Series 2022-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, Thursday, September 15, 2022.

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 Thursday, September 15, 2022, only through i-Deal’s BiDCOMP/Parity® Competitive Bidding System, in accordance with the procedures, terms and conditions set forth in the Notice Inviting Bids. No bids will be received after such time. The City assumes no responsibility or liability for bids submitted through BiDCOMP/ Parity®. No bids will be accepted by facsimile or hand delivery. For additional information about BiDCOMP/Parity® potential bidders may contact the City’s municipal advisor (identified below).

Changes in the date and time for receipt of proposals will be communicated through The Municipal Market Monitor (TM3) not later than 2:00 p.m., California time, on the business day prior to the bid opening.

Copies of the Preliminary Official Statement to be disseminated in connection with the sale of the Bonds, the Notice Inviting Bids, and the resolution of the City Council authorizing the issuance of the Bonds may be obtained from the City or the City’s municipal advisor at the following locations: Ha To, Office of the City Administrative Officer, Room 1500, City Hall East, 200 North Main Street, Los Angeles, California 90012, email: cao.debt@lacity.org; or Eddie McRoberts, Omnicap Group LLC, 2286 East Maple Avenue, El Segundo, California 90245, (310) 318-3094, e-mail: emcroberts@omnicap.net. The Preliminary Official Statement will be in a form deemed final by the City within the meaning of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, except for the omission of certain information permitted to be omitted therefrom pursuant to Rule 15c2-12, but is subject to revision, amendment and completion in a final Official Statement. The Preliminary Official Statement and the Notice Inviting Bids will also be available at www.munios.com.

Given by order of the City Council by its resolution adopted on [August 30], 2022.

* Preliminary, subject to change.

Exhibit B

Notice Inviting Bids

[August 31], 2022

Dear Prospective Bidder:

In accordance with the Notice Inviting Bids, the City of Los Angeles intends to accept bids on its \$389,435,000* aggregate principal amount of General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) on Thursday, September 15, 2022 at 9:00 a.m., California time. The purpose of this letter is to reaffirm the City's position relative to encouraging bidders on the City's bonds to include minority business enterprises ("MBE"), women business enterprises ("WBE"), disadvantaged business enterprises ("DBE"), disabled veteran business enterprises ("DVBE") and all other business enterprises ("OBE") in their bidding syndicates.

It continues to be the City's policy to provide MBE, WBE, DBE, DVBE and OBE an equal opportunity to participate in the performance of City contracts. This policy continues to be a high priority of the Mayor and the City Council. As such, we urge all bidders to continue to make a good faith effort to provide all underwriting firms, including MBE, WBE, DBE, DVBE and OBE firms, an opportunity to participate in bidding syndicates.

Please refer any inquiries regarding these matters to Ha To at cao.debt@lacity.org.

Sincerely,

Benjamin Ceja
Assistant City Administrative Officer

* Preliminary, subject to change.

NOTICE INVITING BIDS

\$389,435,000*
City of Los Angeles
General Obligation Bonds
Series 2022-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 \$389,435,000* aggregate principal amount of the City of Los Angeles General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the “Series 2022-A Bonds”). The Series 2022-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 2022-A Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2022-A Bonds. See “Award, Delivery and Payment” herein. Bidders are required to bid on all or none of the Series 2022-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:	Thursday, September 15, 2022 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 \$3,894,350. Failure to provide the Good Faith Deposit in accordance with the terms and conditions set forth in this Notice Inviting Bids will subject the bidder to disqualification. See “Good Faith Deposit” herein.
No Facsimile or Other Bids:	No bids will be accepted via facsimile, hand delivery or any method other than as described above.

* Preliminary, subject to change.

The Issue

The issue is \$389,435,000* aggregate principal amount of the Series 2022-A Bonds in denominations of \$5,000 or any integral multiple thereof.

Purpose of the Issue

The proceeds from the sale of the Series 2022-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 2022-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 2022-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 [August 30], 2022 authorizing the issuance of the Series 2022-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 2022-A Bonds are awarded to the successful bidder (the “Award Certificate”). Capitalized undefined terms used herein shall have the meanings set forth in the Authorizing Resolution.

Security

The Series 2022-A Bonds shall be secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City. Reference is made to the Authorizing Resolution.

Principal and Interest Payments

The Series 2022-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 2022-A Bonds will be payable semiannually on March 1 and September 1, commencing on September 1, 2023 (each, an “Interest Payment Date”). Principal and premium, if any, of the Series 2022-A Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Series 2022-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

* Preliminary, subject to change.

payments to the Beneficial Owners shall be the responsibility of DTC's direct participants and indirect participants. The City and the Paying Agent will not have any responsibility or obligation with respect to the accuracy of any records maintained by DTC, its direct participants or indirect participants or any payment made by DTC, its direct participants or indirect participants of any amount with respect to the principal, premium, if any, or interest due on the Series 2022-A Bonds.

Book-Entry Only

The Series 2022-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 2022-A Bonds. Purchasers will not receive certificates representing their interest in the Series 2022-A Bonds. Individual purchases will be in the principal amount of \$5,000 or any integral multiple thereof. Ownership interests in the Series 2022-A Bonds may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2022-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 2022-A Bonds.

Principal Amortization for the Series 2022-A Bonds

The aggregate principal amount of the Series 2022-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 2023 through 2042 and in the amounts set forth below:

Maturity Schedule*

Maturity September 1	Principal Amount	Maturity September 1	Principal Amount
2023	\$19,475,000	2033	\$19,470,000
2024	19,475,000	2034	19,470,000
2025	19,475,000	2035	19,470,000
2026	19,475,000	2036	19,470,000
2027	19,475,000	2037	19,470,000
2028	19,475,000	2038	19,470,000
2029	19,475,000	2039	19,470,000
2030	19,470,000	2040	19,470,000
2031	19,470,000	2041	19,470,000
2032	19,470,000	2042	19,470,000

Serial Bonds and/or Term Bonds

Bidders may provide that all of the Series 2022-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.

* Preliminary, subject to change.

Optional Redemption *

The Series 2022-A Bonds maturing on or before September 1, 2032 are not subject to optional redemption. The Series 2022-A Bonds maturing on or after September 1, 2033 are subject to optional redemption on and after September 1, 2032 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 2022-A Bonds.” The City, at its option, may credit against any mandatory sinking fund redemption payment term Series 2022-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 2022-A Bonds for Redemption

Whenever less than all the Series 2022-A Bonds shall be called for redemption at the option of the City, the particular Series 2022-A Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Series 2022-A Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the Series 2022-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 2022-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 2022-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 2022-A Bonds, if less than all of the Series 2022-A Bonds of a maturity are called for prior redemption, the particular Series 2022-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 2022-A Bonds are held in book-entry form, the selection for redemption of such Series 2022-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 2022-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

* Preliminary, subject to change.

It is the City's intent with respect to the Series 2022-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 2022-A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2022-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 2022-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 2022-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 2022-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 2022-A Bonds. In the event a notice of redemption of the Series 2022-A Bonds contains such a condition and such moneys are not so received, the redemption of the Series 2022-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 2022-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 2022-A Bonds pursuant to such notice of redemption.

TERMS OF SALE

Form of Bid

Each bid must be for an amount not less than 100.7% of the principal amount of the Series 2022-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 2022-A Bonds. The City is not bound by any advice and determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and the City is not responsible or liable for any such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from BiDCOMP/Parity, at www.newissuehome.i-deal.com or by calling (212) 849-5021. The City assumes no responsibility or liability for bids submitted through the Approved Provider. The City shall be entitled to assume that any bid submitted through the Approved Provider has been made by a duly authorized agent of the bidder.

Adjustment of Principal Amount

The principal amounts set forth above under "Principal Amortization for the Series 2022-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 2022-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 2022-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 2022-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 2022-A Bond underwriters' discount as provided in the bid. The successful bidder will be notified of any adjustments in principal amounts of the Series 2022-A Bonds within 24 hours after the opening of the bids. Such adjustments may affect the dollar amount of discount (underwriters' discount and original issue discount) contained in the winning bid.

The successful bidder may not withdraw its bid or change the interest rate bid or initial reoffering price as a result of any adjustments made within the above-described limits. Changes in the amortization schedule made as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the Series 2022-A Bonds.

Award, Delivery and Payment

The City will take action awarding the Series 2022-A Bonds or rejecting all bids for the Series 2022-A Bonds not later than 27 hours after the time specified for the receipt of the bids, unless such time is waived by the successful bidder. Notice of award will be given promptly by telephone by the City to the successful bidder, confirmed by a Certificate of Award. The Series 2022-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 2022-A Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2022-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 2022-A Bonds to the date of the Series 2022-A Bonds, results in an amount equal to the “purchase price” bid for all of the Series 2022-A Bonds. For the purpose of calculating the TIC, the principal amount of Series 2022-A Bonds designated by the bidder for mandatory sinking fund redemption as part of a term Bond, if any, shall be treated as a serial maturity in each year. In the event two or more bids offer the same lowest true interest cost, the City shall select among such bids in its sole discretion. The City Administrative Officer or any Assistant City Administrative Officer is authorized to accept bids and to award the Series 2022-A Bonds or reject all bids.

It is expected that the Series 2022-A Bonds will be delivered to the successful bidder on or about September 28, 2022. The Series 2022-A Bonds will be delivered through the facilities of DTC. The successful bidder shall pay for the Series 2022-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 2022-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 2022-A Bonds. Each rate bid must be in multiples of 1/8 or 1/100 of 1%. All Series 2022-A Bonds of the same maturity shall bear the same interest rate. Each Series 2022-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 2022-A Bonds is not excluded from gross income for federal income tax purposes.**

California Debt and Investment Advisory Commission

The successful bidder will be required to pay any fees due to the California Debt and Investment Advisory Commission under California law.

DTC Fees

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

Ratings

The City has applied for ratings from Fitch Ratings, 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 2022-A Bonds.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2022-A Bonds, but the City will assume no obligation for the assignment or printing of such numbers on the Series 2022-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 2022-A Bonds. The cost for the assignment of CUSIP numbers to the Series 2022-A Bonds will be the responsibility of the successful bidder.

Good Faith Deposit

A Good Faith Deposit in the form of a wire transfer in the amount of \$3,894,350 for the Series 2022-A Bonds must be provided by each bidder as potential purchaser of the Series 2022-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 2022-A Bonds in accordance with the terms of the bid.

Wire Transfers. Any Good Faith Deposit wire transfers must be received in federal funds prior to the deadline, and should be directed as follows:

Wiring Instruction:

U.S. Bank N.A.
60 Livingston Ave.
St. Paul, MN
ABA #091000022
BNF: U.S. Bank Trust N.A.
Account #180121167365
Ref: City of Los Angeles GOB Series 2022-A

Each bidder submitting the Good Faith Deposit by wire transfer must also send an email to: lauren.costales@usbank.com, cao.debt@lacity.org and emcroberts@omnnicap.net referencing “City of Los Angeles General Obligation Bonds, Series 2022-A (Taxable) Wire Transfer” and providing the name of the bidder and instructions for the return of the wire transfer should the bidder be unsuccessful, not later than 8:00 a.m., California time, on the date of sale. For confirmation of receipt by U.S. Bank Trust Company, National Association, of the Good Faith Deposit, contact Lauren Costales at (213) 615-6527. 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 2022-A Bonds at the time of delivery of the Series 2022-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 2022-A Bonds, the successful bidder fails to complete the purchase on the terms stated in its bids, unless such failure of performance shall be caused by any act or omission of the City, any amount received from such bidder by the City shall be retained by the City, and the successful bidder agrees that it shall forfeit such Good Faith Deposit in order to effectuate the purposes of the City's competitive bidding process. No interest will be paid by the City upon the Good Faith Deposit made by any bidder.

Right of Cancellation

Each successful bidder shall have the right, at its option, to cancel the contract to purchase the Series 2022-A Bonds if the City shall fail to execute and tender the Series 2022-A Bonds for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the Good Faith Deposit accompanying its bid.

List of Members of Account

Bidders are requested to list on BiDCOMP/Parity the names of the members of the account on whose behalf the bid is made. The apparent successful bidder is required to further confirm members of its respective bidding group prior to final award.

Equal Opportunity

IT IS THE POLICY OF THE CITY OF LOS ANGELES TO PROVIDE MINORITY BUSINESS ENTERPRISES ("MBEs"), DISABLED VETERAN BUSINESS ENTERPRISE ("DVBE"), WOMEN BUSINESS ENTERPRISES ("WBEs"), DISADVANTAGED BUSINESS ENTERPRISES ("DBEs") AND ALL OTHER BUSINESS ENTERPRISES ("OBES") AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF ALL CITY CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST THE CITY IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL AVAILABLE BUSINESS ENTERPRISES, INCLUDING MBEs, DVBEs, WBEs, DBEs AND OBES, HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN CITY CONTRACTS.

No Bond Insurance

The winning bidder shall not purchase municipal bond insurance in connection with the Series 2022-A Bonds.

Reoffering Price

The successful bidder will, within one hour after being notified of the award of the Series 2022-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 2022-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 2022-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 2022-A Bonds, the following closing documents, each dated the date of such delivery:

(a) the opinion of Nixon Peabody LLP, Bond Counsel to the City, in substantially the form attached to the Preliminary Official Statement as Appendix E;

(b) the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, opining that, as of the closing date, no facts have come to the attention of Disclosure Counsel personnel which cause them to believe that the Official Statement as of its date (except that no opinion or belief is expressed as to the Appendices of the Official Statement other than Appendix A or any other financial, statistical and demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, and information about book-entry or DTC contained in the Official Statement) contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) the opinion of the City Attorney of the City of Los Angeles, acting on behalf of the City solely in his official capacity and not personally, that, to the best knowledge of the City Attorney, there is no litigation pending or threatened affecting the validity of the Series 2022-A Bonds, and certain other matters;

(d) a certificate of an appropriate official of the City acting on behalf of the City solely in his or her official capacity and not personally, that as of the date of the Official Statement pertaining to the Series 2022-A Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2022-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 2022-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 2022-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 2022-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 2022-A Bonds. By making a bid on the Series 2022-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 2022-A Bonds to all purchasers, including the requirements of delivery of the final Official Statement.

Ratings in Effect

Each bid will be understood to be conditioned upon there being in place at the date of delivery of the Series 2022-A Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Series 2022-A Bonds at the time fixed for receiving bids.

Continuing Disclosure

In order to assist the successful bidder in complying with the Rule, the City will undertake, pursuant to the Authorizing Resolution and the Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will be set forth in the final Official Statement.

Additional Information

Copies of the Authorizing Resolution, this Notice Inviting Bids and Preliminary Official Statement will be furnished to any potential bidder upon request made to the City's Municipal Advisor at: Omnicap Group LLC, emcroberts@omnicap.net.

Execution

The execution of this Notice Inviting Bids, and any letter and award certificate given in connection herewith, and any other certificate executed in connection with the Series 2022-A Bonds, may be conducted by electronic means. The City acknowledges and agrees, and any bidder submitting a bid shall acknowledge and agree that it is such party's intent, that if such party signs any such document using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), it is signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed its handwritten signature on such document.

Bid Extension, Postponement or Cancellation

The City reserves the right to extend, postpone or cancel, at any time and from time to time, the date or time established for the receipt of bids. Any such extension, postponement or cancellation will be announced via The Municipal Market Monitor (TM3) at www.tm3.com. On any such alternative date or time for receipt of bids, any bidder may submit an electronic bid for the purchase of the Series 2022-A Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced by The Municipal Market Monitor (TM3) at the time the sale date and time are announced.

Right To Modify or Amend

The City reserves the right to modify or amend this Notice Inviting Bids including, but not limited to, the right to adjust and change the aggregate principal amount of the Series 2022-A Bonds being offered. Such notifications or amendments shall be made not later than 2:00 p.m., California time, on the business day immediately preceding the day of the bid opening and communicated through The Municipal Market Monitor (TM3) (www.tm3.com). In addition, the City reserves the right after the bid opening and prior to the award to change the aggregate amount of the Series 2022-A Bonds and the principal amount of each maturity.

Sales

The City may, with prior notice, withdraw the Series 2022-A Bonds for sale.

Right To Reject Bids and To Waive Irregularities or Informalities

The City reserves the right, in its sole discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

Dated: [August 31, 2022]

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 2022-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 2022-A (Taxable) (Social Bonds) (the "Series 2022-A Bonds") through the use of the electronic bidding service provider.

We have received and reviewed the Notice Inviting Bids dated [August 31], 2022 for the Series 2022-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 2022-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 2022-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 2022-A Bonds and interest rate or rates to be borne by the various maturities of the Series 2022-A Bonds and any other information included in such transmission) as though the same information were submitted by us and executed on our behalf by a duly authorized signatory. If such bid is accepted by the City, the terms of this letter, the Notice Inviting Bids and the information that is electronically transmitted through the Approved Provider shall form a contract and we shall be bound by the terms of such contract.

(b) The City Charter requires an affidavit that the bid is genuine, not a sham or collusive, nor made in the interest of or on behalf of any person not named in the bid and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any

manner sought by collusion to secure for himself/herself an advantage over any other bidder. The electronic submission shall be deemed my certification/declaration under penalty of perjury that the above statement is true and correct and shall be deemed to be included in the bid.

(c) If there is any conflict between the information represented by the Approved Provider and the terms set forth in the Notice Inviting Bids, the terms set forth in the Notice Inviting Bids shall control.

(d) We understand that the Approved Provider is not an agent of the City and the City shall have no liability whatsoever based on our use of the Approved Provider, including but not limited to any failure by the Approved Provider to correctly or timely transmit information that we provide.

(e) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, email a duly executed copy of this Authorization to Accept Electronic Bids to: cao.debt@lacity.org and emcroberts@omnicap.net.

(f) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, deliver a Good Faith Deposit in the amount of \$3,894,350 by wire transfer to: BBK: U.S. Bank Trust Company, National Association, ABA Number: 091000022, BNF: U.S. Bank Trust N.A., A/C Number: 180121167365, A/C NAME: City of Los Angeles GOB Series 2022-A and send a confirmatory email to lauren.costales@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 lauren.costales@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net.

(h) We understand that the execution of the Notice Inviting Bids, and this letter and any award certificate given in connection therewith, and any other certificate executed in connection with the Series 2022-A Bonds, may be conducted by electronic means. We acknowledge and agree that it is our intent, that if we sign this letter or any other certificate given in connection with the Series 2022-A Bonds using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), we are signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed our handwritten signature on such document.

You may rely upon this letter, which has been executed on our behalf by an authorized signatory as of the date set forth below.

Dated: _____, 2022

Respectfully submitted,

[NAME OF FIRM]

By _____

Name _____

Title _____

Exhibit C

Preliminary Official Statement



NEW ISSUE – FULL BOOK-ENTRY ONLY

RATINGS:
[Fitch: “AAA”
Kroll: “AA+”
Moody’s: “Aa2”
S&P: “AA”]
See “RATINGS” herein

Interest on the Bonds is not excluded from gross income for federal income tax purposes. In the opinion of Nixon Peabody LLP, Bond Counsel, interest on the Bonds is exempt from personal income taxes of the State of California (the “State”) under present state law. See “TAX MATTERS” herein.



CITY OF LOS ANGELES
\$389,435,000*
GENERAL OBLIGATION BONDS
SERIES 2022-A
(TAXABLE)
(SOCIAL BONDS)

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The City of Los Angeles (the “City”) is issuing \$389,435,000* aggregate principal amount of its General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the “Bonds”).

The Bonds will be issued as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will mature on the dates and in the amounts and bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable on September 1, 2023, and semiannually thereafter on March 1 and September 1 of each year until maturity. The Bonds will be issued in book-entry form only and, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive physical delivery of certificates representing their interests in the Bonds being purchased. Payment of principal of the Bonds at maturity and interest when due will be payable by the Office of the City Treasurer of the City of Los Angeles, as Paying Agent, to DTC, and such payments will be remitted to the participants in DTC for subsequent disbursements to the beneficial owners of the Bonds. See APPENDIX D—“DTC AND THE BOOK-ENTRY ONLY SYSTEM” attached hereto.

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

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

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

**BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY
THE CITY UNTIL 9:00 A.M. CALIFORNIA TIME ON SEPTEMBER 15,
2022 UNLESS POSTPONED OR CANCELLED AS SET FORTH IN THE
NOTICE INVITING BIDS**

For information concerning the competitive sale of the Bonds, contact the City’s Municipal Advisor, Omnicap Group LLC, El Segundo, California. The Bonds are offered when, as and if issued, subject to the approval of Nixon Peabody 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. Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 September 28, 2022.

Dated: September __, 2022

MATURITY SCHEDULE***\$389,435,000*****CITY OF LOS ANGELES****GENERAL OBLIGATION BONDS, SERIES 2022-A (TAXABLE) (SOCIAL BONDS)**

<i>Year (September 1)</i>	<i>Principal Amount*</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP† (Base: 544351)</i>
2023	\$19,475,000				
2024	19,475,000				
2025	19,475,000				
2026	19,475,000				
2027	19,475,000				
2028	19,475,000				
2029	19,475,000				
2030	19,470,000				
2031	19,470,000				
2032	19,470,000				
2033	19,470,000				
2034	19,470,000				
2035	19,470,000				
2036	19,470,000				
2037	19,470,000				
2038	19,470,000				
2039	19,470,000				
2040	19,470,000				
2041	19,470,000				
2042	19,470,000				

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

* Preliminary, subject to change.

† Copyright 2022, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the applicable Bonds. The City, the Municipal Advisor and the Underwriter 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⁽¹⁾, *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
Nixon Peabody LLP
Los Angeles, California

Disclosure Counsel
Stradling Yocca Carlson & Rauth,
a Professional Corporation

Municipal Advisor
Omnicap Group LLC
El Segundo, California

Paying Agent
City Treasurer
City of Los Angeles, California

⁽¹⁾ Council Member Ridley-Thomas was suspended on October 20, 2021. See APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—MUNICIPAL GOVERNMENT.”

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

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

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

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

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

The CUSIP numbers herein are provided by Standard & Poor's CUSIP Service Bureau and are for convenience of reference only. The City, the Municipal Advisor and the Underwriter do not assume any responsibility for the accuracy of such CUSIP numbers.

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

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OFFICIAL STATEMENT
CITY OF LOS ANGELES
\$389,435,000*
GENERAL OBLIGATION BONDS
SERIES 2022-A
(TAXABLE)
(SOCIAL BONDS)

INTRODUCTION

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

General

The City of Los Angeles (the “City”) is issuing its \$389,435,000* aggregate principal amount of General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are equally and ratably secured with all outstanding general obligation bonds and all other general obligation bonds that may be issued from time to time by the City payable from the proceeds of *ad valorem* property taxes. Prior to the issuance of the Bonds, the City has \$650,245,000 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) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on [August 30, 2022] authorizing the issuance of the Bonds (the “Resolution”).

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

* Preliminary, subject to change.

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

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

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”). The State, the County of Los Angeles (the “County”) and the City have taken various actions designed to mitigate the spread of COVID-19. Since March 2020, residents of the City have been subject to various orders and directives that suspended, reduced or prohibited various activities. Measures to combat the pandemic have been revised from time to time, becoming more or less restricting to reflect the then-current status of infections, hospitalizations and other factors. While several vaccines against COVID-19 have been approved and are being administered, and there are various indications of economic recovery, the pandemic is ongoing, with new variants of the disease, and its duration, severity and ultimate economic effects remain uncertain.

The COVID-19 pandemic has materially adversely disrupted the national, regional and local economies, including the global supply chain; reductions in tourism, business travel, and travel-related industries; widespread business closures; and significantly higher levels of unemployment, all resulting in corresponding decreases in taxes and revenues.

For Fiscal Year 2020-21, moneys received by the City under the American Rescue Plan Act (“ARPA”) and other federal funds allowed the City to balance its operations despite continuing revenue losses. The City began Fiscal Year 2021-22 with reserves of \$647 million or 8.6 percent of General Fund revenues. With the recovery of most revenue sources, combined with the receipt of federal funds (including the second allocation of \$639.5 million of ARPA funds), [the City ended 2021-22 with General Fund revenues exceeding expenditures by \$106.5 million]. The City’s Fiscal Year 2022-23 Adopted Budget is balanced, with total General Fund revenues and appropriations of \$7.45 billion and total General Fund and Special Fund revenues and appropriations of \$11.76 billion. [The City began Fiscal Year 2022-23 with reserves totaling \$694 million, or 9.3 percent of budgeted revenues.] Revenue assumptions for 2022-23 are based on current trends in receipts, analyses conducted by departments and relevant industry forecasts, and assume neither a new outbreak of a COVID-19 variant that prompts the reissuing of stay at home orders nor an economic downturn. See APPENDIX A—“BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2021-22,” “—Fiscal Year 2022-23 [Adopted] 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, 2023. The Bonds will be dated their date of issuance and when

issued will be initially registered in the name of Cede & Co., as registered Owner and nominee of The Depository Trust Company, New York, New York (“DTC”). The Bonds will be issued in book-entry form only and will be available to purchasers of the Bonds (“Beneficial Owners”) under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC participants as described herein. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not receive physical delivery of certificates from the City representing their interests in the Bonds being purchased. Principal of the Bonds, either at maturity or by earlier redemption, and interest on the Bonds will be payable by the City Treasurer of the City of Los Angeles or a successor paying agent (the “Paying Agent”) as appointed by the City, and such payments will be remitted by DTC to the participants in DTC for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX D—“DTC AND THE BOOK-ENTRY ONLY SYSTEM” attached hereto.

