

CITY OF LOS ANGELES
CALIFORNIA

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Council File No.



ANTONIO R. VILLARAIGOSA
MAYOR

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SHANNON HOPPE
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Division

www.cityclerk.lacity.org

March 28, 2012

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 12-0376,
at its meeting held March 23, 2012.

City Clerk
vm

Mayor's Time Stamp
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CITY OF LOS ANGELES

TIME LIMIT FILES
ORDINANCES

FORTHWITH

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CITY CLERK

BY _____
DEPUTY

COUNCIL FILE NUMBER 12-0376

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE MARCH 23, 2012

LAST DAY FOR MAYOR TO ACT APR 02 2012

ORDINANCE TYPE: Ord of Intent Zoning Personnel ☒ General

 Improvement LAMC LAAC CU or Var Appeals - CPC No. _____

SUBJECT MATTER: ISSUANCE OF THE LOS ANGELES WASTEWATER SYSTEM FIXED-RATE REVENUE REFUNDING BONDS

PLANNING COMMISSION

DIRECTOR OF PLANNING

CITY ATTORNEY

CITY ADMINISTRATIVE OFFICER

OTHER

APPROVED

DISAPPROVED

 X
 X

BY _____
CITY CLERK
DEPUTY

CITY CLERK

2012 MAR 27 AM 11:46

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DATE OF MAYOR APPROVAL, DEEMED APPROVED OR *VETO MAR 23 2012
(*VETOED ORDINANCES MUST BE ACCOMPANIED WITH OBJECTIONS IN WRITING PURSUANT TO CHARTER SEC. 250(b) (c))

(CITY CLERK USE ONLY PLEASE DO NOT WRITE BELOW THIS LINE)

DATE RECEIVED FROM MAYOR MAR 27 2012

ORDINANCE NO. 182094

DATE PUBLISHED MAR 30 2012

DATE POSTED _____ EFFECTIVE DATE MAR 30 2012

ORD OF INTENT: HEARING DATE _____ ASSESSMENT CONFIRMATION _____

ORDINANCE FOR DISTRIBUTION: YES NO

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your

ENERGY AND ENVIRONMENT COMMITTEE

reports as follows:

ENERGY AND ENVIRONMENT COMMITTEE REPORT, RESOLUTIONS and ORDINANCE relative to the issuance of the Los Angeles Wastewater System Fixed-Rate Revenue Refunding Bonds.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. ADOPT the accompanying Twenty-Sixth Supplemental RESOLUTION, and Thirteenth Supplemental RESOLUTION, including various documents required to execute the transactions, and authorizes the City Administrative Officer (CAO) to take certain actions required to manage the transactions, as detailed in the CAO March 15, 2012 report and attached to the Council file.
2. PRESENT and ADOPT the accompanying ORDINANCE establishing special funds for the Los Angeles Wastewater System Revenue Bonds, Series 2012 ("Series 2012 Bonds").
3. AUTHORIZE the CAO to make technical changes to implement the intent of the Council and Mayor.

Fiscal Impact Statement: The CAO reports that the debt service on the Wastewater System Revenue Bonds is paid from the Sewer Construction and Maintenance Fund and that the costs of issuance will be paid from bond proceeds. Approval of the proposed resolution will have no impact on the City's General Fund.

Debt Impact Statement:

The CAO reports that there is no debt impact to the City's General Fund from the approval of the recommendations in this report. The proposed transactions are expected to generate savings for the Sewer and Construction Maintenance Fund, pursuant to the City's Debt Management Policies, which will be determined at the time of issuance subject to market conditions.

Community Impact Statement: None submitted.

Summary:

On March 21, 2012, the Energy and Environment Committee considered a March 15, 2012 CAO report, March 14, 2012 City Attorney report, and Ordinance relative to the issuance of the Los Angeles Wastewater System Fixed-Rate Revenue Refunding Bonds.

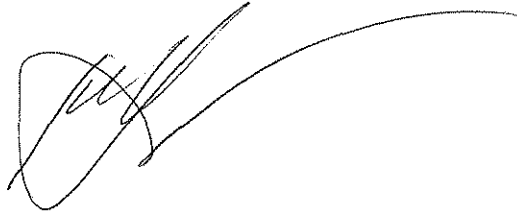
This CAO recommends the sale of the Series 2012 Bonds on a negotiated basis by seven firms selected from the approved qualified list of underwriters for fixed-rate bond. The seven firms are listed as J.P. Morgan Securities Inc. (LBE), Jefferies & Co. Inc (LBE), Loop Capital Markets LLC (LBE/MBE), Barclays Capital Inc. (LBE), Stone & Youngberg, a Division of Stifel Financial Corp (LBE), De La Rosa & Co., Inc. (MBE/LBE), and Wells Fargo Securities (LBE).

According to the CAO, the proposed underwriters have well-established retail capabilities that could be supplemented with a selling group comprised of additional underwriters. The members of the selling group would not be a party to this transaction in that they would not assume any underwriting liability, they would only assist with the marketing and sale of bonds and would be compensated accordingly. It was recommended for the CAO to be authorized to establish a selling group, if the determination is made that it would be a cost-effective tool to improve retail access.