Optional Redemption*

The Bonds maturing on or before September 1, 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 Redemption*

The Bonds maturing on September 1, 20__ (the “Series 2022-A Term Bonds Maturing in 20__”) 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:

<i>Redemption Date (September 1)</i>	<i>Mandatory Sinking Fund Payment</i>
(maturity)	\$

The Bonds maturing on September 1, 20__ (the “Series 2022-A Term Bonds Maturing in 20__” and, together with the Series 2022-A Term Bonds Maturing in 20__, the “Series 2022-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:

<i>Redemption Date (September 1)</i>	<i>Mandatory Sinking Fund Payment</i>
(maturity)	\$

The City, at its option, may credit against any mandatory sinking fund redemption payment Series 2022-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 Bonds for Redemption

Whenever less than all the Bonds shall be called for redemption at the option of the City, the particular Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Bonds shall be effected by the City or the Paying Agent among owners on a pro-rata basis in the principal amount of \$5,000 or any integral multiple thereof. The particular Bonds to be redeemed shall be determined by the City or the Paying Agent, using such method as the City or the Paying Agent shall deem fair and appropriate.

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

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

Notice of Redemption

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

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

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

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

Effect of Redemption

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

DEBT SERVICE SCHEDULE

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

<i>Payment Date</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>	<i>Total Debt Service (Fiscal Year)</i>
9/1/2023				
3/1/2024				
9/1/2024				
3/1/2025				
9/1/2025				
3/1/2026				
9/1/2026				
3/1/2027				
9/1/2027				
3/1/2028				
9/1/2028				
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9/1/2037				
3/1/2038				
9/1/2038				
3/1/2039				
9/1/2039				
3/1/2040				
9/1/2040				
3/1/2041				
9/1/2041				
3/1/2042				
9/1/2042				
Total				

PLAN OF FINANCE

General

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

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

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

Proposition HHH received the affirmative vote of over two-thirds of all of the qualified voters voting on Proposition HHH. The Bonds are the fourth series of bonds issued under Proposition HHH. The City issued the first series of bonds under Proposition HHH in 2017 in the aggregate principal amount of \$86,370,000, the second series of bonds under Proposition HHH in 2018 in the aggregate principal amount of \$276,240,000, and the third series of bonds under Proposition HHH in 2021 in the aggregate principal amount of \$211,940,000. Prior to the issuance of the Bonds, the City has \$625,450,000 authorized and unissued general obligation bond authorization remaining under the Proposition HHH Authorization. Proceeds from the sale of the Bonds will be used to (i) finance the Projects described below in accordance with Proposition HHH and (ii) pay costs of issuance in connection with the Bonds.

Designation as Social Bonds

The City is designating the Bonds as “Social Bonds.” The Projects to be funded with proceeds of the Bonds in accordance with the requirements of Proposition HHH address the needs attendant to persons experiencing homelessness, chronic homelessness or who are at risk of homelessness. The City has determined that the Projects to be financed with the proceeds of the Bonds are “Social Projects” based on the social benefits of addressing homelessness within the City. The designation of the Bonds as “Social Bonds” is designed to generally comport with the four core components described by the International Capital Market Association (“ICMA”) in its June 2021 publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*. These components are (1) use of proceeds, (2) process for project evaluation and selection, (3) management of proceeds and (4) reporting. The ICMA Social Bond Principles include project categories for the most commonly used types of projects supported by or expected to be supported by the Social Bond market, including affordable housing and access to essential care services. The term “Social Bonds” is neither defined in nor related to provisions in the Resolution. Owners of the Bonds do not have any security other than as provided in the Resolution and described under “SECURITY FOR THE BONDS,” nor do such owners of the Social Bonds assume any specific project risk related to any of the projects funded thereby. “Social Projects” and “Social Bonds” are entirely self-designating labels lacking any objective guidelines or criteria. ICMA is a European-based entity with some members from the United States. The City assumes no obligation to ensure that the Projects financed with proceeds of the Bonds comply with any legal or other standards or principles that may relate to “Social Projects” or that the Bonds comply with any legal or other standards or principles that may relate to “Social Bonds.”

Use of Proceeds

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

The City expects to use proceeds of the Bonds, together with other available moneys, to finance 100 PSH projects under the PSH Program, which are expected to provide a total of 5,741 permanent supportive housing units. The City may substitute other authorized projects eligible for funding under Proposition HHH for any of the Projects described herein.

Project Evaluation and Selection

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

Management of Proceeds of the Bonds

Pursuant to the Resolution, proceeds received by the City from the sale of the Bonds shall be placed in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2022-A (Taxable) Proposition HHH Construction Fund” (the “Series 2022-A Construction Fund”). The City may expend moneys from the Series 2022-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 2022-A Construction Fund to the Debt Service Fund.

Reporting of Project Funding

The City will provide annual fiscal year updates (the “Social Bonds Annual Report”) on (i) each Project financed with proceeds of the Bonds, including the Project location and population served, (ii) the amount of proceeds of the Bonds allocated to and expended on each Project and (iii) the balance of unused proceeds of the Bonds at the end of the applicable fiscal year for each Project. Each Social Bonds Annual Report, commencing with the report for Fiscal Year 2022-23, will be filed on the Electronic Municipal Market Access (“EMMA”) website maintained by the Municipal Securities Rulemaking Board (“MSRB”) at <http://emma.msrb.org> by December 31 after the end of each Fiscal Year until all of the proceeds of the Bonds are expended. No reports will be provided with respect to the Bonds after all the net proceeds of the Bonds have been spent. The information on the EMMA website is not incorporated herein by this reference. The Social Bonds Annual Report described in this paragraph is separate from the City’s continuing disclosure undertaking as described under the caption “CONTINUING DISCLOSURE” and any failure by the City to provide the Social Bonds Annual Report

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

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds

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

Uses of Funds

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

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

SECURITY FOR THE BONDS

General

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

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

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

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

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

Pledged Moneys

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

Statutory Lien on Taxes

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

Property Taxation

General. General property taxes are levied against all taxable property in the City at a rate of 1% of the assessed value of such property. The City receives a portion of the 1% general levy for its general operating purposes. The City also levies *ad valorem* property taxes for the payment of voter-approved general obligation bonds, such as the Bonds. Taxes levied to pay debt service for general obligation bonds may only be applied for that purpose. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. At the start of fiscal year 2022-23, the total net assessed valuation of taxable property (net of homeowners’ exemptions and non-reimbursable exemptions) within the City was approximately \$772.28 billion, which represents an increase of approximately 7% over fiscal year 2021-22. For additional information on the property taxation system, assessed values and appeals to assessed values, see APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—MAJOR GENERAL FUND REVENUE SOURCES—Property Tax.”

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

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

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

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

Of the \$772.28 billion total net assessed valuation of taxable property within the City at the start of Fiscal Year 2022-23, \$748.37 billion (96.9%) represents secured valuations and \$23.90 billion (3.1%) represents unsecured valuations. Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

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

The following table, excerpted from Appendix A, shows the historic assessed value of property within the City for Fiscal Years 2018-19 through 2021-22.

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

	2018	2019	2020	2021	2022
Locally Assessed					
Land	\$ 329,102,259,292	\$ 352,506,933,714	\$ 375,613,820,236	\$ 394,598,572,212	\$ 424,716,322,981
Improvements	280,224,446,180	299,590,583,910	319,689,264,560	332,201,374,517	349,641,071,472
Personal Property	3,299,927,802	4,020,257,586	3,997,131,756	4,019,429,073	3,911,428,589
Less: Exemptions ⁽²⁾	23,950,069,180	26,571,608,102	26,822,209,552	29,365,270,443	27,781,247,158
Total Locally Assessed	\$ 588,676,564,094	\$ 629,546,167,108	\$ 672,478,007,000	\$ 701,454,105,359	\$ 750,487,575,884
Public Utilities ⁽³⁾	40,022,411	42,153,347	66,084,991	73,778,428	74,459,382
Unsecured Valuations	22,575,613,220	23,370,052,850	23,469,028,925	22,238,902,102	23,901,652,243
Total Revenue-Producing Valuations	\$ 611,292,199,725	\$ 652,958,373,305	\$ 696,013,120,916	\$ 723,766,785,889	\$ 774,463,687,509
Change from Prior Year	7.6%	6.8%	6.6%	4.0%	7.0%

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

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

⁽³⁾ Assessed by the State Board of Equalization.

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

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

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

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

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

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes. A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared “tax defaulted” and subject to eventual sale by the County Tax Collector. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

Information regarding the property tax levy and collection rates for Fiscal Years 2016-17 through 2020-21 is provided in the following table.

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

<i>Fiscal Year</i>	<i>Total Tax Levy^(a) for the Fiscal Year</i>	<i>Collected within the Fiscal Year of Levy</i>		<i>Collections in Subsequent Years^(b)</i>	<i>Total Collections to Date</i>	
		<i>Amount</i>	<i>Percent of Levy</i>		<i>Amount</i>	<i>Percent of Levy^(c)</i>
2021	\$1,714,309	\$1,644,823	95.95%	\$13,357	\$1,658,180	96.73%
2020	1,618,316	1,555,461	96.12	12,848	1,568,309	96.91
2019	1,514,759	1,465,802	96.77	25,343	1,491,145	98.44
2018	1,408,319	1,346,492	95.61	21,781	1,368,273	97.16
2017	1,323,358	1,270,727	96.02	4,616	1,275,343	96.37

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

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

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

Source: City of Los Angeles Audited Financial Statements for Fiscal Year Ended June 30, 2021.

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

Supplemental Resolution

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

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

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

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

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

4. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or

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

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

Defeasance

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

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

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

3. by depositing with an institution that meets the requirements of serving as Paying Agent pursuant to the Resolution, in trust, lawful money or noncallable direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed by the United States of America, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, as verified by the report of an Independent Certified Public Accountant, to pay and discharge all or such portion of Bonds Outstanding, including any premium and all interest thereon, notwithstanding that any Bonds or such portion thereof shall not have been surrendered for payment;

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

Limitation on Remedies; Bankruptcy

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

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

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

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

Statutory Lien on Ad Valorem Property Taxes. Pursuant to California Government Code Section 53515, general obligation bonds issued and sold by a local agency, including the City, are secured by a statutory lien on the *ad valorem* property taxes levied and collected to pay the principal of and interest on such general obligation bonds. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective, binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing or further act. The statutory lien provides bondholders with a security interest in the *ad valorem* property taxes that should survive a bankruptcy of the City. The automatic stay provisions of the

Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except as described under “—*Special Revenues*” below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

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

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

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

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit’s interpretation is upheld and applied by courts in the Ninth Circuit and the City were to file for protection under Chapter 9, the bondholders may be stayed from seeking to compel the application of pledged *ad valorem*

taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), which would leave bondholders with only state court remedies. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues,” a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the City failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

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

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

TAX MATTERS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the 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 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 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 Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the 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 Bonds.

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

U.S. Holders. As used herein, the term “U.S. Holder” means a beneficial owner of Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of

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

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

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

Original Issue Discount. The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Bonds issued with original issue discount ("Discount Bonds"). A Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the 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 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 Bond's "stated redemption price at maturity" is the total of all payments provided by the 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 issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Bond for each day during the taxable year in which such holder held such Bond. The daily portion of original issue discount on any 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 Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is

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

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

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

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

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

Bond Premium. A holder of a Bond who purchases such 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 Bonds held by the holder on the first day of the taxable year to which the election applies and to all 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 Bonds who acquire such Bonds at a premium

should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Bonds.

Surtax on Unearned Income. Section 1411 of the Code generally imposes a tax of 3.8% on the “net investment income” of certain individuals, trusts and estates. Among other items, net investment income generally includes gross income from interest and net gain attributable to the disposition of certain property, less certain deductions. U.S. Holders should consult their own tax advisors regarding the possible implications of this provision in their particular circumstances.

Sale or Redemption of Bonds. A bondholder’s adjusted tax basis for a Bond is the price such holder pays for the 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 Bond other than “qualified stated interest” and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of 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 Bond is held as a capital asset (except in the case of Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

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

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

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

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

Interest payments may also be exempt from federal withholding tax depending on the terms of an existing federal income tax treaty, if any, in force between the U.S. and the resident country of the Non-U.S. Holder. The U.S. has entered into an income tax treaty with a limited number of countries. In addition, the terms of each treaty differ in their treatment of interest and original issue discount payments. Non-U.S. Holders are urged to consult their own tax advisor regarding the specific tax consequences of the receipt of interest payments,

including original issue discount. A Non-U.S. Holder that does not qualify for exemption from withholding as described above must provide the City or its agent with documentation as to his, her, or its identity to avoid the U.S. backup withholding tax on the amount allocable to a Non-U.S. Holder. The documentation may require that the Non-U.S. Holder provide a U.S. tax identification number.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) 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 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 Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

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

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

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

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

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

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

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

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

State Taxes

Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes of the State, 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 state other than the State of California.

Changes in Law and Post Issuance Events

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

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

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

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

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

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, “Benefit Plans”) and persons who have certain specified relationships to the Benefit Plans (“Parties In Interest” or “Disqualified Persons”), unless a statutory or administrative exemption is available. The definitions of “Party in Interest” and “Disqualified Person” are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) fiduciary with respect to a plan; (2) a person providing services to a plan; (3) an employer or employee organization any of whose employees or members are covered by the plan; and (4) the owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available. Without an exemption an IRA owner may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the City were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the “Plan Assets Regulation”), the assets of the City would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an “equity interest” in the City and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Bonds, including the reasonable expectation of purchasers of Bonds that the Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

However, without regard to whether the Bonds are treated as an equity interest for such purposes, though, the acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the City, or any of its affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by certain “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”;

PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.” Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving “adequate consideration” with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate’s) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

By acquiring a Bond (or interest therein), each purchaser and transferee (and if the purchaser or transferee is a plan, its fiduciary) is deemed to represent and warrant that either (i) it is not acquiring the Bond (or interest therein) with the assets of a Benefit Plan, Governmental plan or Church plan; or (ii) the acquisition and holding of the Bond (or interest therein) will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or Similar Laws. A purchaser or transferee who acquires Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

Because the City, the Underwriter or any of their respective affiliates may receive certain benefits in connection with the sale of the Bonds, the purchase of the Bonds using plan assets of a Benefit Plan over which any of such parties has investment authority or provides investment advice for a direct or indirect fee may be deemed to be a violation of the prohibited transaction rules of ERISA or Section 4975 of the Code or Similar Laws for which no exemption may be available. Accordingly, any investor considering a purchase of Bonds using plan assets of a Benefit Plan should consult with its counsel if the City or the Underwriter or any of their respective affiliates has investment authority or provides investment advice for a direct or indirect fee with respect to such assets or is an employer maintaining or contributing to the Benefit Plan.

Any ERISA Plan fiduciary considering whether to purchase the Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of Similar Laws.

CERTAIN LEGAL MATTERS

Nixon Peabody 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. Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. Compensation for Bond Counsel and Disclosure Counsel’s services is entirely contingent upon the sale and delivery of the Bonds.

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

FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2021 (the "Financial Statements") and the Independent Auditor's Report regarding the Financial Statements are available on the EMMA site at <https://emma.msrb.org/P21548112-P21196465-P21615706.pdf> and is incorporated herein by reference thereto. No other information from the EMMA site or the City's website is incorporated by reference into this Official Statement. The Financial Statements have been audited by Macias Gini & O'Connell LLP, certified public accountants. Macias Gini & O'Connell LLP has not consented to the inclusion by reference of its report in this Official Statement and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias Gini & O'Connell LLP with respect to any event subsequent to the date of the Independent Auditor's Report.

RATINGS

Fitch Ratings ("Fitch"), Kroll Bond Rating Agency ("Kroll"), Moody's Investors Service Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned ratings of ["AAA," "AA+," "Aa2" and "AA,"] 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.kbra.com>, Moody's, at <https://www.moody's.com>, and S&P, at <https://www.spglobal.com>. No information from such websites is incorporated herein by reference. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revisions or withdrawals of such ratings may have an adverse effect on the market price of the Bonds. The City undertakes no responsibility to maintain any rating on the Bonds or to take any action, except as may be required by the Continuing Disclosure Certificate, in the event of a downgrade, suspension or withdrawal of a rating.

MUNICIPAL ADVISOR

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

UNDERWRITING

The Bonds were sold at a competitive sale on September __, 2022. The Bonds were awarded to _____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price of \$ _____ (which amount represents the principal amount of the Bonds, plus an original issue premium of \$ _____, less an underwriter's discount of \$ _____). The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof.

CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Certificate, to be dated the date of delivery of the Bonds (the "Continuing Disclosure Certificate"), which provides for certain disclosure obligations on the part of the City. See APPENDIX C—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Under the Continuing Disclosure Certificate, pursuant to which Digital Assurance Certification, L.L.C. will serve as the initial dissemination agent, the City will covenant for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than June 30 of each year, commencing June 30, 2023 for the report for the 2021-22 fiscal year, or if the fiscal year-end changes from June 30, not later than 365 days after the end of the City's fiscal year (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA website at <http://emma.msrb.org>. These covenants will be made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule").

The City and its related entities issue a variety of bonds, notes and obligations ("Obligations"), including Obligations issued through the City's proprietary enterprise programs and for its housing program and other conduit borrowers, as well as Obligations secured by special taxes and special assessments. The representations made by the City in this section regarding its previous continuing disclosure undertakings relate only to those Obligations which are managed by the City Administrative Officer and its staff, including Obligations secured by the City's general fund (including the City's Judgment Obligation Bonds and the bonds and notes issued through the Los Angeles Convention and Exhibition Center Authority and the Municipal Improvement Corporation of Los Angeles (the "Corporation")), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds, and Landscape and Lighting District 96-1 Bonds. The City's Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into separate continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

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

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

The City omitted from the annual report filed for Fiscal Year 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

By: _____
Assistant City Administrative Officer

APPENDIX A
[Draft as of August 16, 2022]

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.

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 continued beyond the historical data set forth herein (certain of which may be subject to subsequent adjustment) will continue.

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

OVERVIEW OF THE CITY’S FINANCIAL CONDITION

The COVID-19 Pandemic

The pandemic caused by COVID-19 had significant material economic and social impacts on the City of Los Angeles (the “City”). The State of California (the “State”), the County of Los Angeles (the “County”) and the City took various actions designed to mitigate the spread of COVID-19. Since March 2020, residents of the City were subject to various orders and directives that suspended, reduced or prohibited various activities. The onset of the COVID-19 pandemic and the public health measures meant to control its spread brought on massive disruption to businesses, the economy, and society at large. In 2020, the impact of the pandemic to the economy was swift and uneven. Unemployment within the City increased from 4.7 percent (February 2020) to 19.4 percent (May 2020), three months following the most stringent public health restrictions.

While the pandemic significantly resulted in reductions in economically-sensitive City revenues, including sales, business and transient occupancy tax receipts, causing the City to anticipate major reductions in its reserves, federal funding allowed the City to balance its operations despite continued revenue losses. The three largest federal programs were the programs promulgated pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act,” which provided \$125 million to the General Fund in Fiscal Year 2020-21), \$1.279 billion from the American Rescue Plan Act’s State and Local Fiscal Recovery Funds program (“ARPA”) and reimbursements from the Federal Emergency Management Agency (“FEMA”). The first installment of ARPA funds (\$639.5 million) was received in May 2021 and the second equal installment was received in June 2022. While the City will be required to submit periodic reports, and disqualified uses would be subject to recoupment, the City expects to meet the Treasury Department’s requirements for the entire amount; approximately 85 percent of federal money is expected to qualify as revenue replacement, with the remaining 15 percent spent on standalone projects that have responded to the impacts of the pandemic. The City expects FEMA to reimburse 100 percent of eligible expenses, currently estimated to be \$352.2 million, although the timing of the reimbursements remains unclear as the scope and duration of the COVID pandemic has protracted the grant application, review and disbursement processes. See the “Grant Receipts” line item in Table 14 (“GENERAL FUND RECEIPTS”).

The County of Los Angeles Department of Public Health uses the Centers for Disease Control and Prevention’s COVID-19 Community Level Matrix (Low, Medium, and High) to inform it of the level of risk

across the County and adopts corresponding prevention strategies. The County's practice is to move to a lower or higher community level after qualifying for the new level for seven consecutive days. As of August 12, 2022, the County's Community Level was Medium. A return to a Community Level of High could result in the return of countywide mask mandates. However, a return of stay-at-home orders or other restrictions on business activity as were seen at the start of the pandemic are not currently expected to occur.

Cyclical COVID-19 outbreaks continue to pose risks to the City's projected revenue growth. In addition, inflation, interest rate increases, and conflict abroad have increased the immediate risk of a recession within the next year.

Financial Results and Budget

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 General Fund reserves (consisting of the Reserve Fund, the Budget Stabilization Fund, and the Unappropriated Balance for Mid-Year Adjustments) of \$390.0 million, or 5.8 percent of General Fund revenues (including a Reserve Fund balance of \$262.5 million, or 3.9 percent of budgeted General Fund revenues). This represented the first time since Fiscal Year 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"). See "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies" and "—Financial Management Policies."

At the beginning of Fiscal Year 2020-21, to address a potential budget gap of \$750 million (prior to the enactment of the federal COVID relief actions described below), which included an estimated \$600 million in pandemic-driven decline in receipts, the Mayor and Council approved spending reductions, implemented a hiring moratorium, and curtailed certain City services. In addition, 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 Fiscal Year 2020-21. Various austerity measures, combined with ARPA and other federal assistance, allowed the City to balance its Fiscal Year 2020-21 operations without drawing on reserves or deficit borrowing. The City began Fiscal Year 2021-22 with reserves of \$647 million or 8.6 percent of General Fund revenues. [With the recovery of most revenue sources, combined with the receipt of federal funds (including the second allocation of \$639.5 million of ARPA funds), the City anticipates ending Fiscal Year 2021-22 with General Fund revenues exceeding budget by \$106.5 million.]

The City's Fiscal Year 2022-23 Adopted Budget is balanced, with total General Fund revenues and appropriations of \$7.45 billion and total General Fund and Special Fund revenues and appropriations of \$11.76 billion. The City expects to begin Fiscal Year 2022-23 with reserves totaling \$694 million, or 9.3 percent of budgeted revenues. Revenue assumptions for Fiscal Year 2022-23 were based on trends in receipts, analyses conducted by departments and relevant industry forecasts as of May 2022, and assume there will not be a new outbreak of a COVID-19 variant that prompts the reissuing of stay at home orders and also assume that an economic recession will not occur.

The Four-Year Budget Outlook (the "Outlook"), prepared annually in connection with the budget and last updated in connection with the Fiscal Year 2022-23 Adopted Budget, projects operating surpluses in each of the next four fiscal years. A major driver of these projections is the expectation that the City's contributions to its retirement systems will decline in the future. While projections assume that revenue will increase based on historic growth, these projections use a lower rate for the assumed rate of salary growth. The Outlook projections assume that there will be no negotiated employee compensation increases after the expiration of current labor agreements, and exclude certain potential large capital projects. Revenue is assumed to continue to grow consistent with historical averages and recent trends in receipts; although, revised and adopted budget estimates for fiscal years 2021-22 and 2022-23 on economy-sensitive revenues like sales tax reflect the impact of inflation. "See "BUDGET AND FINANCIAL OPERATIONS—General Fund Budget Outlook."

Certain Significant Challenges

Homelessness. The City faces challenges in connection with its large homeless population. While voters approved Measure H, increasing County-wide sales taxes by ¼ percent to fund services to the homeless population, and Proposition HHH, authorizing \$1.2 billion in City general obligation bonds to finance low income and supportive housing, this funding is still inadequate to meet the needs of this 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 2022-23 Adopted Budget anticipates \$1.2 billion in spending to combat homelessness. This includes \$249 million in General Fund spending, comprised of \$199 million in new funding and \$49 million from spending down a Reserve Fund loan approved in 2021-22. It also includes \$918 million in spending from various special funds, including federal and State grants, the City's Proposition HHH general obligation bonds, and new budget appropriations from various City special funds.

The City was subject to a lawsuit (*LA Alliance for Human Rights et al. v. City of Los Angeles et al.*) for violating various State and federal laws in connection with the City's and County's alleged failures in responding to homelessness. On June 14, 2022, a proposed settlement between the City and the plaintiffs was approved by the court. Such settlement is expected to increase the City's financial obligations beyond the amount already allocated in the Fiscal Year 2022-23 Budget. On July 13, 2022, the homeless rights advocates who intervened in the case filed a notice of appeal, indicating they intend to ask the Ninth Circuit Court of Appeals to invalidate the settlement agreement and overturn the court's order dismissing the City, which, if successful, would reinstate the litigation against the City. See "LITIGATION—*LA Alliance for Human Rights et al. v. City of Los Angeles et al.*"

Americans With Disabilities Act ("ADA") and other federal accessibility laws. The City has dealt with a number of claims and lawsuits pertaining to compliance with federal accessibility laws, several of which have involved housing projects as described under "LITIGATION." One of these matters involves 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.

Another area of potential financial impact involves the City's Pavement Preservation Program for street repairs. Certain of the activities under this program, such as street resurfacing and reconstruction, trigger the application of current ADA provisions, which requires the updating of existing access ramps or the construction of new ramps where there are none. Very preliminary estimates for the cost of such work range between \$100 million and \$250 million a year, with a total cost of up to \$1 billion over six years. These potential expenditures are in addition to those required by the settlement of previous litigation, *Willits, et al. v. City of Los Angeles*, under which the City will incur approximately \$1.4 billion over 30 years for various sidewalk remediation projects. Funding for the *Willits* settlement is included within the City's budget. See "BUDGET AND FINANCIAL OPERATIONS—General Fund Budget Outlook" and "—Capital Program."

Clean Water Compliance. On July 23, 2021, the Los Angeles Regional Water Quality Control Board ("LARWQCB") adopted the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit ("MS4 Permit"). Eighty-four of the 88 cities in Los Angeles County (including the City), the Los Angeles County Flood Control District (LACFCD), and the Counties of Los Angeles and Ventura are covered by the MS4 permit, which requires the collective expenditure of tens of billions by the impacted municipalities through 2037. The City's share of the costs is currently estimated to be approximately \$8 billion. While a portion of these cost will be funded through a county-wide parcel tax, like many other impacted municipalities, the City has not identified funding sources for a significant portion of these costs. See "OTHER MATTERS – Clean Water Compliance."

MUNICIPAL GOVERNMENT

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

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

The City is governed by the Mayor and the Council. The Mayor is elected at-large for a four-year term. As executive officer of the City, the Mayor has the overall responsibility for administration of the City. The Mayor recommends and submits the annual budget to the Council and passes upon subsequent appropriations and transfers, approves or vetoes ordinances, and appoints certain City officials and commissioners. The Mayor supervises the administrative process of local government and works with the Council in matters relating to legislation, budget, and finance. The Mayor operates an executive department, of which he is the ex-officio head. The current Mayor, Eric Garcetti, assumed office on July 1, 2013 and was elected to a second term in 2017, which will end on December 11, 2022. 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. The Council consists of 15 members elected by district for staggered four-year terms.

On October 13, 2021, Mark Ridley-Thomas, a member of the City Council, was indicted on federal charges of conspiracy, bribery, mail fraud and wire fraud relating to alleged actions taken while he served on the Board of Supervisors of the County. On October 20, 2021, the Council voted to suspend Mr. Ridley-Thomas from office in light of the charges. The City cannot predict the outcome of the investigation or proceedings.

On February 22, 2022, the City Council voted to appoint Herb Wesson to fill the temporary vacancy created by Mr. Ridley-Thomas’ suspension and represent Council District 10 until December 31, 2022, or until Mr. Ridley-Thomas is acquitted or the charges against him are dropped, whichever comes first. Mr. Wesson’s appointment was challenged by a nonprofit entity and certain registered voters of Council District 10. Following the Attorney General granting of the challengers leave to sue, the Los Angeles County Superior Court granted the challengers a temporary restraining order on July 18, 2022, enjoining Mr. Wesson from performing any functions of a City Council member. [A hearing on a preliminary injunction is scheduled for August 16, 2022]. The City plans to continue to defend the challenge to Mr. Wesson’s temporary appointment. On July 20, 2022, Heather Hutt was appointed by the City Council President as the caretaker for District 10. Heather Hutt cannot vote on matters before the City Council.

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 in 2017, which will end on December 11, 2022.

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 in 2017, which will end on December 11, 2022.

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

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

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

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

BUDGET AND FINANCIAL OPERATIONS

Financial Reporting and Fiscal Year 2020-21 Results

The City prepares its financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”) as promulgated by the Government Accounting Standards Board (“GASB”). The Financial Statements include a consolidated statement of governmental activities, which accounts for all functions of the City that are principally supported by taxes and other revenues not intended to recover costs through user fees and charges. GAAP requires the inclusion of both pension and retiree health liabilities in the government-wide Statement of Net Position. The City’s Annual Comprehensive Financial Report (the “ACFR”) for the Fiscal Year Ended June 30, 2021 reported a deficit balance for the governmental activities’ unrestricted net position of \$7.535 billion, largely due to a net pension liability of \$8.856 billion and net liability of \$2.094 billion for Other Post-Employment Benefits such as health care (“OPEB”).

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

The following two tables summarize financial information for the General Fund contained in the City’s audited Basic Financial Statements presented in the ACFR and prepared in accordance with GAAP for the periods indicated. Results for Fiscal Year 2019-20 reflect an operating deficit and \$141 million 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)

	2017	2018	2019	2020	2021
Assets					
Cash and Pooled Investments ⁽¹⁾	\$ 1,137,680	\$ 1,058,705	\$ 1,291,607	\$ 1,433,584	\$ 1,856,003
Other Investments	-	-	-	451	762
Taxes Receivable	650,932	669,205	675,777	682,470	782,303
Accounts Receivable	116,666	107,631	109,123	127,181	139,628
Special Assessments Receivable	3,421	3,040	3,174	2,863	3,550
Investment Income Receivable	7,992	12,985	15,680	10,014	7,812
Intergovernmental Receivable	133,018	143,773	149,002	152,247	193,305
Loans Receivable	-	-	-	42	1,331
Due from Other Funds	68,638	115,287	84,183	196,394	104,675
Inventories	33,158	33,004	46,653	42,053	39,760
Prepaid Items and Other Assets	5	5	7	11	34
Advances to Other Funds	12,317	8,814	8,688	20,831	21,374
Total Assets	\$ 2,163,827	\$ 2,152,449	\$ 2,383,894	\$ 2,668,141	\$ 3,150,537
Liabilities:					
Accounts, Contracts and Retainage Payable	\$ 87,887	\$ 83,488	\$ 93,312	\$ 254,392 ⁽⁵⁾	\$ 272,990
Obligations Under Securities Lending Transactions	13,914	33,339	21,874	13,799	19,333
Accrued Salaries and Overtime Payable	192,538	203,015	221,902	252,022	120,242
Accrued Compensated Absences Payable	9,887	9,254	8,381	7,912	11,529
Estimated Claims and Judgments Payable	65,534	69,831	66,284	35,741	37,511
Intergovernmental Payable	579	493	56	1,010	882
Due to Other Funds	90,237	133,283	141,905	188,702	174,796 ⁽⁶⁾
Unearned Revenue	421	972	1,535	-	322,085 ⁽⁷⁾
Deposits and Advances	34,724	9,094	12,974	9,184	11,901
Advances from Other Funds	24,032	18,391	12,499	131,093	81,148
Other Liabilities	143,892	45,737	37,248	53,177	89,104
Total Liabilities	\$ 663,645	\$ 606,897	\$ 617,970	\$ 947,032	\$ 1,141,521
Deferred Inflows of Resources					
Real Estate Tax	\$ 58,304	\$ 62,674	\$ 68,813	\$ 88,615	\$ 88,635
Taxes Other than Real Estate	348,324	344,215	377,206	398,251	431,719
Receivables from Other Government Agencies	121,432	125,663	131,890	129,309	142,325
Interest Receivable on Loans and Others	85,894	83,785	81,974	112,805	122,360
Total Deferred Inflows of Resources	\$ 613,954	\$ 616,337	\$ 659,883	\$ 728,980	\$ 785,039
Fund Balances					
Nonspendable ⁽²⁾	\$ 45,480	\$ 41,823	\$ 55,348	\$ 62,895	\$ 61,168
Restricted	-	-	-	-	-
Committed	9,723	25,151	33,092	37,386	71,733
Assigned ⁽³⁾	304,482	289,080	334,195	356,167	426,654
Unassigned ⁽⁴⁾	526,543	573,161	683,406	535,681	664,422
Total Fund Balances	\$ 886,228	\$ 929,215	\$ 1,106,041	\$ 992,129	\$ 1,223,977
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,163,827	\$ 2,152,449	\$ 2,383,894	\$ 2,668,141	\$ 3,150,537

⁽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.

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

⁽⁶⁾ Includes approximately \$90.8 million to be paid to the City's wastewater enterprise fund, which may be accelerated in connection with potential budgetary constraints of the wastewater enterprise fund.

⁽⁷⁾ Represents unspent cash balances of ARPA receipts.

Source: City of Los Angeles, ACFRs.

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

	2017	2018	2019	2020	2021
Revenues:					
Property Taxes	\$ 1,857,683	\$ 1,958,033	\$ 2,075,764	\$ 2,213,899	\$ 2,401,848
Sales Taxes	521,910	534,236	596,465	536,362	562,217
Utility Users Taxes	611,160	640,711	606,369	643,564	610,946
Business Taxes	546,494	534,994	617,169	668,035	686,520
Other Taxes	641,755	688,804	729,649	620,653	521,955
Licenses and Permits	37,133	38,777	34,157	34,999	29,390
Intergovernmental	15,337	17,822	23,062	27,284	28,145
Charges for Services	243,379	315,900	306,462	351,983	358,772
Services to Enterprise Funds	328,511	316,245	326,650	368,706	328,481
Fines	147,023	141,346	135,526	113,643	100,559
Special Assessments	1,490	1,755	1,825	769	1,731
Investment Earnings	25,353	33,024	84,257	99,248	28,579
Change in Fair Value of Investments ⁽¹⁾	(23,740)	(26,754)	-	-	(34,572)
Other	54,116	55,039	99,717	65,406	46,107
Total Revenues	\$ 5,007,604	\$ 5,249,932	\$ 5,637,072	\$ 5,744,551	\$ 5,670,678
Expenditures:					
Current:					
General Government ⁽²⁾	\$ 1,356,842	\$ 1,332,676	\$ 1,336,331	\$ 1,553,572	\$ 1,478,060
Protection of Persons and Property	2,874,117	2,963,819	3,095,356	3,269,764	3,221,865
Public Works	268,201	186,390	193,846	219,657	147,933
Health and Sanitation	87,722	95,705	111,680	107,329	121,325
Transportation	129,893	119,240	107,590	102,720	112,490
Cultural and Recreational Services	12,222	61,996	61,120	52,220	44,018
Community Development	79,002	39,074	54,000	84,944	134,074
Capital Outlay	23,359	27,858	110,000	54,241	29,164
Debt Service: Interest	9,116	13,524	23,538	19,609	5,194
Debt Service: Cost of Issuance	931	763	518	559	1,103
Total Expenditures	\$ 4,841,405	\$ 4,841,045	\$ 5,093,979	\$ 5,464,615	\$ 5,295,226
Excess (Deficiency) of Revenues Over Expenditures	\$ 166,199	\$ 408,887	\$ 543,093	\$ 279,936	\$ 375,452
Other Financing Sources (Uses)					
Transfers In ⁽³⁾	\$ 297,649	\$ 277,315	\$ 265,723	\$ 292,948	\$ 584,808
Transfers Out ⁽⁴⁾	(603,044)	(643,061)	(724,032)	(714,147)	(728,412)
Loans from Capital Leases	-	-	78,393 ⁽⁶⁾	-	-
Total Other Financing Sources (Uses)	\$ (305,395)	\$ (365,746)	\$ (379,916)	\$ (421,199)	\$ (143,604)
Net Change in Fund Balance	(139,196)	43,141	163,177	(141,263)	231,848
Fund Balances, July 1	1,028,311	886,228	929,215	1,106,041	992,129
Cumulative Effect of Change in Accounting Principle ⁽⁵⁾	-	-	-	27,351	-
(Decrease) Increase in Reserve for Inventories	(2,887)	(154)	13,649	-	-
Fund Balances, July 1 Restated	-	-	-	1,133,392	-
Fund Balances, June 30	\$ 886,228	\$ 929,215	\$ 1,106,041	\$ 992,129	\$ 1,223,977

⁽¹⁾ When minor, any losses due to fair market valuation is netted out of interest earnings. Losses were reported separately in Fiscal Years 2016-17, 2017-18 and 2020-21 to provide a more meaningful picture of real investment earnings.

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

⁽³⁾ Primarily transfers from the Power Revenue Fund; see "MAJOR GENERAL FUND REVENUE SOURCES-- Power Revenue Transfers to General Fund." For Fiscal Year 2020-21, includes \$317 million in ARPA funds.

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

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

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

Source: City of Los Angeles, ACFRs.

City's Budgetary Process

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

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

Fiscal Year 2021-22

Fiscal Year 2021-22 represented a significant reversal from the COVID-driven revenue pressures of the prior two years, with ARPA funds accounting for an additional \$639.5 million in revenues available for eligible General Fund expenditures. In addition, most City revenues returned to pre-pandemic levels. Notwithstanding the growth, revenues from transient occupancy taxes and parking-related receipts have not fully returned to trends seen prior to the pandemic.

On June 3, 2022, the CAO released the Year-End Financial Status Report, reporting that General Fund receipts to date were consistent with revised projections that Fiscal Year 2021-22 would be \$106.5 million above the Fiscal Year 2021-22 Adopted Budget (1.4 percent above the estimates contained in the Fiscal Year 2021-22 Adopted Budget and a 7.0 percent increase from Fiscal Year 2020-21 actual receipts). The report addressed remaining overspending of \$34 million primarily through a combination of Reserve Fund transfers and loans.

Fiscal Year 2022-23 Adopted Budget

Total budgeted General Fund revenues for Fiscal Year 2022-23 are \$7.45 billion, which represents a decrease of 2.2 percent from the revised actual revenue estimates for Fiscal Year 2021-22. This decrease is driven by the cessation of ARPA relief. After netting one-time revenues such as federal and State COVID-19 related funding, total General Fund revenues in the Fiscal Year 2022-23 Adopted Budget are 9.1 percent higher than the original Fiscal Year 2021-22 Adopted Budget, an increase of 6.7 percent above the revised actual revenue estimates. The Fiscal Year 2022-23 Adopted Budget includes significant investments to combat homelessness and improve public safety, while maintaining the City's long-term fiscal health by increasing reserves.

At the height of the pandemic, the City renegotiated terms of MOUs with the majority of its labor organizations whose salaries most significantly impact the City's General Fund. The renegotiated terms included deferring previously scheduled wage increases. The renegotiated MOUs were reopened consistent with their

provisions. One-time bonuses have been agreed to with the Coalition of L.A. City Unions and will be paid with existing funding in Fiscal Year 2021-22 and are included in the Fiscal Year 2022-23 Adopted Budget. The Fiscal Year 2022-23 Adopted Budget also includes an allocation of \$93 million in the Unappropriated Balance toward “Department Payroll Reconciliation” that will be used to finance one-time bonuses and compensation adjustments stemming from the reopening of agreements with other bargaining units, including those that have been finalized since the release of the 2022-23 Proposed Budget or are currently being negotiated. See “BUDGET AND FINANCIAL OPERATIONS—Labor Relations.”

The following table presents the 2022-23 Adopted 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 Years 2019-20 and 2020-21 in particular were substantial due to pandemic-related revenue shortfalls and the availability of federal relief funds.

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

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

Table 3
CITY OF LOS ANGELES ADOPTED BUDGET
(ALL BUDGETED FUND TYPES)

Revenues	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund					
Property Taxes ⁽¹⁾	\$ 1,961,509,000	\$ 2,115,611,000	\$ 2,297,080,000	\$ 2,400,250,000	\$ 2,535,005,000
Property Tax – Ex-CRA Tax Increment	97,252,000	100,386,000	95,900,000	111,990,000	153,800,000
Other Taxes ⁽²⁾	2,449,948,000	2,564,605,000	2,424,603,000	2,442,702,000	2,783,590,000
Licenses, Permits, Fees and Fines ⁽³⁾	1,350,888,130	1,432,853,292	1,560,189,689	1,466,009,998	1,526,675,386
Intergovernmental ⁽⁴⁾	238,000,000	235,600,000	224,100,000	225,819,000	229,721,000
Other General Fund ⁽⁵⁾	60,861,940	83,994,246	50,856,187	835,848,794	180,646,799
Interest	32,137,000	36,700,000	34,613,000	20,603,000	36,610,000
Total General Fund Revenue	\$ 6,190,596,070	\$ 6,569,749,538	\$ 6,687,341,876	\$ 7,503,222,792	\$ 7,446,048,185
Special Purpose Funds					
Charges for Services and Operations ⁽⁶⁾	\$ 1,625,828,317	\$ 1,832,475,709	\$ 1,713,546,262	\$ 1,847,751,480	\$ 1,830,989,196
Transportation Funds ⁽⁷⁾	496,879,264	618,102,159	597,452,919	723,456,411	597,939,683
Intergovernmental ⁽⁸⁾	86,886,108	86,722,284	81,462,581	88,583,085	95,136,855
Special Assessments ⁽⁹⁾	100,302,644	147,298,081	141,094,694	142,634,911	139,692,632
Other Special Funds	539,171,433	532,703,902	553,533,278	415,245,517	671,570,708
Available Balances	740,937,349	784,687,123	628,390,708	640,068,929	858,927,465
Total Special Fund Revenue	\$ 3,590,005,115	\$ 4,001,989,258	\$ 3,715,480,442	\$ 3,857,740,333	\$ 4,194,256,536
City Levy for Bond Redemption and Interest	119,167,296	138,339,047	128,455,723	119,324,987	114,743,691
Total Receipts	\$ 9,899,768,481	\$ 10,710,077,843	\$ 10,531,278,041	\$ 11,480,288,112	\$ 11,755,048,415
Appropriations by Funding Source					
General Fund					
Fire Department	\$ 662,270,767	\$ 682,509,340	\$ 723,143,241	\$ 737,168,351	\$ 771,870,860
Police Department	1,551,479,094	1,676,632,617	1,796,387,613	1,702,988,343	1,803,434,641
Other Budgetary Departments	867,370,474	971,170,179	886,359,305	1,042,389,720	1,097,320,359
Tax and Revenue Anticipation Notes ⁽¹⁰⁾	1,208,676,507	1,302,296,587	1,323,536,029	1,333,686,071	1,336,147,626
Capital Finance Administration ⁽¹¹⁾	221,353,665	223,750,313	211,750,313	224,436,534	228,856,646
Human Resources Benefits	730,656,927	743,564,377	800,593,969	774,377,710	805,331,098
Other General Fund Appropriations	948,788,636	969,826,125	945,571,406	1,688,176,063	1,403,086,955
Total General Fund	\$ 6,190,596,070	\$ 6,569,749,538	\$ 6,687,341,876	\$ 7,503,222,792	\$ 7,446,048,185
Special Purpose Funds					
Budgetary Departments	\$ 1,109,884,995	\$ 1,206,897,557	\$ 1,156,287,496	\$ 1,197,358,719	\$ 1,294,936,702
Appropriations to Proprietary Departments	102,313,802	117,561,561	113,351,104	129,147,678	132,455,098
Capital Improvement Expenditure Program	362,899,021	428,132,311	346,768,984	355,098,353	470,666,423
Wastewater Special Purpose Fund	559,438,564	597,021,942	576,990,112	615,263,626	614,790,415
Appropriations to Special Purpose Funds	1,455,468,733	1,652,375,887	1,522,082,746	1,560,871,957	1,681,407,901
Total Special Funds	\$ 3,590,005,115	\$ 4,001,989,258	\$ 3,715,480,442	\$ 3,857,740,333	\$ 4,194,256,539
Bond Redemption and Interest Funds					
General Obligation Bonds	\$ 119,167,296	\$ 138,339,047	\$ 128,455,723	\$ 119,324,987	\$ 114,743,691
Total (All Purposes)	\$ 9,899,768,481	\$ 10,710,077,843	\$ 10,531,278,041	\$ 11,480,288,112	\$ 11,755,048,415

⁽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 ARPA.

⁽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, the Road Maintenance and Rehabilitation Program 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 “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 May 2022 in connection with the Fiscal Year 2022-23 budget process (referred to as “the Outlook,” herein).

Each Outlook the CAO prepares begins with the balanced budget for the current budget year, in compliance with the City’s requirement to adopt a balanced budget, and projects revenue and expenditure changes for the next four fiscal years. The Outlook projects structural balance over each of the next four years. Historically, prior Outlooks have generally projected budget gaps that would need to be addressed with the adoption of budgets in future fiscal years.

Significant assumptions used by the City in the development of the Budget Outlook including the following:

- Revenues will increase moderately each year. Projected increases range from 2.3 percent to 3.2 percent.
- Expenditures reflect major expenses known at the time of preparation of the Outlook
- The City’s required contributions to its retirement systems will stabilize in, then decline by the end of the projection period, due in part to the high investment returns experienced in Fiscal Year 2020-21. The Outlook assumes a zero percent return for Fiscal Year 2021-22 and the 7 percent assumed rate of return through the Outlook period. Actual contributions will depend on a variety of factors, including actual investment returns. On a preliminary, unaudited basis, the rate of return for Fiscal Year 2021-22 is -6.86 percent for LACERS and -6.93 percent for LAFPP. See “RETIREMENT AND PENSION SYSTEMS.”
- The Outlook does not assume any increases in employee compensation arising from labor agreements beyond those in the tentative agreements pending Council approval and those already in place, and “natural” cost growth from such events as promotions and salary step-increases. Most current agreements expire in Fiscal Year 2022-23 or 2023-24. New labor agreements are likely to increase salary and pension costs in the out years.
- The Outlook does not assume the occurrence of a recession, continuing extraordinary inflation or a new outbreak of a COVID-19 variant that prompts the reissuing of stay-at-home orders and a resulting economic downturn.
- The Outlook also does not include certain potentially large capital expenditures, including potential expenditures in connection with the City’s Civic Center Master Plan, restoration of the Los Angeles River, or mitigation of stormwater pollution, which the City has yet to approve. The Outlook does project annual expenditures of \$34 million to \$50 million for improvements to the Los Angeles Convention Center to be used for direct expenditures or to pay debt service; the City has also yet to approve such improvements. See “BUDGET AND FINANCIAL OPERATION – Capital Program.”
- The Outlook assumes the City will pay \$100 million per year in litigation losses. Actual payments may exceed that amount. See “—Risk Management and Retention Program” and “LITIGATION.”

While the City believes that the assumptions used in the development of the Outlook are reasonable, actual results will likely differ, and such differences may be material and adverse. There can be no assurance

circumstances not reflected in the Outlook will not arise which could materially adversely impact the financial condition of the City.

Following is a summary presentation of the Outlook.

Table 4
GENERAL FUND BUDGET OUTLOOK SUMMARY
As prepared and updated in connection with the Fiscal Year 2022-23 Adopted Budget
(\$ in millions)

	<i>Adopted 2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>
Estimated General Fund Revenues:					
General Fund Base ⁽¹⁾	\$7,503.2	\$7,446.0	\$7,618.0	\$7,865.3	\$8,046.1
<u>Incremental Revenue Growth</u>					
<i>Property Related Taxes</i>	248.1	75.2	140.1	146.6	153.4
<i>Business and Sales Taxes</i>	168.5	56.0	53.9	52.0	50.1
<i>Departmental Receipts</i>	28.2	46.6	38.9	40.1	41.3
<i>Other Fees, Taxes, and Transfers⁽²⁾</i>	137.5	(5.8)	14.4	(57.9)	11.5
<i>American Rescue Plan (ARPA) Fund Transfer</i>	(639.5)	0.0	0.0	0.0	0.0
Total Revenues	\$7,446.0	\$7,618.0	\$7,865.3	\$8,046.1	\$8,302.4
 <i>General Fund Revenue Increase (Decrease)%</i>	 (0.8)%	2.3%	3.2%	2.3%	3.2%
<i>General Fund Revenue Increase (Decrease) \$</i>	(\$57.2)	\$172	\$247.3	\$180.8	\$256.3
Estimated General Fund Expenditures:					
General Fund Base ⁽¹⁾	\$7,503.2	\$7,446.0	\$7,578.5	\$7,674.0	\$7,648.8
<u>Incremental Expenditure Growth</u>					
<i>Employee Compensation Adjustments</i>	103.8	201.5	77.3	59.4	60.6
<i>City Employees' Retirement System</i>	35.1	81.7	(9.8)	(52.9)	4.5
<i>Fire and Police Pensions</i>	(61.1)	(85.1)	(32.8)	(24.5)	(12.7)
<i>Benefits</i>	30.9	30.2	36.2	38.9	42.3
<i>Debt Service</i>	4.4	10.2	7.5	(1.7)	10.7
<i>Net-Other Expenditures and Adjustments⁽³⁾</i>	(170.3)	(106.0)	17.0	(44.4)	32.4
Total Expenditures	\$7,446.0	\$7,578.5	\$7,674.0	\$7,648.8	\$7,786.6
<i>Expenditure Growth (Reduction) %</i>	(0.8)%	1.8%	1.3%	(0.3)%	1.8%
<i>Expenditure Growth (Reduction) \$</i>	(\$57.2)	\$132.5	\$95.5	\$(25.2)	\$137.8
REVENUES OVER (BELOW) EXPENDITURES	0	<u>\$39.5</u>	<u>\$191.3</u>	<u>\$397.3</u>	<u>\$515.8</u>

⁽¹⁾ Based on prior year revenues and expenditures.

⁽²⁾ Growth in Fiscal Year 2022-23 reflects recovery of the economy following major impacts of COVID. Reduction in Fiscal Year 2025-26 reflects completion of COVID-related receipts from FEMA.

⁽³⁾ Reductions in Fiscal Year 2022-23 reflect, in part the elimination of one-time funding that was not continued from the 2021-22 Budget. Reductions in Fiscal Year 2022-23 reflect, in part, the elimination of one-time funding in the Fiscal Year 2022-23 Budget that is not expected to be continued. The negative expenditure in 2025-26 reflects, in part, reductions to the appropriation of FEMA reimbursements, which the Outlook assumes will reduce concurrently.

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

Budgetary Reserves and Contingencies

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

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

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

After falling short of this goal for the first time in seven years in Fiscal Year 2020-21 due to the revenue impacts of the COVID-19 pandemic, the combination of ARPA receipts (which were used as revenue replacement to fund general government services) and the general recovery of City revenues to pre-pandemic levels facilitated the growth of budgetary reserves in 2021-22, and the City is expected to exceed this goal in the 2022-23 fiscal year.

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

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 2022-23 Adopted Budget, the growth rate used to determine BSF contributions was calculated to be 3.4 percent, based on the 20-year historical average of these tax revenues.

Under the BSF Financial Policy, excess projected revenue in the 2022-23 Adopted Budget would be \$291 million, triggering a \$73 million required appropriation to the BSF. As a result, the BSF is expected to begin the year with a balance of \$192 million.

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 2022-23 Adopted Budget includes allocations of \$24.3 million as a Reserve for Mid-Year Adjustments (considered part of the City’s General Fund policy reserves), \$20.0 million as a Reserve for Extraordinary Liability, and \$79.3 million reserve as a contingency for anticipated reimbursements from FEMA, which could be delayed. If these reimbursements from FEMA are paid during the 2022-23 fiscal year, these funds would increase the Reserve Fund balance. As in all years, the UB contains allocations for a number of other potential expenditures, including \$93 million for “Department Payroll Reconciliation,” to finance payments to employees as a result of reopeners of COVID-related concessions in labor contracts.

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 revenues anticipated for that fiscal year in the Adopted Budget. The Fiscal Year 2022-23 Adopted Budget allocates 9.3 percent of General Fund revenues to these combined reserves.

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

Table 5
HISTORICAL RESERVE FUND BALANCE AS OF JULY 1
Adopted Budget and Actual
(Cash Basis; \$ in millions)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Adopted Budget										
Emergency Reserve	\$ 133.8	\$ 141.3	\$ 148.8	\$ 153.4	\$ 160.2	\$ 170.2	\$ 180.7	\$ 183.9	\$ 206.4	\$ 204.8
Contingency	<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>	<u>272.7</u>
	\$ 261.1	\$ 284.1	\$ 313.4	\$ 334.9	\$ 298.3	\$ 350.9	\$ 410.4	\$ 243.3	\$ 509.9	\$ 477.5
 Total Budgeted General Fund Revenues	 \$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	 \$7,446.0
Reserve Fund Balance as % of Budgeted General Fund Revenues	5.37%	5.53%	5.79%	6.01%	5.12%	5.67%	6.25%	3.64%	6.80%	6.41%
 Budget Stabilization Fund Reserves for Mid-Year in UB	 \$ 61.5 <u>21.0</u>	 \$ 64.4 <u>20.7</u>	 \$ 91.5 <u>17.0</u>	 \$ 92.4 <u>15.0</u>	 \$ 95.1 <u>20.0</u>	 \$ 107.3 <u>20.3</u>	 \$ 113.9 <u>35.0</u>	 \$ 116.6 <u>30.1</u>	 \$ 118.0 <u>14.9</u>	 \$ 192.1 <u>24.3</u>
Total General Fund Budget Reserves	\$ 343.6	\$ 369.2	\$ 421.9	\$ 442.3	\$ 413.3	\$ 478.6	\$ 559.4	\$ 390.0	\$ 642.8	\$ 693.9
% of Budgeted General Fund Revenues	7.06%	7.19%	7.80%	7.93%	7.09%	7.73%	8.51%	5.83%	8.57%	9.32%
 Actual										
Emergency Reserve	\$ 133.8	\$ 141.3	\$ 148.8	\$ 153.3	\$ 160.2	\$ 170.2	\$ 180.7	\$ 183.9	\$ 206.3	
Contingency	<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>	<u>440.7</u>	
	\$ 326.7	\$ 383.0	\$ 442.6	\$ 334.2	\$ 354.5	\$ 345.8	\$ 407.2	\$ 262.5	\$ 647.0	
 Reserve Fund Balance as % of Budgeted General Fund Revenues	 6.71%	 7.45%	 8.18%	 5.99%	 6.08%	 5.59%	 6.20%	 3.93%	 8.62%	

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 2022-23 Adopted Budget satisfies this policy by allocating \$192 million in one-time revenues toward \$344 million in one-time expenditures.

The Financial Policies provide for the City to annually budget 1.5 percent of General Fund revenues to fund capital and technology infrastructure improvements. The 2022-23 Adopted Budget complies with this policy by providing \$122.6 million in General Fund capital and technology spending, equivalent to 1.6 percent of General Fund revenues.

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

Risk Management and Retention Program

Because of its size and its financial capacity, the City has long followed the practice of directly assuming most insurable risks without procuring commercial insurance policies. The extent and variety of City exposure is such that the cost of the premiums outweighs the benefits of such coverage. The City administers, adjusts, settles, defends and pays claims from budgeted resources. The City is self-insured for workers' compensation as permitted under State law. The City procures commercial insurance when required by bond or lease financing covenants and for other limited purposes.

Funds are budgeted annually to provide for claims and other liabilities based both on the City’s historical record of payments and an evaluation of known or anticipated claims. From time to time, the City has issued judgment obligation bonds to finance larger judgments or settlements, as it did in Fiscal Years 2008-09 and 2009-10.

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

Table 6
LIABILITY CLAIMS PAID⁽¹⁾
(\$ in millions)

<i>Fiscal Year</i>	<i>Total Amount Budgeted</i>			<i>Total Claims Paid</i>	
	<i>General Fund⁽²⁾</i>	<i>Special Funds</i>	<i>Unappropriated Balance</i>	<i>Total</i>	<i>All Council-Controlled Funds</i>
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	80.0	7.9	-	87.9	87.3
2021-22 Estimate	80.0	7.4	23.9	111.3	111.3
2022-23 Adopted Budget	80.0	7.4	20.0	107.4	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.

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

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

The City’s ACFR provides estimates of potential liabilities. Under GAAP, the City is required to accrue liabilities arising from claims, litigation and judgments when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The City’s ACFR discloses and takes into account estimates of such potential liabilities. As reported in the City’s ACFR (Note 4 (N): Risk Management—Estimated Claims and Judgments Payable), the City, as of June 30, 2021, estimated the amount of tort and non-tort liabilities that were “probable” of occurring at approximately \$664.7 million. In addition, and as reported in the City’s ACFR, the City Attorney, as of June 30, 2021, estimated that certain other pending lawsuits and claims have a “reasonable possibility” of resulting in additional liability totaling \$55.0 million. See “LITIGATION” for a discussion of certain recently completed, pending or threatened litigation matters involving the City.

Also as of June 30, 2021, the City estimated its workers’ compensation liability at \$2.0 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)

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
Civilian FLEX Program ⁽²⁾	\$ 282,513	\$ 291,509	\$ 308,627	\$ 293,708	\$ 302,240
Contractual Services	24,086	23,430	22,494	31,141	32,681
Employee Assistance Program	2,078	1,369	1,915	1,820	1,828
Fire Health and Welfare Program	56,927	58,938	61,875	62,476	64,289
Police Health and Welfare Program	156,625	157,451	158,385	157,260	163,032
Supplemental Civilian Union Benefits	5,070	5,544	6,446	5,765	5,829
Unemployment Insurance	2,452	1,961	9,295	3,800	3,800
Workers' Compensation/Rehabilitation	<u>195,985</u>	<u>203,356</u>	<u>215,915</u>	<u>212,467</u>	<u>231,632</u>
Total	\$ 725,736	\$ 743,558	\$ 784,951	\$ 768,437	\$ 805,331

(1) Cash basis.

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

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

Labor Relations

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

There are 44 individual MOUs, affecting about 34,800 full-time and 7,800 part-time City employees (including employees of the Airport and Harbor departments, but excluding DWP employees) that are represented by 22 labor unions/employee associations. The remaining approximately 800 full-time and 900 part-time employees are not represented. See "RETIREMENT AND PENSION SYSTEMS."

To address the projected budget gap in Fiscal Year 2020-21 occasioned by the COVID-19 pandemic, the City renegotiated terms of MOUs with the majority of its labor organizations whose salaries most significantly impact the City's General Fund. The renegotiated terms focused primarily on deferring previously scheduled wage increases in exchange for the City refraining from implementing civilian layoffs, furloughs, and Fire Department resource closures (commonly referred to as "Brown Outs") as means to balance the 2020-21 Budget. The renegotiated MOUs also contained a clause allowing for the parties to reopen closed MOUs as early as January 2022 to discuss the possibility of restoring deferred salaries. Agreements were reached with unions representing bargaining units that form the Coalition of City Unions (the "Coalition") and the Fiscal and Policy Professionals Association ("FPPA") to pay bargaining unit members the value of deferred wages in two, equal cash payments, the value of which is approximately \$55 million and \$0.5 million, respectively. The first of the two payments to the Coalition was made in early May 2022, while the first payment to FPPA will be made by early July 2022. The second payment to both groups will be made in mid-November 2022. Negotiations have concluded with and agreements have been ratified by the three City Attorney associations, the Engineers and Architects Association, the Los Angeles Police Department Command Officers Association, and the Municipal Inspectors Association. These groups reached agreement with the City on the payment of a three

percent, non-pensionable, biweekly bonus from July 2022 through June 2023, which will be incorporated into base wages in July 2023. The United Firefighters of Los Angeles City and the Fire Department Command Officers Association have also reached agreement, including restoration of deferred wages in two cash payments, an increase in the City subsidy of the health benefits, and a three percent base wage increase effective January 2024. The UB allocates \$93 million in connection with such renegotiations, and the Budget Outlook incorporates the assumed additional costs going forward.

For a number of years, the City has accumulated liability for banked Police Department (“LAPD”) uncompensated overtime, valued at approximately \$141.1 million as of May 21, 2022. 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 need to bank overtime hours in lieu of payment, 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.

On August 16, 2021, the City Council adopted Ordinance 187134 (the “Vaccine Ordinance”), which mandated that all its employees, volunteers, interns, hiring hall, appointed officers, board members and commissions, and elected officials and their appointees (collectively, the “Affected Employees”) be fully vaccinated against COVID-19 by October 19, 2021, unless an Affected Employees is granted an exemption for either a medical condition or a sincerely-held religious belief. On October 26, 2021, the City Council adopted a resolution which set forth consequences for non-compliance with the requirements of the Vaccine Ordinance (the “Vaccine Resolution”). Affected Employees who fail to comply with the Vaccine Ordinance and the Vaccine Resolution are subject to certain corrective actions, including potential termination from City employment. The cost associated with implementing the Vaccine Ordinance and the Vaccine Resolution, including any potential labor disputes arising as a result of such implementation, cannot be determined at this time.

On October 28, 2021, the City declared an impasse in negotiations with employee organizations over the consequences for non-compliance with the vaccination mandate referenced above. As a result of the impasse declaration and the City’s actions taken to implement the Vaccine Ordinance and Vaccine Resolution in general, a number of groups filed lawsuits against the City. While several of those lawsuits have been dismissed in the City’s favor, a court, in a lawsuit with the Los Angeles Police Protective League, determined that the City could not require employees to pay for testing costs associated with the vaccine mandate. The City cannot provide any assurances that certain plaintiffs would not appeal their respective dismissals or that additional lawsuits would not be filed, and additional lawsuits remain outstanding. The City expects to continue to defend any allegations that the City violated any state labor laws as a result of its vaccination mandate. The City also plans to continue to defend the enforceability of the Vaccine Ordinance and the Vaccine Resolution.

The following table summarizes the membership and status of the largest unions and employee associations. See “BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2020-21.”

Table 8
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS

<i>Organization</i>	<i>Employees Represented⁽¹⁾</i>	<i>Number of Bargaining Units</i>	<i>Status of Memorandum of Understanding</i>	<i>Base Wage Adjustments⁽²⁾</i>
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 3% effective 1/14/24 ⁽⁴⁾
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 3% effective 7/2/23 ⁽⁴⁾
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 3% effective 7/2/23 ⁽⁴⁾

⁽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.

⁽⁴⁾ Increase resulting from the salary reopener discussions that concluded in late May 2022.

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

The table below shows total authorized City staffing for all departments except Airports, Harbor, DWP, LACERS, and LAFPP. The LAPD represents the single largest department in terms of authorized positions.

Table 9
AUTHORIZED CITY STAFFING⁽¹⁾

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>Budget 2022-23</i>
Sworn					
Police	10,549	10,552	10,554	10,557	10,557
Fire	<u>3,363</u>	<u>3,382</u>	<u>3,416</u>	<u>3,424</u>	<u>3,510</u>
Subtotal Sworn	13,912	13,934	13,970	13,981	14,067
Civilian					
Police	3,388	3,454	3,451	3,187	3,292
Fire	397	406	415	380	392
All Others	<u>16,063</u>	<u>16,378</u>	<u>16,795</u>	<u>16,014</u>	<u>16,670</u>
Subtotal Civilian	19,848	20,238	20,661	19,581	20,354
Total	33,760	34,172	34,631	33,562	34,421

⁽¹⁾ As authorized in the Adopted Budget. Includes permanent ("regular") positions and excludes temporary personnel (also referred to as "resolution authority positions"), which total 3,521 for Fiscal Year 2022-23. Also excludes personnel of the departments of Airports, Harbor, DWP, LACERS and LAFPP.

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

City Treasury Investment Practices and Policies

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

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

Table 10
POOLED INVESTMENTS
Portfolio Characteristics
as of June 30, 2022

<i>Portfolio Funds</i>	<i>Amount of Funds at Market Value</i>	<i>Percent of Investment Pool</i>	<i>Effective Yield</i>	<i>Average Weighted Maturity</i>
Core Portfolio	\$ 4,100,498,930	39.5%	1.71%	104 days
Reserve Portfolio	6,433,250,777	42.4	1.67	2.9 years
Extended Reserve Portfolio	<u>2,617,388,253</u>	<u>18.1</u>	<u>1.39</u>	<u>6.9 years</u>
Total Investment Pool	\$ 13,151,137,960	100.0%	1.63%	2.9 years

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

Table 11
POOLED INVESTMENT FUND
GENERAL POOL
As of June 30, 2022

<i>Description</i>	<i>Par Value</i>	<i>Market Value</i>	<i>Percent of Total Funds (Market Value)</i>	<i>Average Days</i>
Bank Deposits ⁽¹⁾	\$ 10,000,000	\$ 10,000,000	0.08%	0
Money Market Funds	253,989,792	253,989,792	1.93	0
LAIF (State of California)	<u>4,012,907</u>	<u>4,012,907</u>	<u>0.03</u>	<u>0</u>
Subtotal: Cash and Overnight Investments	\$ 268,002,699	\$ 268,002,699	2.04%	0
Commercial Paper	\$ 2,090,961,000	\$ 2,085,105,779	15.85%	46
Negotiable Certificates of Deposit	0	0	0.00	0
Corporate Notes	217,000,000	216,237,010	1.64	202
U.S. Agencies/Munis/Supras	148,234,000	148,154,742	1.13	45
U.S. Treasuries	<u>1,385,000,000</u>	<u>1,382,998,700</u>	<u>10.52</u>	<u>202</u>
Subtotal: Pooled Investments	\$ 3,841,195,000	\$ 3,832,496,231	29.14%	111
Total Short-Term Core Portfolio	\$ 4,109,197,699	\$ 4,100,498,930	31.18%	104
Money Market Funds	\$ 150,001	\$ 150,001	0.00%	0
Commercial Paper	0	0	0.00	0
Negotiable Certificates of Deposit	0	0	0.00	0
Corporate Notes	1,295,000,000	1,232,858,925	9.37	1,071
Asset-Backed Securities	264,906,560	257,187,251	1.96	1,426
U.S. Agencies/Munis/Supras	607,700,000	570,057,533	4.33	1,361
U.S. Treasuries	<u>7,405,000,000</u>	<u>6,990,385,320</u>	<u>53.15</u>	<u>1,553</u>
Total Long-Term Reserve Portfolios	\$ 9,572,756,560	\$ 9,050,639,030	68.82%	1,471
Total Cash and Pooled Investments	\$13,681,954,260	\$13,151,137,960	100.00%	1,045

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

Capital Program

The City adopted a revised Capital and Technology Improvement Policy (the "Capital Policy") in May 2020 to help guide the City's process for planning, identifying, evaluating, and prioritizing funding for new capital and technology projects. Among other things, the new Capital Policy updated 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.

Consistent with the Capital Policy, on November 17, 2021, the CAO released the first Five-Year Capital and Technology Improvement Program ("CTIP") under the Capital Policy. The CTIP is divided into three major improvement types: municipal facilities, physical plant and technology. The municipal facilities components include administrative buildings and other facilities; public safety facilities for the animal services, fire and police departments; recreational and cultural facilities; the Convention Center; and various seismic, yard, shop, and bridge improvements. Physical plant components include wastewater (referred to as clean water), stormwater, streets and other public rights-of-way, street lighting, and transportation projects. Technology components include city-wide infrastructure, major projects, and system replacements costing \$1 million or more. The CTIP does not include projects that are funded and are under the control of the three proprietary departments, or projects related to housing and homelessness.

The CTIP also identifies sources of funding for these projects, indicating whether the projects are going to be financed by the General Fund, MICLA Lease Revenue Bonds (the debt service for which is usually paid from General Fund appropriations) or by one or more special funds. The CTIP includes the approved funding for Fiscal Year 2021-22 and anticipated funding amounts for Fiscal Years 2022-23 through 2025-26, which will be considered for appropriation through the City's budget and appropriation processes in the future.

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

The following tables summarize the CTIP by project type and funding source.

Table 12
CAPITAL AND TECHNOLOGY IMPROVEMENT PLAN
BY ASSET CATEGORIES

	<i>2021-22</i>	<i>2022-23⁽¹⁾</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>Future Years</i>	<i>Total</i>
Municipal Facilities							
Deferred Maintenance	\$ 14,156,500	\$ 12,560,526	\$ 12,250,000	\$ 12,250,000	\$ 12,250,000	\$ -	\$ 63,467,026
Office Development and Capital Program	17,786,600	29,289,003	12,375,000	12,375,000	12,375,000	5,500,000	89,700,603
Public Safety Facilities and Security Upgrades	10,570,372	6,341,865	3,490,000	3,490,000	3,490,000	1,250,000	28,632,237
Recreation and Cultural Facilities	64,927,185	87,019,690	72,400,000	18,550,000	450,000	-	243,346,875
Seismic & Bridge Improvements, Yards and Shops	58,200,000	95,616,015	39,539,727	21,250,000	1,250,000	-	215,855,742
Los Angeles Convention Center	6,415,000	6,975,000	350,000	-	-	-	13,740,000
Other	2,968,569	668,569	668,569	668,569	668,569	-	5,642,845
Subtotal	\$ 175,024,226	\$ 238,470,668	\$ 141,073,296	\$ 68,583,569	\$ 30,483,569	\$ 6,750,000	\$ 660,385,328
Physical Plant							
Clean Water Projects	\$ 267,229,073	\$ 277,150,604	\$ 408,619,518	\$ 367,159,725	\$ 174,324,887	\$ 889,609,075	\$ 2,384,092,882
Stormwater Projects	190,420,538	73,120,698	6,549,664	700,000	300,000	-	271,090,900
Street Projects	429,159,746	453,048,158	344,887,072	297,048,590	254,872,783	437,504,920	2,216,521,269
Street Lighting Projects	3,430,000	600,000	600,000	600,000	600,000	-	5,830,000
Subtotal	\$ 890,239,357	\$ 803,919,460	\$ 760,656,254	\$ 665,508,315	\$ 430,097,670	\$ 1,327,113,995	\$ 4,877,535,051
Technology							
Citywide Infrastructure	\$ 25,583,036	\$ 16,193,026	\$ 14,295,316	\$ 14,310,009	\$ 34,738,605	\$ 10,100,000	\$ 115,219,992
Major Projects and System Replacements	47,204,401	38,801,374	29,910,000	9,910,000	4,250,000	3,250,000	133,325,775
Subtotal	72,787,437	54,994,400	44,205,316	24,220,009	38,988,605	13,350,000	248,545,767
TOTAL - ALL PROJECTS	\$ 1,138,051,020	\$ 1,097,384,528	\$ 945,934,866	\$ 758,311,893	\$ 499,569,844	\$ 1,347,213,995	\$ 5,786,466,146

⁽¹⁾ Represents projection made in original report, and not updated to reflect the 2022-23 Adopted Budget.

Source: City of Los Angeles, Capital and Technology Improvement Program, 2021-22 to 2025-26, released November 2021.

Table 13
CAPITAL AND TECHNOLOGY IMPROVEMENT PLAN
BY FUNDING SOURCE

	<i>2021-22</i>	<i>Future Cost</i>	<i>Total</i>
Municipal Facilities			
General Fund	\$ 33,914,394	\$ 169,131,955	\$ 203,046,349
Lease Revenue Bonds	98,761,256	228,814,240	327,575,496
Special Funds	<u>42,348,576</u>	<u>87,414,907</u>	<u>129,763,483</u>
Subtotal	\$ 175,024,226	\$ 485,361,102	\$ 660,385,328
Physical Plant			
General Fund	\$ 72,122,143	\$ 152,292,855	\$ 224,414,998
Special Funds ¹	<u>818,117,214</u>	<u>3,835,002,839</u>	<u>4,653,120,053</u>
Subtotal	\$ 890,239,357	\$ 3,987,295,694	\$ 4,877,535,051
Technology			
General Fund	\$ 51,885,819	\$ 76,249,330	\$ 128,135,149
Lease Revenue Bonds	3,634,158	8,000,000	11,634,158
Special Funds	<u>17,267,460</u>	<u>91,509,000</u>	<u>108,776,460</u>
Subtotal	\$ 72,787,437	\$ 175,758,330	\$ 248,545,767
All Programs			
General Fund	\$ 157,922,356	\$ 397,674,140	\$ 555,596,496
MICLA Lease Revenue Bonds	102,395,414	236,814,240	339,209,654
Special Funds	<u>877,733,250</u>	<u>4,013,926,746</u>	<u>4,891,659,996</u>
Total	\$ 1,138,051,020	\$ 4,648,415,126	\$ 5,786,466,146

⁽¹⁾ Includes the proceeds of enterprise revenue bonds.

Source: City of Los Angeles, Capital and Technology Improvement Program, 2021-22 to 2025-26, released November 2021.

A number of large infrastructure projects the City is considering could result in major long-term commitments of funds that have not yet been identified and which are not included in the tables above. One major capital expenditure could include expansion and improvement for the Los Angeles Convention Center. While plans regarding the convention center and its plan of finance are still underway, the City plans to maintain a constant level of funding for capital improvements equal to the debt service on the facility's outstanding lease revenue bonds, which mature in November 2022. The net annual contribution would continue to be the same as prior debt service (\$50 million), which after final debt service represents a \$34.1 million allocation in 2022-23 and \$50 million annually thereafter.

Another potential major municipal improvement could be development of additional facilities in the civic center. An additional \$2 billion in recreation and park facility needs have also been identified. Physical plant improvements could include more than an additional \$5 billion for street and sidewalk (including access and curb ramp) repairs.

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

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

MAJOR GENERAL FUND REVENUE SOURCES

The following is a discussion of the City's principal General Fund revenue sources. The table below presents actual General Fund revenues for Fiscal Years, 2018-19, 2019-20, and 2020-21, estimated revenues for Fiscal Year 2021-22, and budgeted revenues for Fiscal Year 2022-23.

Table 14
GENERAL FUND RECEIPTS⁽¹⁾
(\$ in thousands)

	<i>2018-19 Actual</i>	<i>2019-20 Actual</i>	<i>2020-21 Actual</i>	<i>2021-22 Estimated</i>	<i>2022-23 Adopted Budget</i>	<i>% of 2022-23 Budget</i>
Property Tax	\$2,010,508	\$2,132,308	\$2,261,356	\$2,323,005	\$2,535,005	34.0%
Property Tax Increment (Former CRA/LA)	73,971	84,054	128,042	126,727	153,800	2.1
Departmental Receipts	1,129,767	1,198,296	1,257,516	1,219,349	1,272,944	17.1
Business Tax	603,123	655,849	692,386	739,700	786,900	10.6
Sales Tax	581,443	556,237	524,618	665,420	704,760	9.5
Utility Users Tax	644,152	638,379	615,238	623,550	614,100	8.2
Documentary Transfer Tax	206,211	205,473	235,922	303,351	298,540	4.0
Transient Occupancy Tax	318,888	253,539	110,427	229,700	263,220	3.5
Power Revenue Transfer	232,557	229,913	218,355	225,015	229,721	3.1
Parking Fines	129,900	114,865	93,347	112,100	130,000	1.7
Grants Receipts	11,613	18,398	43,690 ⁽²⁾	59,293 ⁽³⁾	122,083 ⁽⁴⁾	1.6
Franchise Income	84,314	84,020	84,303	104,202	119,831	1.6
Parking Occupancy Tax	120,949	106,979	58,844	96,900	111,270	1.5
Interest Income	34,099	46,429	27,112	27,600	36,610	0.5
Special Parking Revenue Transfer	32,115	31,294	-	8,477	30,426	0.4
Tobacco Settlement	10,616	10,178	11,489	11,809	11,489	0.2
Residential Development Tax	4,918	4,821	4,392	4,500	4,800	0.1
State Motor Vehicle License Fees	1,946	3,198	2,942	4,532	3,900	0.1
American Rescue Plan Transfer	-	-	639,450	639,450	-	-
Subtotal General Fund Revenues	\$6,231,090	\$6,374,231	\$7,009,427	\$7,524,680	\$7,429,400	
Reserve Fund Transfer	5,791	195,465	-	85,090	16,648	0.2%
Total General Fund	\$6,236,881	\$6,569,696	\$7,009,427	\$7,609,770	\$7,446,048	

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

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

⁽³⁾ Includes \$46.1 million in FEMA reimbursement.

⁽⁴⁾ Includes \$104.9 million in FEMA reimbursement.

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

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

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

Property Tax

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

The assessed valuation of property is established by the County Assessor as of each January 1, except for public utility property, which is assessed by the State Board of Equalization. Real property is reassessed at market value on the date property changes ownership (with limited exceptions) or upon completion of new construction. Upon such reassessment, a supplemental tax is collected for the remainder of the tax year. Under

the State Constitution and legislation, *ad valorem* taxes on real property (other than taxes relating to certain voter-approved indebtedness) are limited as described under “LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the California Constitution—Proposition 13.”

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

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

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

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

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

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

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

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

Table 15
ASSESSED VALUATION⁽¹⁾

	2018	2019	2020	2021	2022
Locally Assessed					
Land	\$ 329,102,259,292	\$ 352,506,933,714	\$ 375,613,820,236	\$ 394,598,572,212	\$ 424,716,322,981
Improvements	280,224,446,180	299,590,583,910	319,689,264,560	332,201,374,517	349,641,071,472
Personal Property	3,299,927,802	4,020,257,586	3,997,131,756	4,019,429,073	3,911,428,589
Less: Exemptions ⁽²⁾	<u>23,950,069,180</u>	<u>26,571,608,102</u>	<u>26,822,209,552</u>	<u>29,365,270,443</u>	<u>27,781,247,158</u>
Total Locally Assessed	\$ 588,676,564,094	\$ 629,546,167,108	\$ 672,478,007,000	\$ 701,454,105,359	\$ 750,487,575,884
Public Utilities ⁽³⁾	40,022,411	42,153,347	66,084,991	73,778,428	74,459,382
Unsecured Valuations	<u>22,575,613,220</u>	<u>23,370,052,850</u>	<u>23,469,028,925</u>	<u>22,238,902,102</u>	<u>23,901,652,243</u>
Total Revenue-Producing Valuations	\$ 611,292,199,725	\$ 652,958,373,305	\$ 696,013,120,916	\$ 723,766,785,889	\$ 774,463,687,509
Change from Prior Year	7.6%	6.8%	6.6%	4.0%	7.0%

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

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

⁽³⁾ Assessed by the State Board of Equalization.

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

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

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

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

Table 16
PROPERTY TAX - ALL SOURCES⁽¹⁾
Annual Property Tax by Account
(\$ in thousands)

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>Estimated 2021-22</i>	<i>Adopted Budget 2022-23</i>
Secured	\$ 1,458,252	\$ 1,528,635	\$ 1,612,184	\$ 1,645,439	\$ 1,831,737
Unsecured	56,894	59,230	57,782	60,641	60,640
Homeowner Exemption	7,875	7,941	7,771	7,775	7,780
Supplemental	39,270	39,039	40,469	49,318	45,710
Redemptions	19,622	21,375	31,241	31,351	25,800
County Admin Charges	(20,818)	(21,153)	(22,723)	(22,868)	(24,410)
Refunds	(23,084)	(19,547)	(15,701)	(15,872)	(15,872)
Adjustments	(941)	911	56	(1,296)	-
Miscellaneous Property	<u>7,045</u>	<u>10,167</u>	<u>11,221</u>	<u>7,967</u>	<u>9,500</u>
1% Property Tax	\$ 1,544,112	\$ 1,626,598	\$ 1,722,300	\$ 1,762,455	\$ 1,940,885
Percent Change ⁽²⁾	8.8%	5.3%	5.9%	2.3%	10.1%
State Vehicle License Fee Replacement	<u>473,440</u>	<u>505,710</u>	<u>539,055</u>	<u>560,550</u>	<u>594,120</u>
Property Tax All Sources	\$ 2,017,552	\$ 2,132,308	\$ 2,261,356	\$ 2,323,005	\$ 2,535,005
Percent Change	8.5%	5.7%	6.1%	2.7%	9.1%

⁽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.

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 17
CITY OF LOS ANGELES
TWENTY LARGEST 2021-22 SECURED PROPERTY TAXPAYERS

<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2021-22 Secured Assessed Valuation</i>	<i>Percent of Secured AV⁽¹⁾</i>
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	<u>552,468,542</u>	0.08
Total		\$ 17,387,069,482	2.48%

⁽¹⁾ Based on 2021-22 Local Secured Assessed Valuation of \$701,454,105,359. Total does not add due to rounding.
Source: California Municipal Statistics, Inc.

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

Utility Users Taxes

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

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

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

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

Table 18
UTILITY USERS TAX RECEIPTS⁽¹⁾
(\$ in thousands)

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>Estimated 2021-22</i>	<i>Adopted Budget 2022-23</i>
Electric Users Tax	\$ 417,489	\$ 434,847	\$ 429,228	\$ 427,000	\$ 427,000
Gas Users Tax	77,035	73,837	72,752	88,000	88,000
Communications Users Tax	<u>149,628</u>	<u>129,695</u>	<u>113,259</u>	<u>108,550</u>	<u>99,100</u>
Total	\$ 644,152	\$ 638,379	\$ 615,238	\$ 623,550	\$ 614,100
Change from Prior Year	2.9%	(0.9)%	(3.6)%	1.4%	(1.5)%

⁽¹⁾ Cash basis.

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

Departmental Receipts

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

In 2022-23, departmental receipts are expected to increase by \$54 million or 4.4 percent over 2021-22 estimates mainly attributable to emergency ambulance billing, services to DWP, MTA reimbursements, and special funded related costs.

The table below shows receipts from departmental receipts.

Table 19
DEPARTMENTAL RECEIPTS⁽¹⁾
(\$ in thousands)

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>Estimated 2021-22</i>	<i>Adopted Budget 2022-23</i>
Ambulance Fees	\$ 78,472	\$ 94,074	\$ 80,385	\$ 92,000	\$ 95,400
Services to Dept. of Airports	78,879	86,242	93,948	86,229	86,102
Services to Harbor Dept.	42,428	39,065	44,808	45,379	45,717
Services to DWP	29,847	32,473	14,490 ⁽²⁾	32,239	40,714
Services to Sewer Program	107,585	109,264	93,941	128,813	127,088
Solid Waste Fee	61,661	75,427	83,042	18,621 ⁽³⁾	22,629
Gas Tax Reimbursements	23,108	21,769	41,963	31,387	28,220
Services to Stormwater Fund	-	4,732	3,037	-	-
Special Funds Related Costs	229,146	261,777	253,725	318,590	338,575
MTA Reimbursement	65,705	105,507	86,256	96,244	108,014
One Time Reimbursements	23,040	17,645	140,397 ⁽⁴⁾	13,305	14,721
Library Reimbursements	69,653	71,915	74,233	80,599	81,356
Recreation and Parks Reimbursements	49,177	49,287	52,813	64,725	64,725
State Mandated	3,320	7,172	3,806	4,247	3,000
Miscellaneous Taxes and Fees	8,540	-	-	-	-
Other Departmental Receipts	<u>259,208</u>	<u>221,948</u>	<u>190,670</u>	<u>206,971</u>	<u>216,684</u>
Total General Fund	\$1,129,767	\$ 1,198,296	\$ 1,257,516	\$1,219,349	\$1,272,944
Change from Prior Year	11.3%	6.1%	4.9%	(3.0)%	4.4%

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

⁽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

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 recreational 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 2022-23 Adopted Budget includes cannabis business tax revenue projected at \$142.9 million, representing 18.2 percent of business tax revenue.

The table below shows receipts from business tax.

Table 20
BUSINESS TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$603,123	8.8%
2019-20	655,849	8.7
2020-21	692,386	5.6
2021-22 Estimated	733,900	6.8
2022-23 Adopted Budget	786,900	6.4

⁽¹⁾ Cash basis.

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

Sales Tax

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

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

Table 21
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 \$57 million in Fiscal Year 2022-23 receipts, which are deposited in a special fund and appropriated to the Police and Fire Departments.
Total State Rate	6.00%	
<u>Uniform Local Tax Rate</u> (Statewide)		
County Transportation	0.25%	The County allocates a small portion of this to the City.
Local Point of Sale	<u>1.00%</u>	This is the “Bradley-Burns” sales tax, allocated to cities and counties (for unincorporated areas) by point of sale.
Total Uniform Local Rate	<u>1.25%</u>	
Total Statewide Rate	7.25%	
<u>Optional Local Rates</u> ⁽¹⁾		
Proposition A (LACMTA)	0.50%	} Voter-approved measures to improve public transit and reduce traffic congestion. The City receives a portion of these funds, with the percentage varying by measure.
Proposition C (LACMTA)	0.50%	
Measure R (LACMTA)	0.50%	
County Measure M (LACMTA)	0.50%	} Voter-approved measure for homeless services.
County Measure H (LA County)	0.25%	
Total Optional Local Rate	<u>2.25%</u>	
Total Sales Tax Rate	9.50%	

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

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

The following table shows the actual and budgeted General Fund receipts from the 1 percent local sales tax. Delayed Fiscal Year 2017-18 remittances resulting from the State’s implementation of a new sales tax automation system contributed to 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 receipts. Beginning in 2021-22, sales tax revenues recovered sharply and have grown to higher levels than before the pandemic.

Table 22
GENERAL FUND SALES TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$581,443	9.8%
2019-20	556,237	(4.3)
2020-21	524,618	(5.7)
2021-22 Estimated	665,420	26.8
2022-23 Adopted Budget	704,760	5.9

⁽¹⁾ Cash basis.

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

Documentary Transfer Tax

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

This tax revenue saw recent growth despite the pandemic. The 2022-23 Adopted Budget estimate assumes growth in home prices and decline in sales consistent with industry estimates.

The table below presents receipts from this revenue source.

Table 23
DOCUMENTARY TRANSFER TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$206,211	(0.8)%
2019-20	205,473	(0.4)
2020-21	235,922	14.8
2021-22 Estimated	303,351	28.6
2022-23 Adopted Budget	298,540	(1.6)

⁽¹⁾ Cash basis.

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

Power Revenue Transfers to General Fund

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

Variances can occur between the amount budgeted for transfer and the amount received, reflecting the variance between actual financial results of the Power System for the prior year from the results projected by the DWP at the time the budget is adopted. The estimated transfer amount is provided by the DWP at the time of budget adoption and is based on the Power System’s financial plan for the fiscal year currently in progress. At the close of the fiscal year, but before December 31 in the following fiscal year, the Board of DWP Commissioners affirms or amends the transfer amount according to its audited financial statements. The transfer occurs in the latter half of the following fiscal year.

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

The following table shows transfers from the Power Revenue Fund. Beginning with Fiscal Year 2018-19, amounts reflect the settlement under the *Eck* case.

Table 24
TRANSFERS FROM POWER REVENUE FUND
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$232,557	(3.8)%
2019-20	229,913	(1.1)
2020-21 ⁽²⁾	218,355	(5.0)
2021-22 Estimated	225,015	3.1
2022-23 Adopted Budget	229,721	2.1

⁽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

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. Due to the impacts of COVID-19, transient occupancy tax revenue for 2020-21 fell to 35 percent of its peak in 2018-19. While significant growth is budgeted in 2022-23 as travel recovers, it would still represent only 83 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 25
GENERAL FUND TRANSIENT OCCUPANCY TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$318,888	6.6%
2019-20	253,539	(20.5)
2020-21	110,427	(56.4)
2021-22 Estimated	229,700	108.0
2022-23 Adopted Budget	263,220	14.6

⁽¹⁾ Cash basis.

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

Parking-Related Revenues

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

The schedule of parking fines is established by the Council. For budgeting purposes, parking fine revenue forecasts are based on the number of parking enforcement officers employed by the City's Department of Transportation and estimates of average revenues per ticket based on historical trends, collection rates and average worker productivity. While parking fine revenue had been declining for seven years, revenues were beginning to trend upwards in 2019-20 prior to the onset of the pandemic. The pandemic 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 2022-23 Adopted Budget is based on post pandemic issuance and collection activity.

The table below shows receipts from all parking fines.

Table 26
PARKING FINES RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$129,900	(6.4)%
2019-20	114,865	(11.6)
2020-21	93,347	(18.7)
2021-22 Estimated	112,100	20.1
2022-23 Adopted Budget	130,000	16.0

⁽¹⁾ Cash basis.

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

The parking occupancy tax is levied at 10 percent of parking fees. Due to the impacts of COVID-19, revenues from this source fell 53 percent from 2018-19 to 2020-21, from \$120.9 million to \$58.9 million. The 2022-23 Adopted Budget estimates \$111.3 million in revenues, close to pre-pandemic levels.

Table 27
PARKING OCCUPANCY TAX RECEIPTS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$120,949	4.3%
2019-20	106,979	(11.6)
2020-21	58,844	(45.0)
2021-22 Estimated	96,900	64.7
2022-23 Adopted Budget	111,270	14.8

⁽¹⁾ Cash basis.

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

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

Table 28
SPECIAL PARKING REVENUE FUND TRANSFERS
(\$ in thousands)

<i>Fiscal Year</i>	<i>Receipts⁽¹⁾</i>	<i>Change from Prior Year</i>
2018-19	\$32,116	3.6%
2019-20	31,294	(2.6)
2020-21	-	(100.0)
2021-22 Estimated	8,477	NA
2022-23 Adopted Budget	30,426	258.9

⁽¹⁾ Cash basis.

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

Impact of State of California Budget

A number of the City's revenues are collected or 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, or taken other actions that adversely impacted the financial condition of local governments, including the City. Proposition 1A, adopted in 2004, amended the State Constitution to impose limits on the State's ability to reallocate local revenue. See "LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A." The State budget provides certain funding for emergency response and for homelessness, from which the City expects to benefit.

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 131.

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 29
APPROPRIATIONS LIMITS AND APPROPRIATIONS SUBJECT TO LIMITATION

<i>Fiscal Year</i>	<i>City Appropriations Limit</i>	<i>Appropriations Subject to Limitations</i>	<i>Amount Appropriations Are Under Limit</i>
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	7,173,171,778	4,714,764,906	2,458,406,872
2022-23	7,471,986,677	5,088,871,943	2,383,114,734

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

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

The City is currently the subject of a putative class action lawsuit, entitled *Hoffman et al v. City of Los Angeles*, which alleges that the charges imposed on residential customers for the use and disposal of sewage through the City’s sewage system violate Proposition 218 and other applicable City statutes. The court issued an interim decision on or about June 30, 2021, finding that the City failed to meet the procedural requirements under Proposition 218, along with other applicable City statutes, when it imposed residential sewer service charges on residential customers with its annual determination of a reduction factor (Dry Winter Compensation Factor) that is applied to such charges. A second phase of the trial over whether there were substantive violations under Proposition 218 (*i.e.*, whether the City used the revenues derived from residential sewer service charges for non-sewer related purpose) as well as damages is pending. No class certification has occurred, and no trial date has been set. In the event of an adverse ruling, damages could be approximately \$180 million or more if a class is certified. The parties are in the process of working out the details of a settlement agreement, which would be subject to City Council and court approval. Any potential damages or settlement in this case are expected to be ultimately funded through the City’s wastewater enterprise fund. The City does not expect a General Fund impact. However, should the settlement not proceed, a General Fund impact could arise if the

wastewater enterprise fund, depending on the results of the second phase of the trial, lacks, in full or in part, available funds to satisfy the liability imposed from the second phase of the trial.

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

Proposition 26

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

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

Table 30
GENERAL OBLIGATION BONDS
As of July 1, 2022

<i>Date of Election</i>	<i>Projects</i>	<i>Amount Authorized</i>	<i>Amount Issued</i>	<i>Amount Outstanding⁽¹⁾</i>	<i>Amount Authorized but Unissued</i>
11/3/98	Zoo Facilities (Proposition CC)	\$ 47,600,000	\$ 47,600,000	\$ 643,137	--
11/7/00	Fire, Paramedic, Helicopter and Animal Shelter Projects (Proposition F)	532,648,000	532,648,000	19,540,177	--
3/5/02	Emergency Operations, Fire, Dispatch and Police Facilities (Proposition Q)	600,000,000	600,000,000	43,109,814	--
11/2/04	Storm Water Projects (Proposition O)	500,000,000	439,500,000	159,896,872	\$ 60,500,000
11/8/16	Homelessness (Proposition HHH)	<u>1,200,000,000</u>	<u>574,550,000</u>	<u>515,825,000</u>	<u>625,450,000</u>
	Total	\$2,880,248,000	\$2,194,298,000	\$739,015,000	\$685,950,000

⁽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. These rates in the table are representative, and show the rates in the four largest taxing areas within the City, as measured by assessed valuation.

Table 31
2021-22 TYPICAL TAX RATE PER \$100 OF ASSESSED VALUATION⁽¹⁾

Countywide 1%	1.000000%
City of Los Angeles	.014721
Los Angeles Unified School District	.113228
Los Angeles Community College District	.043759
Metropolitan Water District	<u>.003500</u>
Total	1.175208%

⁽¹⁾ Rates in Tax Rate Areas 00067, 00013, 00016 and 00004:
Source: California Municipal Statistics, Inc.

Lease Obligations

The City may enter into long-term lease obligations without first obtaining voter approval, so long as these agreements meet the requirements of State law. The City has entered into various lease arrangements under which the City must make annual lease payments to occupy public buildings or use capital equipment necessary for City operations. Most of these lease agreements have been with a nonprofit corporation established by the City for this purpose, the Municipal Improvement Corporation of Los Angeles ("MICLA"). In most cases, securities have been issued in the form of lease revenue bonds, on which debt service is paid from the annual lease payments primarily made by the City's General Fund. In some cases, as noted below, the lease obligation was privately placed directly with a bank or other private lender. Payment of lease payments is managed by the CAO and, unless otherwise noted, budgeted in the Capital Finance Administration Fund.

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

Table 32
GENERAL FUND BONDED AND OTHER FINANCING LEASE OBLIGATIONS
As of July 1, 2022

<i>Series</i>	<i>Project</i>	<i>Amount Issued</i>	<i>Amount Outstanding</i>	<i>Final Maturity</i>
Public Offerings				
MICLA Lease Revenue Bonds, Series 2010-C (Taxable) (dated November 23, 2010)	Real Property	\$ 18,170,000	\$ 15,225,000	11/1/40
MICLA Taxable Lease Revenue Refunding Bonds, Series 2015-A (dated November 19, 2015)	Real Property (Convention Center)	292,415,000	16,290,000	11/1/22
MICLA Lease Revenue Refunding Bonds, Series 2016-A (dated June 1, 2016)	Capital Equipment and Fixtures	125,235,000	69,695,000	11/1/26
MICLA Lease Revenue Refunding Bonds, Series 2016-B (dated June 1, 2016)	Real Property	685,270,000	555,845,000	11/1/39
MICLA Lease Revenue Bonds, Series 2018-A (dated February 6, 2018)	Capital Equipment and Fixtures	54,430,000	36,265,000	11/1/27
MICLA Lease Revenue Bonds, Series 2018-B (dated February 25, 2018)	Real Property	31,270,000	27,555,000	11/1/37
MICLA Lease Revenue Refunding Bonds, Series 2018-C (dated February 26, 2018)	Real Property	25,630,000	16,425,000	11/1/27
MICLA Lease Revenue Bonds, Series 2020-A (dated August 20, 2020)	Capital Equipment and Fixtures	84,725,000	78,030,000	11/1/30
MICLA Lease Revenue Refunding Bonds, Series 2020-B (dated August 20, 2020)	Real Property	80,850,000	66,870,000	11/1/40
MICLA Lease Revenue Refunding Bonds, Series 2020-C Taxable (dated August 20, 2020)	Real Property	102,265,000	79,075,000	11/1/41
MICLA Lease Revenue Refunding Bonds, Series 2021-A (Taxable) (dated March 4, 2021)	Capital Equipment and Real Property	177,470,000	172,405,000	11/1/38
MICLA Lease Revenue Refunding Bonds, Series 2021-B (dated March 4, 2021)	Capital Equipment and Real Property	60,481,000	60,481,000	11/1/38
MICLA Lease Revenue Bonds, Series 2021-C (dated December 15, 2021)	Capital Equipment and Real Property	<u>154,205,000</u>	<u>154,205,000</u>	11/1/41
Subtotal Public Offerings		\$ 1,892,416,000	\$ 1,348,366,000	
Private Placements				
MICLA 2016 Streetlights (dated April 5, 2016)	Capital Equipment and Streetlights	26,368,864	6,977,333	4/1/24
MICLA 2017 Streetlights Financing (dated April 18, 2017)	Capital Equipment and Streetlights	39,297,800	20,908,958	6/1/27
2017 Police Vehicles Lease Financing (dated November 15, 2017)	Capital Equipment	21,110,000	3,557,080	11/15/22
2017 Police Radios Lease Financing (dated December 22, 2017)	Vehicles and Handheld Radios	64,500,000	26,992,042	2/1/25
MICLA 2019 Streetlights Financing (dated September 30, 2019)	Capital Equipment and Fixtures	17,845,461	14,152,643	6/1/29
MICLA 2020 Streetlights Financing (dated November 1, 2020)	Capital Equipment and Fixtures	<u>9,088,272</u>	<u>8,301,947</u>	6/1/31
Subtotal Private Placements		\$ <u>178,210,397</u>	\$ <u>80,890,003</u>	
Total Lease Obligations		\$ 2,070,626,398	\$ 1,429,256,002	

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

Commercial Paper Programs

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

In 2004, the City and MICLA established a commercial paper program authorizing MICLA to issue lease revenue CP notes to finance and refinance capital equipment, the acquisition and improvement of real property, and other financing needs of the City (the “General MICLA CP”). The General MICLA CP program increased from time to time and is currently authorized for up to \$425 million. The City expects to issue lease revenue bonds through MICLA from time to time to refund the General MICLA CP. As of [June 1, 2022, \$194.9 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 [June 1, 2022, \$20.7 million] in LACC CP was outstanding under this program.

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

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

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

Table 33
LEASE REVENUE COMMERCIAL PAPER NOTES LETTERS OF CREDIT

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

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

Revenue Bonds

The Charter and State law provide for the issuance of revenue bonds, which are secured by and payable from the revenues generated by various enterprise and special fund operations. These revenue bonds do not represent obligations of the General Fund of the City, nor are they secured by taxes. Revenue bonds administered by the CAO have been issued in the past that are secured by wastewater, 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 34
TAX AND REVENUE ANTICIPATION NOTES

<i>Fiscal Year</i>	<i>LACERS</i>	<i>Fire and Police Pensions</i>	<i>Cashflow</i>	<i>Total Par Amount</i>
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
2022-23	627,120,000	651,180,000	295,570,000	1,573,870,000

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 35
NET DIRECT DEBT
As of July 1, 2022

	<i>Outstanding</i>
General Obligation Bonds	\$ 739,015,000
Lease Obligations ^{(1) (2)}	\$ 1,429,256,002
GROSS DIRECT DEBT	\$ 2,168,271,002
Revenue Bonds ⁽²⁾	
Power Revenue (DWP)	\$ 11,097,635,000
Water Revenue (DWP) ⁽³⁾	5,473,545,000
Department of Airports	10,094,845,000
Harbor Department	577,330,000
Wastewater System ⁽³⁾	
Senior Revenue Bonds	879,840,000
Subordinate Revenue Bonds	1,656,380,000
Solid Waste Resources Fee	<u>147,015,000</u>
Subtotal	<u>\$ 29,926,590,000</u>
TOTAL CITY DEBT	\$ 32,094,861,002
Less:	
Revenue Bonds	<u>(29,926,590,000)</u>
NET DIRECT DEBT	\$ 2,168,271,002
Plus:	
Overlapping Debt ⁽⁴⁾	<u>14,036,490,165</u>
NET OVERALL DEBT	<u>\$ 16,204,761,167</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⁾ Overlapping debt information from California Municipal Statistics, Inc. as of June 1, 2022. See Table 43.

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

Table 36
DEBT SERVICE TO MATURITY ON DEBT PAYABLE
FROM *AD VALOREM* PROPERTY TAXES⁽¹⁾
As of July 1, 2022

<i>Fiscal Year</i>	<i>Principal</i>	<i>General Obligation Bonds Interest</i>	<i>Total</i>
2023	\$ 88,770,000	\$ 25,973,690	\$ 114,743,690
2024	71,595,000	20,372,575	91,967,575
2025	54,370,000	18,093,992	72,463,992
2026	47,315,000	16,271,642	63,586,642
2027	46,545,000	14,577,213	61,122,213
2028	45,085,000	13,014,731	58,099,731
2029	46,540,000	11,533,771	58,073,771
2030	41,825,000	10,079,818	51,904,818
2031	34,270,000	8,859,547	43,129,547
2032	34,190,000	7,799,351	41,989,351
2033	28,720,000	6,817,262	35,537,262
2034	28,720,000	5,908,522	34,628,522
2035	28,720,000	4,980,237	33,700,237
2036	28,720,000	4,041,849	32,761,849
2037	28,720,000	3,096,006	31,816,006
2038	28,720,000	2,142,708	30,862,708
2039	24,405,000	1,257,222	25,662,222
2040	10,595,000	711,189	11,306,189
2041	10,595,000	429,098	11,024,098
2042	10,595,000	143,033	10,738,033
2043	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 739,015,000	\$ 176,103,456	\$ 915,118,456

⁽¹⁾ Totals may not add due to independent rounding.
Source: City of Los Angeles, Office of the City Administrative Officer.

Table 37
DEBT SERVICE TO MATURITY ON BONDED AND CERTIFICATED LEASE OBLIGATIONS⁽¹⁾⁽²⁾
As of July 1, 2022

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 137,734,590	\$ 55,415,796	\$ 193,150,385
2024	121,734,595	51,216,795	172,951,390
2025	117,220,117	47,171,849	164,391,966
2026	110,804,302	43,085,836	153,890,138
2027	114,854,518	38,685,881	153,540,398
2028	91,517,013	34,288,547	125,805,560
2029	84,740,289	30,448,118	115,188,407
2030	74,539,184	26,927,673	101,466,857
2031	77,972,395	23,480,907	101,453,302
2032	69,318,000	20,142,620	89,460,620
2033	61,746,000	17,160,649	78,906,649
2034	63,450,000	14,483,252	77,933,252
2035	62,769,000	11,926,748	74,695,748
2036	65,390,000	9,288,746	74,678,746
2037	68,252,000	6,416,430	74,668,430
2038	40,613,000	4,000,706	44,613,706
2039	28,311,000	2,488,698	30,799,698
2040	16,080,000	1,474,680	17,554,680
2041	13,645,000	739,438	14,384,438
2042	8,565,000	196,976	8,761,976
2043	0	0	0
Total	\$ 1,429,256,002	\$ 439,040,345	\$ 1,868,296,348

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

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

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 38
DEBT MANAGEMENT POLICY RATIOS

<i>Ratio</i>	<i>Ceiling</i>	<i>2020-21</i>	<i>Estimated 2021-22</i>	<i>Budget 2022-23</i>
Total Direct Debt Service as Percent of General Revenues ⁽¹⁾	15.0%	4.51%	4.81%	4.44%
Non-Voted Direct Debt Service as Percent of General Revenues ⁽¹⁾	6.0% ⁽²⁾	2.78%	3.33%	2.97%

⁽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 39
FINANCIAL RATIOS

<i>As of June 30</i>	<i>Net Direct Debt</i>	<i>Net Debt Per Capita</i>	<i>Net Debt as Percent of Net Assessed Valuation</i>
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	2,064,424,459	526	0.30
2022	2,168,271,002	568	0.30

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

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

Table 40
GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND⁽¹⁾

<i>Fiscal Year</i>	<i>Total Debt Service</i>	<i>Paid From Special Revenue Funds</i>	<i>Net General Fund Debt Service⁽²⁾</i>	<i>General Fund Revenues</i>	<i>Gross as Percent of GF</i>	<i>Net as Percent of GF</i>
2018-19	\$238,288,959	\$26,600,114	\$211,688,845	\$6,190,596,070	3.85%	3.42%
2019-20	212,168,449	25,259,709	186,908,740	6,569,749,538	3.23%	2.84%
2020-21	181,176,205	22,591,091	158,585,114	6,687,341,876	2.71%	2.37%
2021-22 Estimated	228,153,071	23,366,537	204,786,534	7,503,222,792	3.04%	2.73%
2022-23 Adopted Budget	205,482,723	23,108,433	182,374,290	7,446,048,185	2.76%	2.45%

⁽¹⁾ Cash basis.

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

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 41
RETIREMENT OF NET DIRECT DEBT⁽¹⁾
As of June 1, 2022

<i>Maturing Within</i>	<i>General Obligation Bonds</i>		<i>Bonded and Certificated Leases</i>		<i>Total</i>	
	<i>Maturing Principal</i>	<i>Cumulative % of Debt Retired</i>	<i>Maturing Principal</i>	<i>Cumulative % of Debt Retired</i>	<i>Maturing Principal</i>	<i>Cumulative % of Debt Retired</i>
>0 to 5 years	\$ 308,595,000	41.8%	\$ 602,348,121	42.1%	\$ 910,943,121	42.0%
>5 to 10 years	201,910,000	69.1	398,086,881	70.0	599,996,881	69.7
>10 to 15 years	143,600,000	88.5	321,607,000	92.5	465,207,000	91.1
>15 to 20 years	84,910,000	100.0	107,214,000	100.0	192,124,000	100.0
>20 to 25 years	0	100.0	0	100.0	0	100.0
Total	\$ 739,015,000		\$1,429,256,002		\$2,168,271,002	

⁽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.

Because of expectations of undertaking an expansion and improvement to the Los Angeles Convention Center, the City expects to continue appropriating approximately \$50 million a year for that purpose, even though all outstanding lease revenue bonds will be retired in 2022-23. For 2022-23, \$16.6 million will be utilized for debt service and \$34.1 million will be allocated towards a future project. The City expects to allocate \$50 million annually thereafter. The actual timing and size of a future financing has yet to be determined, so is not included below. The City may also seek further general obligation bond authorization from voters.

Table 42
PROPOSED SCHEDULE OF BOND ISSUANCES⁽¹⁾
DEBT CALENDAR
(as of May 25, 2022)

	<i>Expected Sale Date</i>	<i>Amount</i>
Fiscal Year 2022-23 Debt Issuance		
MICLA Lease Revenue Bonds(Capital Equipment and Real Property)(CP Take-out)	Spring 2023	\$120 million
Solid Waste Resources Revenue Bonds	Spring 2023	\$250 million
2023 Tax and Revenue Anticipation Notes	Summer 2023	\$2.0 billion
Fiscal Year 2023-24 Debt Issuance		
Los Angeles Wastewater System Revenue Bonds (CP Take-out)	Spring 2024	\$360 million
MICLA Lease Revenue Bonds (Capital Equipment and Real Property)(CP Take-out)	Summer 2024	\$120 million
2024 Tax and Revenue Anticipation Notes	Summer 2024	\$2.0 billion

⁽¹⁾ Subject to change. Excludes commercial paper issuances.
Source: City of Los Angeles, Office of the City Administrative Officer.

Overlapping Bonded Debt

Contained within the City are numerous overlapping local agencies providing public services. Many of these local agencies have outstanding bonds issued primarily in the form of general obligation, pension obligation, lease revenue, special tax, and special assessment bonds. A statement of the overlapping debt of the City, prepared by California Municipal Statistics Inc., is shown in the following table. The City makes no representations as to its completeness or accuracy. Self-supporting revenue bonds, tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement. The City anticipates issuing additional bonded debt. See "BONDED AND OTHER INDEBTEDNESS—Introduction" and "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 43
STATEMENT OF OVERLAPPING DEBT
As of June 1, 2022

	<i>Debt Outstanding</i>	<i>Estimated Percent Applicable</i>	<i>Estimated Shares Of Overlapping</i>
OVERLAPPING DEBT REPAYED WITH PROPERTY TAXES			
The Metropolitan Water District of Southern California	\$ 20,175,000	21.336%	\$ 4,304,538
Los Angeles Community College District	4,146,515,000	72.335	2,999,381,625
Beverly Hills Unified School District	664,390,283	0.148	983,298
Inglewood Unified School District	203,435,000	0.760	1,546,106
Las Virgenes Unified School District	105,375,995	0.886	933,631
Los Angeles Unified School District	10,770,060,000	88.386	9,519,225,232
Los Angeles Unified School District supported general obligation bonds ⁽¹⁾	(154,867,634)	88.386	(136,881,307)
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	5,470,000	100.000	5,470,000
City of Los Angeles Community Facilities District No. 11	22,410,000	100.000	22,410,000
Mountains Recreation and Conservation Authority Assessment Districts	14,730,000	100.000	14,730,000
OTHER OVERLAPPING DEBT:			
Los Angeles County General Fund Obligations	2,764,747,105	40.851	1,129,426,840
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	9,052,295	0.886	80,203
Los Angeles Unified School District Certificates of Participation	120,710,000	88.386	106,690,741
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 305,955,000	100.000%	\$ 305,955,000
SUBTOTAL, OVERLAPPING DEBT			\$14,036,490,165
City of Los Angeles General Obligation Bonds	\$ 739,015,000	100.000%	\$ 739,015,000
City of Los Angeles General Fund Obligations	1,432,792,207	100.000	1,429,256,002
TOTAL CITY OF LOS ANGELES DIRECT DEBT			\$ 2,168,271,002
TOTAL DIRECT AND OVERLAPPING DEBT			\$16,204,761,167 ⁽²⁾

⁽¹⁾ Represents applicable amount of accumulated set-aside deposits for Qualified School Construction Bonds as of June 30, 2022, deducted from outstanding principal.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.; footnote 1 from Los Angeles Unified School District, Audited Annual Financial Report For Fiscal Year Ended June 30, 2021.

OTHER MATTERS

Seismic Considerations

The City is subject to unpredictable and significant seismic activity. A number of known faults run through the City, and the City lies near the San Andreas Fault, which is the boundary between the Pacific and North American tectonic plates. The complex Los Angeles fault system interacts with the alluvial soils and other geologic conditions in the hills and basins of the area. This interaction poses a potential seismic threat for every part of the City, regardless of the underlying geologic and soils conditions. In addition, there are likely to be unmapped faults throughout the City. The most recent major earthquake, the Northridge earthquake in 1994, occurred along a previously unmapped blind thrust fault. The City generally does not maintain earthquake insurance coverage; see “BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program.”

Environmental and Social Considerations

The change in the earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding. The City cannot predict the timing, extent, or severity of climate change and its impact on the City's operations and finances. Climate change may be a factor in the increased incidence of wildfire in the City and elsewhere in the County and the State. Also, additional actions to address climate change may be necessary and the City can give no assurances regarding the impact of such actions on the City's operations and finances.

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

The City has undertaken a number of measures to address climate change and its effect on residents of the City. The Mayor released a plan originally titled "Sustainable City pLAn" in 2015, later revised as "L.A.'s Green New Deal" in 2019 (the "Plan"), which sets climate goals for a range of City activities. The goals of the Plan include recycling 100 percent of the City's wastewater and sourcing 70 percent of its water supply by 2035; providing 100 percent of the City's energy needs with clean energy by 2045; and for City operations to be 100 percent carbon neutral by 2050. The Plan is 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 Council created a standing committee to review all matters relating to "Energy, Climate Change, and Environmental Justice." The City has also created a Climate Emergency Mobilization Office within its Department of Public Works, which coordinates various City and community entities to implement equitable and just climate policies. The City has also hired a Chief Heat Officer, who will lead efforts to respond to extreme heat events and coordinate with various City departments and other agencies, given the understanding that heat-related deaths and hospitalizations disproportionately affect low-income communities.

Among the specific initiatives being undertaken by the City include various improvements to the City's wastewater treatment plants in order to recycle all their flow for beneficial use, construction of a series of groundwater remediation projects to further reduce the City's reliance on imported water, exploration of the use of specially designed "cool roofs" to manage the effect of rising temperatures in urban environments, and tests of the effects of "cool pavement" (a special coating applied to city streets) to manage urban temperatures. As part of the 2022-23 Adopted Budget, the Bureau of Engineering was directed to develop and implement a plan for decarbonization of the City's facilities, and the Bureau of Sanitation was directed to see that the City adheres to global protocols in tracking and reporting on municipal greenhouse gas.

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

Among the areas where both environmental and equity considerations come into play are in the City's Capital Improvement and Technology Expenditure Program. Among the criteria used in prioritizing capital funding are resiliency and sustainability projects that improve public health and the environment through improved water resources, air quality, reduction in greenhouse gas emissions, and habitat protection and projects that contribute toward economic development and/or promote social equity to benefit underserved communities, including those with low-income households, low community engagement, and low mobility or access to transportation systems. See "BUDGET AND FINANCIAL OPERATIONS—Capital Program." In an effort to

identify capital investments that work towards achieving the City's climate change mitigation, resilience, and sustainability goals, projects proposed for funding are labeled as Green Investments if they support climate goals as outlined in the Mayor's Green New Deal and are in alignment with the Green Bond Principles established by the International Capital Market Association. In addition, a Social Equity Index score has been identified for site-specific projects, with lower scores representing the most disadvantaged communities within the City. The intended social impact of a project is considered as part of the funding prioritization process.

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the City and its departments face multiple cyber threats including hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attack disruptions on the City's computer system to date. For example, in 2019, the City experienced a cyber-attack that impacted a cloud-hosted system at a City department. The attack potentially involved certain personal information of about 20,000 applicants who went through the LAPD recruitment process. The City mitigated the attack and notified all the affected individuals immediately. The City installed 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 conducts cyber security awareness training for all City employees with computer access, conducts phishing email tests, and provides periodic cybersecurity newsletters and workshops to its employees. In 2017, the City consolidated and distributed a comprehensive Information Security Policy Manual with sections dedicated to City employees, City managers, and City technology professionals. Also, the City conducts annual "penetration tests" to identify and remediate any potential weaknesses in its networks and weekly cyber vulnerability scanning on City servers and websites accessible by the Internet.

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

Clean Water Compliance

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

On July 23, 2021, the LARWQCB adopted the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit ("MS4 permit") Order No. R4-2021-0105, which became effective on September 11, 2021. The MS4 permit establishes TMDL pollutant limits that can be discharged into water while still meeting water quality standards and objectives. Eighty-four of the 88 cities in Los Angeles

County (including the City), the Los Angeles County Flood Control District (LACFCD), and the Counties of Los Angeles and Ventura are covered by this Regional MS4 permit. The City is currently subject to 22 TMDLs, encompassing a total of 192 pollutants, in the Los Angeles River, Ballona Creek, the Santa Monica Bay shoreline, Dominguez Channel, Marina Del Rey, and several lakes within the City. The City will likely become responsible for more TMDLs in the coming years. The TMDL compliance deadlines are spread out through 2037.

The MS4 permit allows the responsible agencies the option of working together to develop and implement Watershed Management Programs (“WMPs”) to address permit and TMDL requirements. As the requirements of the MS4 permit cross multiple local jurisdictions, the City collaborated with other participating agencies on the development of the WMPs, which were 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 WMPs necessary to meet the current TMDL compliance deadlines and its minimum control measures established by the MS4 permit. The City has partially funded the monitoring and reporting programs required by the MS4 permit by using existing Stormwater Pollution Abatement Funds (primarily funded by a charge on property) and by implementing cost sharing agreements between other municipalities. Unless relief is granted, the City could potentially face fines for failing to meet the TMDL milestones that will take effect by 2026.

While the MS4 permit has safe harbor provisions whereby the City was previously deemed in compliance with the TMDLs during the development of the WMPs, in February 2022, the LARWQCB advised the City that three of its watersheds— Santa Monica Bay, Upper Los Angeles River and Ballona Creek— have lost their deemed compliance status. The City is coordinating with the surrounding municipalities and the LARWQCB to determine compliance implications and a proposed path forward.

The City’s share of the costs of the approved WMP 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 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 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 2022-23 Adopted Budget and received \$36.4 million in 2021-22. In addition, the City competes for project funding from the Measure W Regional Program administered by the LACFCD. Under the regional program, the City (Bureau of Sanitation, Bureau of Street Services, and the Department of Water and Power) has secured funding totaling \$207.7 million over the next three years for projects.

As the regional program progresses, the City anticipates approximately \$10 million to \$20 million annually in regional returns.

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

Hyperion Water Reclamation Plant Sewage Spill. On July 11, 2021, the City's major wastewater treatment plant (the Hyperion Water Reclamation Plant (the "Plant")) Headworks screening facility experienced a major raw sewage spill. The Plant's relief system was triggered and sewage flows were controlled through use of the Plant's one-mile outfall and the discharge of over 17 million gallons of untreated sewage into Santa Monica Bay. The Plant suffered major damage to critical equipment and vehicles. Normal Plant operations resumed on October 22, 2021, following months of cleanup and restoration. As of August 2022, the City estimated that approximately 90 percent of repairs were complete.

Several lawsuits (*Mecklenburg v. Hyperion Water Reclamation Plant*, *Abdelnur, Katarina et al v. City of Los Angeles*, *Konig, Joshua v. City of Los Angeles*, and *Ace American Insurance v. City of Los Angeles*) have been filed against the City in connection with this incident. The *Mecklenburg*, *Abdelnur* and *Konig* lawsuits have been determined to be related by the court. **The City expects to file a notice of related case for the *Ace* lawsuit with the other three lawsuits.** The City is aware of other potential lawsuits that may be filed in connection with this incident. The City cannot determine at this time the extent of the financial impact of this incident as the full costs of repairs to the facility and equipment, the amount of resulting fees and fines by regulatory agencies, the costs resulting from any litigation or other proceeding related to the incident, and other incidental costs/damages are currently unknown but such amounts could be substantial. It is expected that any financial impact would be limited to the City's wastewater enterprise fund. The City, nonetheless, cannot provide any assurances that this incident and resulting matters would not have an impact on the General Fund.

Solid Waste Organics Diversion

Beginning January 1, 2022, State law (SB 1383) implements requirements for the reduction of organic waste disposal (e.g., food waste, green waste, paper products) by 75 percent by 2025. These goals are consistent with the City's Green New Deal.

Current estimates are that the more intensive processing costs of composting and anaerobic digestion of comingled organics will increase the cost of disposal from \$60 to \$125 per ton. The phased implementation of the organics program is anticipated to cost an additional \$21.4 million in disposal tip fees for Fiscal Year 2022-23. With full implementation the following year (2023-24), the tip fee budget is anticipated to increase by another \$34.3 million. In addition to tip fees, staff, equipment, information technology, public outreach and other expenses are also required to implement the program.

Currently, the City's refuse collection fees do not fully support the solid waste operation, with the General Fund budgeted to provide approximately \$64 million in funding for Fiscal Year 2022-23. Unless recovered through increased refuse collection fees, the costs of the organics reduction program would be borne by the City's General Fund.

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 (“2028 MOU”) 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. The 2028 Games Agreement (“2028 Games Agreement”) incorporates the provisions of the 2028 MOU and further identifies the obligations and actions between the City and LA 2028 regarding the hosting of the 2028 Games including establishing a process for determining necessary City resources to support the 2028 Games and the reimbursement of costs identified in the 2028 Games Agreement.

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 Matters

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, who was elected in 2020 and began his term in December 2020. 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 who had resigned his City Council seat on December 31, 2018 and pled guilty in connection with the investigation in June 2020. 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 City is required to accrue liabilities arising from claims, litigation and judgments when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See “BUDGET AND FINANCIAL OPERATIONS – Risk Management and Retention Program.” The following list of certain recently completed, pending or threatened lawsuits and proceedings involving the City was prepared by the Office of the City Attorney, and includes matters that, if

determined in a final and conclusive manner adverse to the City, may, individually or in the aggregate, materially affect the General Fund's financial position.

1. Federal Accessibility Law Matters.

False Claims Act Claim

The City Attorney was advised by letter, dated November 30, 2011, that the Civil Fraud Section of the U.S. Department of Justice was investigating whether the City allegedly violated the False Claims Act ("FCA") in connection with certain federal accessibility law compliance certifications to U.S. Department of Housing and Urban Development ("HUD").

On June 7, 2017, the U.S. District Court of the Central District of California released its order announcing DOJ's election to intervene, on behalf of two private parties pursuing litigation against the City for FCA violations arising out of such certifications and other state common law claims against the City.

If the DOJ is successful in its suit, the City could face potential exposure to treble damages calculated based on the City's receipt of Community Development Block Grant ("CDBG"), HOME Investment Partnership, and Housing Opportunities for People with AIDS ("HOPWA") funds from February 2005 through August 2019, 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. This amount has been increased by an additional \$1.55 million for fiscal years 2022-23 with the addition of a new monitor.

2. Clear Channel Outdoor, Inc.

Clear Channel filed a Claim for Damages, dated February 1, 2018, for an amount in excess of \$100 million arising from a federal appellate court decision invalidating a settlement agreement between the City and certain outdoor advertising companies (the "Summit Media Decision"). The claim alleges: (i) violation of the City's representations and warranties in the settlement agreement that the conversions of its existing signs to digital technology did not violate the City's regulations, and 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, 2023. Unless the tolling agreement is extended again, the statute of limitation will begin to run starting February 1, 2023.

3. CBS Outdoor.

CBS Outdoor filed a Claim for Damages on May 13, 2013, for an amount stated to be in excess of \$1 million arising from the Summit Media Decision, for damages, lost revenue, attorneys' fees, restitution and costs. The City denied the Claim by letter dated June 8, 2013. The parties' most recent tolling expired on January 1, 2020. CBS Outdoor has four years to file suit. A suit has yet to be filed.

4. Brewster v. City of Los Angeles.

On or about November 2, 2014, plaintiffs filed a putative class action in Federal District Court for damages pursuant to 42 U.S.C. § 1983. The complaint alleged that the City violated the plaintiffs' rights under the Fourth Amendment of the U.S. Constitution, and related state laws, by impounding vehicles without a warrant for 30 days pursuant to Vehicle Code section 14602.6.

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 the motion 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. The City, in turn, filed a motion to contesting the certification of the third class and certification of the other two classes. On July 27, 2022, the District Court denied both Plaintiffs' motion to certify the third class and City's motion to decertify the other two classes. Parties are weighing their options of appeal. In the event the third class is ultimately certified, the potential liability could increase the City exposure from \$18 million (from the certification of the two classes) to approximately \$75 million to \$100 million.

5. *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. The plaintiffs’ appeal was denied and the matter is before the trial court for further pleadings. 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 \$63 million (inclusive of interest), as computed through the end of 2022, plus attorney’s fees.

6. *Apartment Owners Association of Ca. v. City of Los Angeles.*

On September 27, 2017, the plaintiffs filed a class action claim in Superior Court alleging the franchise fee collected by the City from private commercial waste haulers for the rights to service commercial and multi-family buildings should be treated as 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.

7. *LA Alliance for Human Rights et al. v. City of Los Angeles et al.*

On March 10, 2020, the plaintiffs filed suit against the City and the County of Los Angeles (“County”) for violating various State and Federal laws in connection with homeless individuals. The plaintiffs 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 shelter beds, permanent supporting housing units, safe parking spaces and other interventions (collectively, “beds” or “interventions”) 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. As of December 31, 2021, the City opened 6,566 new beds and 754 other interventions from existing agreements. Apart from the costs to provide such beds and interventions, 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.

On April 1, 2022, the City and the plaintiffs filed a notice with the District Court indicating they had reached a potential settlement framework. Under the proposed settlement, the City would agree to create shelter or housing to accommodate 60 percent of unsheltered persons experiencing homelessness (“PEH”) in the City. As in the City’s June 18, 2020 settlement, the City may choose, at its sole discretion, any housing or shelter solution, including but not limited to tiny homes; shared housing; purchased or master leased apartments, hotels/motels, or other buildings; congregate shelters; permanent supporting housing; rental assistance/rapid rehousing; family reunification; sprung structures or tents; safe parking; safe sleeping/camping; interim housing, etc. The 60 percent of PEH will be measured against the Los Angeles Homeless Services Authority (“LAHSA”), a joint powers authority formed by the City and the County) 2022 Point In Time Count (the annual census of PEH which is still in progress) of those unsheltered PEH in the City who can reasonably be assisted by the City (meaning such persons do not suffer from serious mental illness and are not chronically homeless with a substance use disorder or chronic physical illness or disability requiring the need for professional medical care and support). Based on LAHSA’s 2020 count, such proposed settlement framework could require approximately 13,000 new beds for which total capital and operating costs could be as high as \$3 billion during the five year period. Such estimates do not include the new beds that were agreed to be provided, or related costs, under the City’s June 18, 2020 agreement. On June 14, 2022, the District Court issued a ruling approving the proposed settlement between the City and the plaintiffs. In its order, the District Court retained jurisdiction for a period of five years to enforce the terms of the settlement and appointed a special master to assist the District Court to monitor and enforce the terms of the settlement. On July 13, 2022, the homeless rights advocates who intervened in the case filed a notice of appeal, indicating they intend to ask the Ninth Circuit Court of Appeals to invalidate the settlement agreement and overturn the District Court’s order dismissing the City, which, if successful, would reinstate the litigation against the City.

The majority of the funding under this settlement, if upheld, is expected to be provided by the City’s Proposition HHH general obligation bonds and other available funding. Any additional financing that would be needed has yet to be identified, but could come from other government sources including the County, State, and federal agencies.

9. *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. The City filed a motion to dismiss the complaint on October 18, 2021, and a hearing for the motion was heard on January 24, 2022, and a ruling is pending. 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 "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 Board of Fire and Police Pension Commissioners (the "Board") to increase the retirees' medical subsidy by the maximum amount allowable per year under the Administrative Code. The City prevailed on a demurrer, but the Court of Appeal reversed and issued a remitter, sending the case back to the trial court to resolve disputed factual issues. A bench trial occurred from September 26 to September 28, 2016. Following the bench trial, the court issued a tentative decision in favor of the plaintiffs. In November 2016, the trial court ruled in favor of the plaintiffs' claim with respect to the medical subsidy. The City appealed the trial court ruling. On October 30, 2018, the appellate court reversed the trial court and ordered that the case be remanded for a new trial.

On August 10, 2017, the Los Angeles Police Protective League filed an additional lawsuit against the LAFPP Board and the City in Los Angeles County Superior Court. The complaint, as supplemented, alleges that the Board should have raised the retiree subsidy to the maximum amount of 7 percent for the fiscal year beginning July 1, 2017, rather than the 6 percent then awarded and for the fiscal years thereafter. This case has been consolidated with the case discussed above. In October 2021, the court conducted a three-day trial. On May 2, 2022, the court ruled that the letter of agreement did not require the City (through the LAFPP Board) to grant the unions the maximum possible increase in the retiree medical subsidy. Rather, the LAFPP Board retained the discretion on the amount of any increase. LAPPL filed a notice of appeal. The appeal should be heard sometime in 2023. Notwithstanding, the case is proceeding on the issue of whether the LAFPP Board abused its discretion in the years it did not grant the maximum possible increase. The timeframe in which the discretion issue will be adjudged will be dependent upon the outcome of the appeal. If LAPPL is successful in its appeal, a new trial may result and render the discretion issue moot.

RETIREMENT AND PENSION SYSTEMS

General. The City has three single-employer defined-benefit pension plans created by the Charter: the Los Angeles City Employees' Retirement System ("LACERS"), the City of Los Angeles Fire and Police Pension Plan ("LAFPP") and, for employees of DWP, the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (the "Water and Power Plan"). Both LACERS and LAFPP (collectively, the "Pension Systems") are funded primarily from the City's General Fund, while the Water and Power Plan is funded by that department's proprietary revenues.

The Pension Systems provide retirement, disability, death benefits, post-employment healthcare and annual cost-of-living adjustments to plan members and beneficiaries. Both Pension Systems are funded pursuant to the Entry Age Cost Method, which is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e., level percent of payroll). Retired members and surviving spouses and domestic partners of LACERS and LAFPP members are eligible for certain subsidies toward their costs of medical and other benefits. These benefits are paid by the respective retirement system. These retiree health benefits are accounted for as "Other Post-Employment Benefits" ("OPEB"). The City began making payments to its Pension Systems to pre-fund OPEB obligations in the late 1980s. The calculations of OPEB funding requirements are made by the same actuaries that perform the analysis of the Pension Systems' retirement benefits, and generally rely on the same actuarial assumptions, other than those assumptions such as medical cost inflation specific to OPEB.

The actuarial valuations for both Pension Systems are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. The Pension Systems' annual valuations determine the contribution rate, as a percentage of covered

payroll, needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability (“UAAL”). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the benefits for currently active, vested former and retired employees and their beneficiaries.

Various actuarial assumptions are used in the valuation process, including the assumed rate of earnings on the assets of the plan in the future, the assumed rates of general inflation, salary increases, inflation in health care costs, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries. As plan experience differs from adopted assumptions, the actual liabilities will be more or less than the liabilities calculated based on these assumptions. The contribution rates in the following year’s valuations are adjusted to take into account actual plan experience in the current and prior years.

Each plan also generally performs an experience study every three years, comparing the plan’s actual experience to the 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, mortality, termination rates, and disability incidence rates in calculating its liabilities. Additionally, the experience study will review each plan’s economic assumptions and the actuary may recommend adjustments based on future expectations for items such as general inflation, participant salary increases, and the plan’s future expected rate of investment return. These economic assumptions are also adopted by each plan’s board.

The valuations incorporate a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. When measuring the value of assets for determining the UAAL, many pension plans, including the Pension Systems, “smooth” market value gains and losses over a period of years to reduce contribution volatility. These smoothing methodologies may result in an actuarial value of assets that is lower or higher than the market value of assets at a given point in time.

The Actuarial Standards Board, the organization that sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice, approved the new Actuarial Standard of Practice No. 51 (“ASOP 51”), effective as of the June 30, 2019 actuarial valuations. ASOP 51 requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition” (referred to as a “Risk Report”).

Examples of key risks that are particularly relevant to the Pension Systems are investment risk and longevity and other demographic risks. Among other things, the reports consider the cost to the City of alternative earning scenarios from investments. Since the funded ratio, UAAL, and the employer contribution rates have fluctuated as a result of deviation in investment experience in past valuations, the Pension Systems’ actuary has examined the risk associated with earning either higher or lower than the assumed investment rate in future valuations.

ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan by evaluating the potential for and impact of actual contributions deviating from expected contributions in the future. The Risk Reports for both Pension Systems noted that the City has a well-established practice of making the Actuarially Determined Contribution. As a result, in practice both Pension Systems have been found to have essentially no contribution risk.

In the Risk Reports, the actuary noted that each Pension System had strengthened their respective actuarial assumptions over time in part by lowering the expected investment rate of return, utilizing a generational mortality assumption, and adopting a funding policy that controls future negative amortization.

These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL.

The Risk Reports also note that both of the Pension Systems have become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members employed by the City and by an increase in the ratios of plan assets and liabilities to active member payroll. The actuary expects these trends to continue going forward. Any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members; as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes.

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 ACFR for the Fiscal Year Ended June 30, 2021.

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, 2021, the date of its most recent actuarial valuation, LACERS had 25,176 active members, 22,012 retired members and beneficiaries, and 9,647 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, 2021, approximately 71 percent of the system's active membership was Tier 1 members and 29 percent was comprised of Tier 3 members.

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

Table 44
COMPARISON OF LACERS TIER I AND TIER III PLAN DESIGNS

<i>Plan Feature</i>	<i>Tier I⁽¹⁾</i>	<i>Tier III</i>
Normal Retirement (Age / Years of Service)	55 / 30 60 / 10 70 / Any	60 / 30 60 / 10
Early Retirement (Reduced)	55 / 10 Under 55 / 30	Under 60 / 30
Benefit Factors	Normal Retirement 2.16% per year of service	Normal Retirement 1.5% @ 60 / 10 2.0% @ 60 / 30
	Early Retirement Reduced by 3% per 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 bonuses
Maximum Benefit	100%	80%
Employee Contribution Base	6%	7%
Early Retirement Incentive Program (ERIP) Employee Contribution	1% until 2026 or when ERIP debt is paid, whichever is sooner	N/A
Other Post-Employment Benefits (OPEB), e.g., retiree healthcare Employee Contribution	4%	4%
Maximum Annual COLA	3%	2%
COLA Bank	Yes	No
Government Service Buyback	Member pays employee contributions	Member pays employee and employer contributions, except for limited military or maternity leave time. Service purchase may not cause member's service retirement allowance to exceed eighty percent of final compensation.

⁽¹⁾ Does not reflect Tier 1 Enhanced Benefits for approximately 500 Airport Peace Officers.
Source: City of Los Angeles, Office of the City Administrative Officer.

The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and other post-employment benefits), the actuarial value of assets available for retirement benefits, and two indicators of funding progress for LACERS, the funded ratio and the ratio of UAAL to annual payroll.

Table 45
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽²⁾</i>	<i>Funded Ratio⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>UAAL as a Percentage of Covered Payroll⁽⁵⁾</i>
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
2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.

(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100%.

(3) Actuarial value of assets divided by Actuarial Accrued Liability.

(4) Projected annual pensionable payroll for members of LACERS.

(5) UAAL divided by covered payroll.

Source: Los Angeles City Employees' Retirement System Actuarial Valuation reports.

For the Retirement Plan, the rate generally increased between the June 30, 2012 and the June 30, 2021 valuations, from 21.3 percent to 30.3 percent, primarily due to the amortization of UAAL increases from 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 of modestly declining contribution rates, from 5.7 percent in 2012 to 4.0 percent in 2021.

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 46
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Market Value Of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Liability⁽²⁾</i>	<i>Funded Ratio (Market Value)⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</i>
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
2021	18,918,136	23,281,893	4,363,757	81.3	2,254,165	193.6

(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 47
LOS ANGELES CITY EMPLOYEE'S RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
(\$ in thousands)

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽¹⁾</i>	<i>Funded Ratio⁽²⁾</i>	<i>Covered Payroll⁽³⁾</i>	<i>UAAL as a Percentage of Covered Payroll⁽⁴⁾</i>
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
2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4

(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 2022-23 Adopted Budget. This table includes costs for contributions for both pensions and retiree health care.

Table 48
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
(\$ in thousands)⁽¹⁾

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
Sources of Contributions					
Contributions for Council-controlled Departments ⁽²⁾	\$ 488,400	\$ 559,299	\$ 532,833	\$ 601,450	\$ 636,545
Airport, Harbor Departments, LACERS, LAFPP	<u>111,761</u>	<u>117,368</u>	<u>114,828</u>	<u>124,074</u>	<u>132,355</u>
Total	<u>\$ 600,161</u>	<u>\$ 676,667</u>	<u>\$ 647,661</u>	<u>\$ 725,524</u>	<u>\$ 768,900</u>
Percent of payroll – Tier 1	28.31%	29.89%	29.43%	32.81%	33.93%
Percent of payroll – Tier 3	25.88%	27.70%	27.45%	30.16%	31.35%
Uses of Contributions					
Current Service Liability (Normal cost)	\$ 224,161	\$ 234,336	\$ 229,795	\$ 265,096	\$ 285,736
UAAL	398,500	477,035	462,604	492,955	556,924
Adjustments ⁽³⁾	<u>(22,500)</u>	<u>(34,704)</u>	<u>(44,738)</u>	<u>(32,527)</u>	<u>(73,760)</u>
Total	<u>\$ 600,161</u>	<u>\$ 676,667</u>	<u>\$ 647,661</u>	<u>\$ 725,524</u>	<u>\$ 768,900</u>

⁽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.

Table 49
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
(\$ in thousands)

	<i>Budget 2022-23</i>	<i>Projection 2023-24</i>	<i>Projection 2024-25</i>	<i>Projection 2025-26</i>	<i>Projection 2026-27</i>
Contributions for Council-controlled Departments ⁽¹⁾⁽²⁾	\$ 636,545	\$ 718,248	\$ 708,425	\$ 655,501	\$ 659,973
Percentage of Payroll ⁽³⁾	33.16%	32.08%	30.91%	28.05%	27.69%
Incremental Change	\$ 35,095	\$ 81,703	\$ (9,823)	\$ (52,924)	\$ 4,472
% Change	5.84%	12.84%	(1.37)%	(7.47)%	0.68%

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

⁽²⁾ Assumes 0.00% return on investment in 2021-22 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, 2021, the date of its most recent actuarial valuation, the LAFPP had 12,823 active members (including 124 in Harbor and 93 in Airport), 13,527 retired members and beneficiaries, and 633 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, 2021, although both tiers have beneficiaries. Sixty-four percent of active members are in Tier 5, and 30 percent are in Tier 6.

Amortization of UAAL may be calculated differently for different tiers. A Charter amendment adopted by City voters on March 8, 2011, provided the LAFPP Board with greater flexibility to establish amortization and plan funding policies. Under the LAFPP Board’s current actuarial funding policy, actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; plan amendments are amortized over 15 years; and actuarial funding surpluses are amortized over 30 years.

Similar to LACERS, LAFPP has adopted various asset smoothing methods. Generally, market gains or losses are recognized over seven years, so that approximately 1/7 of market losses or gains are recognized each year in the actuarial valuation. LAFPP uses a 40 percent market corridor, so that the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

Based on the advice of its actuary, the LAFPP Board reduced its assumed rate of investment return from 7.50 percent to 7.25 percent in 2017, lowering it again to 7.00 percent in May 2020 (lowering its inflation assumption from 3.00 percent to 2.75 percent as well). In 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, 2021 actuarial valuation, which was adopted by the Board on November 18, 2021 and determined the City’s contribution rate for Fiscal Year 2022-23.

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 50
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>UAAL⁽²⁾</i>	<i>Funded Ratio⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>UAAL as a Percentage of Covered Payroll⁽⁵⁾</i>
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
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8

(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, 2021.

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 51
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\$ in thousands)⁽¹⁾

<i>Actuarial Valuation As of June 30</i>	<i>Market Value Of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded (Overfunded) Liability⁽²⁾</i>	<i>Funded Ratio (Market Value)⁽³⁾</i>	<i>Covered Payroll⁽⁴⁾</i>	<i>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</i>
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
2021	27,862,307	24,461,267	(3,401,040)	113.9	1,684,785	(201.9)

(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 52
OTHER POST-EMPLOYMENT BENEFITS
FIRE AND POLICE PENSION PLAN
(\$ in thousands)

<i>Actuarial Valuation As of June 30</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded UAAL⁽¹⁾</i>	<i>Funded Ratio⁽²⁾</i>	<i>Covered Payroll⁽³⁾</i>	<i>Unfunded UAAL As a Percentage of Covered Payroll⁽⁴⁾</i>
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
2021	2,455,726	3,793,174	1,337,448	64.7	1,684,785	79.4

(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 2022-23 Adopted Budget. This table includes costs for both pensions and retiree health care, as well as the plan's administrative expenses.

Table 53
LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
(\$ in thousands)

	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
General Fund ⁽¹⁾	<u>\$ 687,867</u>	<u>\$ 705,076</u>	<u>\$ 738,908</u>	<u>\$ 721,998</u>	<u>\$ 660,945</u>
Percent of Payroll	46.85%	47.37%	46.79%	45.89%	41.84%
Current Service Liability	\$ 344,786	\$ 349,256	\$ 382,639	\$ 393,940	\$ 394,525
UAAL/(Surplus)	325,312	337,815	337,154	306,679	244,958
Administrative Costs	<u>17,769</u>	<u>18,005</u>	<u>19,115</u>	<u>21,379</u>	<u>21,462</u>
Total	<u>\$ 687,867</u>	<u>\$ 705,076</u>	<u>\$ 738,908</u>	<u>\$ 721,998</u>	<u>\$ 660,945</u>

(1) The City funds an Excess Benefit Plan outside LAFPP to provide for any benefit payments to retirees that exceed IRS limits. Amounts deposited in that account are credited against the City's annual contribution to LAFPP.

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

Historically, plan members did not contribute to offset the City's costs of retiree healthcare subsidy benefits, as all such costs were funded from the employer's contribution and investment returns thereon. In

2011, the City negotiated with the sworn bargaining units the option of a 2 percent active employee contribution to offset the cost of retiree healthcare for its sworn workforce hired before July 1, 2011. Sworn employees hired on and after July 1, 2011 are members of Tier 6, which requires an additional 2 percent contribution to offset the cost of retiree healthcare. Employees who contribute to retiree healthcare benefits are vested in future subsidy increases authorized by the LAFPP board. For those sworn employees that opted not to make an additional contribution to offset the cost of retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the maximum subsidy level in effect as of July 1, 2011.

A consolidated lawsuit challenged the LAFPP Board's exercise of its discretion to annually increase the subsidy for sworn employees. On May 2, 2022, the court ruled that LAFPP was not required to grant the unions the maximum possible increase in the retiree medical subsidy. Rather, LAFPP retained the discretion on the amount of any increase. The case will now proceed as to whether the LAFPP abused its discretion in the affected years. 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.

Table 54
LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS⁽¹⁾
(\$ in thousands)

	<i>Budget 2022-23</i>	<i>Projection 2023-24</i>	<i>Projection 2024-25</i>	<i>Projection 2025-26</i>	<i>Projection 2026-27</i>
General Fund	\$ 660,945	\$ 573,250	\$ 537,952	\$ 513,699	\$ 501,089
Percentage of Payroll	41.84%	33.45%	30.58%	28.57%	27.27%
Incremental Change	\$ (61,053)	\$ (87,696)	\$ (35,298)	\$ (24,254)	\$ (12,610)
% Change	(8.46)%	(13.27)%	(6.16)%	(4.51)%	(2.45)%

⁽¹⁾ Assumes 0.00% return on investment in 2021-22 and 7.00% thereafter.

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

PART 2: HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION

Introduction

The City of Los Angeles is the second most populous city in the United States, with an estimated 2022 population of 3.82 million. Los Angeles is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

The economic and demographic information below is provided as general background. Although it has been collected from sources that the City considers to be reliable, the City has made no independent verification of the information provided by non-City sources and the City takes no responsibility for the completeness or accuracy thereof. The current state of the economy of the City, State of California and the United States of America may not be reflected in the data discussed below, because more up-to-date information is not publicly available. In particular, the impact of the COVID-19 pandemic on the local economy and workforce may not be fully 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 had swelled to 1.5 million persons by 1940. During this same period, the automobile became the principal mode of American transportation, and the City developed as the first major city of the automotive age. Following World War II, the City became the focus of a new wave of migration, with its population reaching 2.4 million persons by 1960. By 2022, the population grew another 2.4 million, and the City experienced further growth in its demographic and economic diversity.

The City's 470 square miles contain 11.5 percent of the area of the County of Los Angeles, California (the "County") and approximately 39 percent of the population of the County. Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture, television and digital media production), and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical technology, digital information technology, environmental technology and aerospace. The County is a top-ranked county in manufacturing in the nation. Important manufacturing components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal, and food processing. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined are the busiest container ports in the nation. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

Population

The table below summarizes City, County, and State population, estimated as of January 1 of each year.

Table 55
CITY, COUNTY AND STATE POPULATION STATISTICS

	<i>City of Los Angeles</i>	<i>Annual Growth Rate⁽¹⁾</i>	<i>County of Los Angeles</i>	<i>Annual Growth Rate⁽¹⁾</i>	<i>State of California</i>	<i>Annual Growth Rate⁽¹⁾</i>
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
2020 ⁽¹⁾	3,896,077	(0.22)	10,014,009	(0.22)	39,538,223	(0.35)
2021	3,853,323	(1.10)	9,931,338	(0.83)	39,303,157	(0.59)
2022	3,819,538	(0.88)	9,861,224	(0.71)	39,185,605	(0.30)

⁽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, 2011-2020, with 2010 Census Benchmark. Sacramento, California, May 2, 2022. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-22, with 2020 Census Benchmark. Sacramento, California, May 2, 2022.

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 56
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND
UNEMPLOYMENT OF RESIDENT LABOR FORCE⁽¹⁾

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
<u>Civilian Labor Force</u>					
City of Los Angeles					
Employed	1,969,500	1,984,800	2,009,100	1,789,500	1,868,800
Unemployed	<u>100,000</u>	<u>96,100</u>	<u>93,000</u>	<u>252,800</u>	<u>181,600</u>
Total	2,069,500	2,081,000	2,102,100	2,042,300	2,050,400
County of Los Angeles					
Employed	4,864,100	4,885,300	4,926,100	4,355,900	4,548,900
Unemployed	<u>245,700</u>	<u>235,900</u>	<u>227,000</u>	<u>613,000</u>	<u>445,200</u>
Total	5,109,800	5,121,200	5,153,100	4,968,900	4,994,100
<u>Unemployment Rates</u>					
City	4.8%	4.6%	4.4%	12.4%	8.9%
County	4.8%	4.6%	4.4%	12.3%	8.9%
State	4.8%	4.3%	4.1%	10.2%	7.3%
United States	4.4%	3.9%	3.7%	8.1%	5.3%

⁽¹⁾ March 2021 Benchmark report as of March 25, 2022; not seasonally adjusted.

Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in the table below.

Sources: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S.

The COVID-19 pandemic caused an unprecedented loss of jobs and an increase in unemployment. Unemployment for the City for April 2020 was 20.7 percent, increased from 5.5 percent in March (not seasonally adjusted). The previous high in unemployment was 12.3 percent at the height of the Great Recession in 2010. The California Employment Development Department has reported preliminary unemployment figures for April 2022 of 3.8 percent statewide, 4.7 percent for the County, and 4.9 percent for the City (not seasonally adjusted).

The following table summarizes the California Employment Development Department's estimated annual employment for the County as of March 2020 (prior to the pandemic), 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 57
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE⁽¹⁾

	<i>County of Los Angeles 2021</i>	<i>% of Total</i>	<i>State of California 2021</i>	<i>% of Total</i>
Agricultural	4,600	0.1%	407,500	2.3%
Mining and Logging	1,600	0.0	19,000	0.1
Construction	149,800	3.5	880,300	5.1
Manufacturing	311,700	7.3	1,273,200	7.4
Trade, Transportation and Utilities	817,600	19.0	3,031,700	17.7
Information	213,200	5.0	566,500	3.3
Financial Activities	210,800	4.9	823,100	4.8
Professional and Business Services	629,500	14.6	2,702,100	15.8
Educational and Health Services	839,600	19.5	2,809,100	16.4
Leisure and Hospitality	429,300	10.0	1,632,600	9.5
Other Services	134,100	3.1	500,700	2.9
Government	<u>558,200</u>	13.0	<u>2,469,200</u>	14.4
Total⁽²⁾	4,300,000		17,115,600	

⁽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 56.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2021 Benchmark report released March 25, 2022.

Major Employers

The estimated top 25 major non-governmental employers in the County in 2021 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 7.5 percent of the labor force.

Table 58
LOS ANGELES COUNTY
2021 MAJOR NON-GOVERNMENTAL EMPLOYERS

<i>Employer</i>	<i>Product/Service</i>	<i>Employees</i>
Kaiser Permanente	Nonprofit health care plan	40,876
University of Southern California	Private university	22,465
Target Corp.	Retailer	20,000 ⁽¹⁾
Northrop Grumman Corp.	Defense contractor	18,000 ⁽¹⁾
Cedars-Sinai	Health system	16,309
Amazon	Online retailer	16,200 ⁽¹⁾
Allied Universal	Security professionals	15,326
Providence	Health care	14,935
Ralphs/Food 4 Less – Kroger Co.	Grocery retailer	14,585
Walt Disney Co.	Media and entertainment	12,200 ⁽¹⁾
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	12,005 ⁽¹⁾
UPS	Logistics, transportation and freight	11,643 ⁽¹⁾
Home Depot	Home improvement specialty retailer	11,200 ⁽¹⁾
NBCUniversal	Media and entertainment	11,000 ⁽¹⁾
AT&T	Telecommunications, DirecTV, cable, satellite and television provider	10,500 ⁽¹⁾
Albertsons Cos.	Grocery retailer	9,700 ⁽¹⁾
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,988
Edison International	Electric utility, energy services	7,672
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,400 ⁽¹⁾
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	7,143
Wells Fargo & Co.	Diversified financial services	7,075 ⁽¹⁾
FedEx Corp.	Shipping and logistics	6,750 ⁽¹⁾
Children’s Hospital Los Angeles	Hospital	6,405
Raytheon Intelligence & Space	Advanced sensors, training cyber and software solutions	6,133
Dignity Health	Health care	6,118

⁽¹⁾ Business Journal estimate.

Source: Los Angeles Business Journal, Weekly Lists, originally published October 11, 2021.

The estimated top 25 major governmental employers in the County in 2021 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 9.8 percent of the labor force.

Table 59
LOS ANGELES COUNTY
2021 LARGEST PUBLIC SECTOR EMPLOYERS

<i>Employers</i>	<i>Employees</i>
Los Angeles County	111,800
Los Angeles Unified School District	75,676
Federal Executive Board ⁽¹⁾	50,000
University of California, Los Angeles	46,130
City of Los Angeles ⁽²⁾	32,500
State of California ⁽³⁾	29,100
Long Beach Unified School District	11,267
Los Angeles County Metropolitan Transportation Authority	9,115
Los Angeles Department of Water and Power	8,770
Los Angeles Community College District	6,623
City of Long Beach	4,700
Cal State Northridge	3,933
Los Angeles World Airports	3,050
Pomona Unified School District	2,840
Cal Poly Pomona	2,675
Cal State Los Angeles	2,644
Cal State Long Beach	2,615
Montebello Unified School District	2,320
Mt. San Antonio Community College District	2,021
Compton Unified School District	1,992
City of Glendale	1,980
City of Santa Monica	1,900
William S. Hart Union High School District	1,900
City of Pasadena	1,795
Santa Monica Community College District	1,768

⁽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 October 11, 2021.

Personal Income

The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of “net earnings,” rental income, dividend income, interest income, and transfer receipts. “Net earnings” is defined as wages and salaries, supplements to wages and salaries, and proprietors’ income, less contributions for government social insurance, before deduction of personal income and other taxes.

The following table summarizes the latest available estimate of personal income for the County, State and United States; equivalent data is not available for the City.

Table 60
COUNTY, STATE AND U.S.
PERSONAL INCOME

<i>Year and Area</i>	<i>Personal Income (thousands of dollars)</i>	<i>Per Capita Personal Income⁽¹⁾ (dollars)</i>
2017		
County ⁽²⁾	\$ 580,826,819	\$57,551
State ⁽³⁾	2,318,644,417	58,942
United States ⁽³⁾	16,845,028,000	51,811
2018		
County ⁽²⁾	\$ 602,428,812	\$59,874
State	2,431,821,953	61,663
United States ⁽³⁾	17,681,159,000	54,098
2019		
County ⁽²⁾	\$ 631,161,849	\$63,043
State ⁽³⁾	2,544,234,978	64,513
United States ⁽³⁾	18,402,004,000	56,047
2020		
County ⁽²⁾	\$ 678,829,092	\$68,272
State ⁽³⁾	2,763,311,977	70,192
United States ⁽³⁾	19,607,447,000	59,510
2021		
County	N/A	N/A
State ⁽³⁾	\$ 2,997,205,600	\$76,386
United States ⁽³⁾	21,056,621,900	63,444

⁽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 2010-2020 reflect county population estimates available as of March 2021. These population estimates are based on the 2010 census. BEA will incorporate Census Bureau midyear population estimates based on the 2020 census results when they become available..

⁽²⁾ Last updated: November 16, 2021 – new statistics for 2020; revised statistics for 2016 – 2019.

⁽³⁾ Last updated: March 23, 2022 – preliminary statistics for 2021; revised statistics for 2017 – 2020.

Source: U.S. Bureau of Economic Analysis, “Table SAINC1: Personal Income Summary” and “Table CAINC1: Personal Income Summary” (accessed March 23, 2022).

Retail Sales

As the largest city in the County, the City accounted for \$50.7 billion (or 26 percent) of the total \$192.3 billion in County taxable sales for 2021. The following table sets forth a history of taxable sales for the City for calendar years 2017 through 2021.

Table 61
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Motor Vehicle and Parts Dealers	\$ 4,622,056	\$ 4,953,943	\$ 4,920,618	\$ 4,585,480	\$ 5,925,390
Home Furnishings and Appliance Stores	1,961,481	1,994,456	1,879,295	1,523,470	2,023,270
Bldg. Materials and Garden Equip. and Supplies	2,473,704	2,604,997	2,633,786	2,774,916	3,039,402
Food and Beverage Stores	2,909,253	2,965,281	3,003,306	3,045,666	3,150,173
Gasoline Stations	3,973,137	4,577,433	4,634,896	2,903,295	4,467,297
Clothing and Clothing Accessories Stores	3,211,811	3,358,528	3,392,114	2,302,122	3,619,613
General Merchandise Stores	2,858,495	2,901,449	2,908,563	2,494,747	3,035,960
Food Services and Drinking Places	9,273,985	9,704,572	10,214,928	6,320,584	8,864,459
Other Retail Group	4,292,007	4,582,036	4,686,277	4,462,925	5,279,104
Total Retail and Food Services	35,575,932	37,642,695	38,273,783	30,413,205	39,404,668
All Other Outlets	<u>11,140,929</u>	<u>11,862,801</u>	<u>11,900,668</u>	<u>9,241,031</u>	<u>11,269,071</u>
TOTAL ALL OUTLETS	\$46,716,861	\$49,505,496	\$ 50,174,451	\$39,654,236	\$ 50,673,739
Year-over-year growth	3.4%	6.05%	1.4%	(21.0%)	27.8%

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 62
CITY OF LOS ANGELES
ASSESSED VALUATION AND PARCELS BY LAND USE

	<i>2021-22 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
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 63
CITY OF LOS ANGELES
PER PARCEL ASSESSED VALUATION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES

	<i>No. of Parcels</i>	<i>2021-22 Assessed Valuation</i>	<i>Average Assessed Valuation</i>	<i>Median Assessed Valuation</i>
Single Family Residential Properties	503,701	\$374,334,075,716	\$743,167	\$409,411

<i>2021-22 Assessed Valuation</i>	<i>No. of Residential Parcels ⁽¹⁾</i>	<i>% of Total</i>	<i>Cumulative % of Total</i>	<i>Total Valuation</i>	<i>% of Total</i>	<i>Cumulative % of Total</i>
\$0 - \$49,999	6,435	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 64
CITY OF LOS ANGELES
RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Valuation ⁽¹⁾	\$ 7,924	\$ 8,654	\$ 8,520	\$ 6,285	\$ 6,091
Residential ⁽²⁾	3,522	3,940	3,437	2,930	2,743
Non-Residential ⁽³⁾	1,197	1,256	1,091	1,187	871
Miscellaneous Residential ⁽⁴⁾	134	180	173	129	232
Miscellaneous Non-Residential ⁽⁵⁾	87	40	146	46	18
Number of Residential Units:					
Single family ⁽⁶⁾	3,148	3,598	3,739	2,685	3,122
Multi-family ⁽⁷⁾	<u>10,984</u>	<u>12,659</u>	<u>10,693</u>	<u>9,171</u>	<u>10,898</u>
Subtotal Residential Units	14,132	16,257	14,432	11,856	14,020
Number of Non-Residential Units ⁽⁸⁾	630	12	1	0	512
Miscellaneous Residential Units ⁽⁹⁾	4,701	4,614	5,014	3,017	4,664
Miscellaneous Non-Residential Units ⁽¹⁰⁾	100	493	475	257	480
Total Units	19,563	21,376	19,922	15,130	19,676

(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

Certain provisions of the resolution of the City Council adopted on [August 30, 2022] (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, of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, and (v) Article XIII A of the California Constitution, as amended.

“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 the City of Los Angeles General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds).

“Business Day” means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or the City or is a day on which banking institutions in the State of California or the City are authorized or required by law or other governmental action to close.

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

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

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

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

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

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

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate executed by the City dated the date of issuance and delivery of the Bonds, 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 other resolution that may be adopted in connection with the issuance and sale of the Bonds), the Notice Inviting Bids, the Notice of Intention to Sell Bonds, the Bonds, the Preliminary Official Statement and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; rating agency fees; auditor’s fees; municipal advisors fees; CUSIP service bureau charges; fees and charges, if any, of DTC; legal fees and expenses of bond counsel and disclosure counsel with respect to the financing; the initial fees and expenses of the Paying Agent, if any; and other fees and expenses incurred in connection with the issuance of the Bonds, or the implementation of the financing for the Proposition HHH Projects, to the extent such fees and expenses are approved by the City Administrative Officer.

“Costs of Issuance Fund” means the Costs of Issuance Fund established pursuant to the Resolution.

“Council” means the Council of the City.

“Custodial Agreement” means the Custodial Agreement as defined in the Resolution.

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

“Debt Service Fund” means the “General Obligation Bonds, Series 2022-A (Taxable) Debt Service Fund” established pursuant to the Resolution.

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

“Deposit Agreement” means the Good Faith Deposit Agreement described in 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.

“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, 2023.

“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.

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

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

“Proposition HHH Projects” means the housing and related facilities 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 the Resolution.

“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 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 2022 A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$410,000,000 FOR PROPOSITION HHH PROJECTS, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF INTENTION TO SELL BONDS AND A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE BONDS, AND AUTHORIZING CERTAIN AND OTHER DOCUMENTS AND 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 2022-A Construction Fund” means the General Obligation Bonds, Series 2022-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 2022-A (Taxable) Proposition HHH Construction Fund, the General Obligation Bonds, Series 2022-A (Taxable) Debt Service 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 in each Fiscal Year in accordance with law upon all taxable property in the City, after taking into consideration anticipated delinquencies, in an amount sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the principal of, 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.

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. 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 (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.

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 secured by and 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, and the rights and obligations of the City and of the Owners of the Bonds issued under 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, 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.

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, 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 2022-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on [August 30, 2022] authorizing the issuance of the Bonds (the “Resolution”).

The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Beneficial Owner*” shall mean any person which (a) has or shares the power, directly, or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*DAC*” shall mean Digital Assurance Certificate L.L.C.

“*Dissemination Agent*” shall mean each of the City Administrative Officer of the City or any other person authorized to act on his behalf, acting in the capacity of Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. The initial Dissemination Agent hereunder shall be DAC.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate as Listed Events.

“*MSRB*” means the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“*Official Statement*” shall mean the Official Statement dated [September __, 2022], issued by the City in connection with the sale of the Bonds.

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

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

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

“State” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 2023, for the report for the 2021-22 fiscal year, or if the fiscal year end changes from June 30, not later than 365 days after the end of the City’s fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the City’s audited financial statements may be submitted separately from the balance of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the then-current procedures for submitting Annual Reports to the MSRB; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to governmental entities from time to time. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) Tabular information provided in APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT” to the Official Statement under the headings: “BUDGET AND FINANCIAL OPERATIONS,” “MAJOR GENERAL FUND REVENUE SOURCES,” “BONDED AND OTHER INDEBTEDNESS” and “LITIGATION.” The City need not update any particular table or chart included in such

sections so long as (i) the City provides updated information generally of the type previously included in such table or chart, or (ii) such table or chart constitutes information not deemed to be operating data under the Rule.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, available to the public on the MSRB's Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) To the extent applicable and pursuant to provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each of which is a "Listed Event"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights to Owners, if material;
- (4) bond calls other than scheduled sinking fund redemptions, if material, and tender offers;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570 1-TEB) or other material notices of determinations with respect to the tax status of the Bonds;
- (8) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of any credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds, if material;
- (12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the

entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation, as defined in the Rule, of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) If the Dissemination Agent is other than the City, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the City and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to 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), (14) and (15) of Section 5(a), only in the event the City determines that knowledge of occurrence of a Listed Event would be material under applicable federal securities laws, the City shall file or cause to be filed a notice of such occurrence with the 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 the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent other than the original Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (other than the City or the City Administrative Officer) shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Disclosure Certificate.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions relating to the filing of an Annual Report or the giving of notice of a Listed Event as set forth in Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or

change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Owners' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: September __, 2022

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 2022-A (Taxable) (Social Bonds)

Date of Issuance: September __, 2022

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 September __, 2022. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES

By: _____
Title: _____

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

None of the City, the Paying Agent or the Underwriter can or do give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the City, the Paying Agent or the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto. The City pursuant to the Resolution may discontinue the book-entry only system. In that event, the provisions of the Resolution relating to issuance of Bond certificates and the transfer of ownership thereof will apply.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the City of Los Angeles General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both United States and non-United States securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s has assigned DTC a rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City, as the issuer of the Bonds, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

Neither the City nor the Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Notes paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE CITY OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, ON THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. NEITHER THE COUNTY NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE NOTES OR AN ERROR OR DELAY RELATING THERETO.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

City of Los Angeles
Los Angeles, California

\$ _____
GENERAL OBLIGATION BONDS
SERIES 2022-A
(TAXABLE) (SOCIAL BONDS)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Los Angeles, California (the “City”) regarding the issuance of \$ _____ aggregate principal amount of its General Obligation Bonds Series 2022-A (Taxable) (Social Bonds) (the “Bonds”). 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, (v) a resolution of the City Council of the City adopted on [August 30, 2022] authorizing the issuance of the Bonds (the “Resolution”), and (vi) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended.

In connection with the delivery of this opinion letter, we have examined the law and the following documentation:

- (a) The transcript of proceedings for the Bonds, including but not limited to the Resolution; and
- (b) Such other documents, matters and law as we deemed relevant and necessary in rendering this opinion.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such records, certifications, documents and proceedings.

Based upon the foregoing review, and subject to the limitations stated below, we are of the opinion that under the laws, regulations, rulings and judicial decisions existing on the date hereof:

1. The Resolution has been duly adopted by the City and constitutes the legal, valid and binding obligation of the City, enforceable against the City in accordance with its terms. The Bonds are entitled to the benefits of the Resolution.

2. The Bonds have been duly authorized, executed and delivered by the City in accordance with the Resolution, and constitute the legal, valid and binding obligations of the City, enforceable against the City in accordance with their terms and the terms of the Resolution.

3. The principal of and interest on the Bonds are payable solely from and are secured by a pledge of *ad valorem* taxes which may be levied without limitation as to the rate or amount upon all real property subject to taxation by the City and which may be levied within the limit prescribed by law upon all taxable personal property in the City, and from other available funds as set forth in the Resolution.

4. Interest on the Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. 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 the State of California.

The opinions expressed herein are based on an analysis of existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds. Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Our engagement with respect to the Bonds has concluded with their issuance and we disclaim any obligation to update this letter. We have assumed compliance with all covenants and agreements contained in the Resolution and the Bonds. We call attention to the fact that the rights and obligations under the Resolution and the Bonds may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We also express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents.

We express no opinion herein with respect to accuracy, completeness or sufficiency of the Official Statement for the Bonds. We have not performed an independent investigation to determine the accuracy, completeness or sufficiency of any other information contained in the Official Statement. We have not assumed responsibility for any description of the revenues or other sources of security for or other matters relating to any evaluation of the likelihood of payment of, or creditworthiness of, the Bonds or the adequacy of the security provided to owners of the Bonds. We also have not been engaged to review, and we did not review, the financial condition of the City or the revenues or other sources of security for or other matters relating to an evaluation of the likelihood of payment of, or creditworthiness of the Bonds or the security provided to owners of the Bonds.

We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Respectfully submitted,

Exhibit D
Custodial Agreement

CUSTODIAL AGREEMENT

Dated as of
[September 1], 2022

By and Between

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Custodian

RELATING TO
COSTS OF ISSUANCE

CUSTODIAL AGREEMENT

THIS CUSTODIAL AGREEMENT, dated as of [September 1], 2022 (this “Agreement”), is entered into by and between the CITY OF LOS ANGELES, a charter city in the State of California (the “City”) and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as custodian (the “Custodian”).

W I T N E S S E T H

WHEREAS, the Council adopted a resolution on [August 30], 2022 authorizing the issuance of the below-described Bonds (the “Authorizing Resolution”);

WHEREAS, the City has approved the issuance and sale of \$389,435,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2022-A (Taxable) (Social Bonds) (the “Bonds”) pursuant to the Authorizing Resolution;

WHEREAS, the City has agreed to pay, pursuant to the Authorizing Resolution, certain costs associated with the issuance and delivery of the Bonds (the “Costs of Issuance”); and

WHEREAS, the Custodian has agreed to act as custodian with respect to the Costs of Issuance and disburse payments of Costs of Issuance to various persons, upon instruction by the City, and the Custodian has full power and authority to perform and serve as Custodian for the City in connection with the payment of the Costs of Issuance;

NOW, THEREFORE, in consideration of the following, the City and the Custodian DO HEREBY AGREE as follows:

SECTION 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Authorizing Resolution.

SECTION 2. Appointment of Custodian. The City hereby appoints the Custodian to serve as custodian with respect to the payment of Costs of Issuance, in accordance with this Agreement. The Custodian hereby accepts its appointment and agrees to serve as custodian for the disbursement of the Costs of Issuance.

SECTION 3. Costs of Issuance Fund. The Custodian shall establish and administer, separate and apart from any other funds and accounts held by the Custodian, a fund designated the “General Obligation Bonds Costs of Issuance Fund” (the “Costs of Issuance Fund”) established pursuant to the Authorizing Resolution. There shall be deposited into the Costs of Issuance Fund the amount of \$[_____], to pay Costs of Issuance (the “COI Deposit”), which the Custodian received from U.S. Bank Trust Company, National Association, as custodian (the “Good Faith Deposit Custodian”) under the Deposit Agreement for the Bonds. Such amount comprises a portion of the good faith deposit received by the Good Faith Deposit Custodian pursuant to the Deposit Agreement.

SECTION 4. Responsibilities of Custodian.

(a) The Custodian shall pay from the COI Deposit held in the Costs of Issuance Fund those Costs of Issuance for which the Custodian has received a written invoice, approved by the City; provided that (i) each payee is listed as entitled to payment of Costs of Issuance on Exhibit A to this Agreement, (ii) the amount paid shall not exceed the amount set forth with respect to such payee in Exhibit A and (iii) amounts on deposit in the Costs of Issuance Fund are sufficient to cover such payment. The names, titles and specimen signatures of the authorized officers of the City (the "Authorized Officers") are contained in Exhibit B attached hereto.

(b) If the then remaining amounts on deposit in the Costs of Issuance Fund is insufficient to pay any Costs of Issuance for which an invoice set forth in Exhibit A has been presented to the Custodian, the Custodian shall honor invoices to the extent of amounts remaining on deposit in the Costs of Issuance Fund, and the City shall be responsible for payment of any amount of such invoice remaining unpaid. The Custodian shall honor invoices on a first received-first paid basis.

(c) The Custodian shall hold all amounts in Costs of Issuance Fund uninvested in cash.

(d) Any funds remaining in the Cost of Issuance Fund on March 1, 2023 (or on such earlier date the Custodian receives written instructions from an Authorized Officer indicating that all Costs of Issuance to be paid from the Costs of Issuance Fund have been paid), shall be disbursed for deposit to, pursuant to instructions of the Authorized Officer, the Debt Service Fund for the Bonds.

SECTION 5. Performance of Duties. The Custodian agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Custodian herein provided are in a form satisfactory to it.

SECTION 6. Amendments. The City and the Custodian may amend this Agreement or enter into such agreements supplemental to this Agreement as shall not be inconsistent with the terms and provisions of this Agreement or the Authorizing Resolution, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; and (ii) to include under this Agreement additional funds, securities or properties. The Custodian shall be entitled to rely conclusively upon an Opinion of Bond Counsel that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 7. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which any remaining amounts on deposit in the Cost of Issuance Fund have been transferred to the City, in accordance with this Agreement.

SECTION 8. Fees and Expenses. The City agrees to pay amounts equal to the fees and expenses of the Custodian as provided in the fee schedule attached hereto as Exhibit C in consequence of this Agreement and the acceptance thereof by the Custodian. The Custodian shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof for the payments of fees and expenses for services rendered by it under this Agreement.

SECTION 9. Indemnity. The City agrees to indemnify the Custodian, its agents and its officers or employees for and hold the Custodian, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Custodian) which may be imposed on, incurred by, or asserted against the Custodian at any time by reason of the performance of its duties as Custodian hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Custodian's or its officers' or employees' or agents' negligence or willful misconduct. The Custodian's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

SECTION 10. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Custodian to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 11. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 12. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 13. Assignment. This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

SECTION 14. Electronic Signature. The parties agree that facsimile signatures or signatures scanned into portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Custodian

By: _____
Authorized Officer

EXHIBIT A
SCHEDULE OF COSTS OF ISSUANCE
COSTS OF ISSUANCE FUND

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

EXHIBIT B

TITLES OF AUTHORIZED OFFICERS AND SPECIMEN SIGNATURES

Benjamin Ceja
Assistant City Administrative Officer

Ha To
Chief of Debt Management

EXHIBIT C

SCHEDULE OF FEES FOR SERVICES AS COSTS OF ISSUANCE CUSTODIAN

Custodial Fee

Includes performance of the routine duties as Costs of Issuance Custodian.

This is a one-time fee payable at closing. \$500

Disbursement/Draw After Closing Date

Charge per item disbursed. Includes the wire or check fee. \$25

Exhibit E

Good Faith Deposit Agreement

GOOD FAITH DEPOSIT AGREEMENT

by and between

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Custodian

relating to

The City of Los Angeles
General Obligation Bonds
Series 2022-A (Taxable) (Social Bonds)

Dated as of [September 15], 2022

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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 [September 15], 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 TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as custodian (the “Custodian”).

W I T N E S S E T H :

WHEREAS, the Council of the City (the “Council”) adopted a resolution on [August 30], 2022 authorizing the issuance of bonds primarily for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services (the “Authorizing Resolution”); and

WHEREAS, the City has approved the issuance of not to exceed \$410,000,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2022-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 \$3,894,350; 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 2022-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 [September 15], 2022 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.

Section 15. Electronic Signature. The parties agree that facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

[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 TRUST COMPANY, NATIONAL
ASSOCIATION,
as Custodian

By: _____
Authorized Officer

[Signature page to Series 2022-A Good Faith Deposit Agreement]

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. \$800

Disbursement/Draw—SEI

Charge per item disbursed. Includes the wire or check fee. \$25

Exhibit F
Award Certificate

**CERTIFICATE OF THE CITY ADMINISTRATIVE OFFICER
OF THE CITY OF LOS ANGELES AWARDED
THE CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS, SERIES 2022-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 [August 30], 2022 (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 2022-A (Taxable) (Social Bonds)” (the “Series 2022-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 2022-A Bonds;

3) at the time and place fixed for the opening of bids for the Series 2022-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 2022-A Bonds and to award the Series 2022-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 2022-A Bonds and the interest rates per annum, is the bid for the Series 2022-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 2022-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 2022-A Bonds comply with the requirements of the City;

8) the award of the Series 2022-A Bonds as provided herein is in the best interest of the City;

9) all bids for the Series 2022-A Bonds other than the one accepted in paragraph 5 above are hereby rejected, and the City Administrative Officer will direct U.S. Bank Trust Company, National Association, as custodian under the Good Faith Deposit Agreement with

the City, to return the good faith deposit accompanying each rejected bid (if applicable) to the appropriate unsuccessful bidder;

10) the terms, including the dates, maturity dates, principal amounts, interest rates and redemption provisions of the Series 2022-A Bonds are attached hereto and marked Exhibit 2;

11) the issuance of the Series 2022-A Bonds on the terms of the accepted Bid is in the interest of the City;

12) interest on the Series 2022-A Bonds is intended to be included in gross income of the holders thereof for federal income tax purposes;

13) the estimated designated costs of issuing the Series 2022-A Bonds is \$[]; and

14) the execution of the Notice Inviting Bids, and any letter and award certificate given in connection therewith, including, but not limited to this certificate, and any other certificate executed in connection with the Series 2022-A Bonds, may be conducted by electronic means. The City acknowledges and agrees that it is such party's intent, that if such party signs any such document using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), it is signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed its handwritten signature on such document.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of the [15th of September], 2022.

CITY OF LOS ANGELES

Assistant City Administrative Officer

[Signature page to Series 2022-A Certificate of City Administrative Officer]

EXHIBIT 1

EXHIBIT 2

[See terms of the Series 2022-A Bonds attached hereto.]