The CAO report, attached to the Council file, provides additional details on the issuance of the Los Angeles Wastewater System Fixed-Rate Revenue Refunding Bonds. After providing an opportunity for public comment, the Committee recommended that Council concur with the recommendations as reflected above. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
HUIZAR:	YES
ZINE:	YES
CÁRDENAS:	YES
ALARCÓN:	ABSENT
KORETZ:	YES

EV
12-0376_rpt_ee_3-21-12

ADOPTED

MAR 23 2012

**LOS ANGELES CITY COUNCIL
TO THE MAYOR FORTHWITH**

- Not Official Until Council Acts -

ATTACHMENT A

TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

THE COUNCIL OF THE CITY OF LOS ANGELES

TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City

_____, 1, 2012

SUPPLEMENTING THE

WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION

Adopted by the Council of the City

November 10, 1987

AND AUTHORIZING AND APPROVING THE ISSUANCE OF
WASTEWATER SYSTEM REVENUE BONDS, SERIES 2012 IN ONE OR MORE SERIES,
INCLUDING REFUNDING BONDS THE NEGOTIATED SALE OF SUCH
BONDS, THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO
AND RELATED ACTIONS

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TWENTY-SIXTH SUPPLEMENTAL RESOLUTION

Providing for

City of Los Angeles
Wastewater System Revenue Bonds
Series 2012

WHEREAS, the Council (the "Council") of the City of Los Angeles (the "City") on November 10, 1987 adopted a resolution designated as the "WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION," and supplemental resolutions thereto (the "General Resolution"), which sets forth the basic terms under which the City may issue wastewater system revenue bonds (the "Bonds") and which provides for a pledge of Revenues (as defined in the General Resolution) to secure all Bonds issued thereunder; and

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

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

WHEREAS, at such election held June 2, 1987, the voters voting on the proposition approved the issuance of \$500,000,000 of such bonds; and

WHEREAS, the Council, by resolution adopted August 2, 1988, submitted to the qualified voters of the City the proposition of increasing the authorization to issue bonds to finance the wastewater system improvement program from \$500,000,000 to \$2,000,000,000; and

WHEREAS, at such election held November 8, 1988, the voters voting on the proposition approved the increase in the authorization to a total of \$2,000,000,000; and

WHEREAS, the Council, by resolution adopted August 4, 1992, submitted to the qualified voters of the City the proposition of increasing the authorization to issue bonds to finance the wastewater system improvement program from \$2,000,000,000 to \$3,500,000,000; and

WHEREAS, at such election held November 3, 1992, the voters voting on the proposition approved the increase in the authorization to a total of \$3,500,000,000; and

WHEREAS, the City has, under the General Resolution and individual supplemental resolutions thereto, issued the following Wastewater System Revenue Bonds:

Initial Principal Amount	Series
\$125,000,000.00	Series 1987 (the "Series 1987 Bonds")
130,000,000.00	Series 1988 (the "Series 1988 Bonds")
160,076,473.50	Series 1989 (the "Series 1989 Bonds")
108,715,000.00	Series 1990 A (the "Series 1990-A Bonds")
190,000,000.00	Series 1990-B (the "Series 1990-B Bonds")
112,410,000.00	Series 1991-A (the "Series 1991-A Bonds")
112,875,000.00	Series 1991-B (the "Series 1991-B Bonds")
87,125,000.00	Refunding Series 1991-C (the "Series 1991-C Bonds")
200,000,000.00	Series 1991-D (the "Series 1991-D Bonds")
91,890,000.00	Refunding Series 1992-A (the "Series 1992-A Bonds")
200,000,000.00	Series 1992-B (the "Series 1992-B Bonds")
301,015,000.00	Refunding Series 1993-A (the "Series 1993-A Bonds")
150,000,000.00	Series 1993-B (the "Series 1993-B Bonds")
76,885,000.00	Refunding Series 1993-C (the "Series 1993-C Bonds")
388,290,000.00	Refunding Series 1993-D (the "Series 1993-D Bonds")
150,000,000.00	Series 1994-A (the "Series 1994-A Bonds")
72,520,000.00	Refunding Series 1996-A (the "Series 1996-A Bonds")
35,250,000.00	Refunding Series 1997-A (the "Series 1997-A Bonds")
253,955,000.00	Series 1998-A (the "Series 1998-A Bonds")
120,855,000.00	Refunding Series 1998-B (the "Refunding Series 1998-B Bonds")
63,705,000.00	Refunding Series 1998-C (the "Refunding Series 1998-C Bonds")
88,390,000.00	Refunding Series 1999-A (the "Refunding Series 1999-A Bonds")
102,850,000.00	Refunding Series 2002-A (the "Refunding Series 2002-A Bonds")
204,335,000.00	Refunding Series 2003-A (the "Refunding Series 2003-A Bonds")
225,510,000.00	Refunding Series 2003-B (the "Refunding Series 2003-B Bonds")
300,655,000.00	Refunding Series 2005-A (the "Refunding Series 2005-A Bonds")
454,785,000.00	Refunding Series 2009-A (the "Refunding Series 2009-A Bonds")
177,420,000.00	Series 2010-A (the "Series 2010-A Bonds")
89,600,000.00	Series 2010-B (the "Series 2010-B Bonds")

all of which Senior Lien Bonds (to the extent Outstanding) shall be collectively referred to herein as the "Prior Senior Bonds," which are Outstanding in the aggregate principal amount of \$1,403,130,000 as of the date hereof; and

WHEREAS, on March 26, 1991, the Council adopted a Wastewater System Subordinate Revenue Bonds General Resolution (the "Subordinate General Resolution") and supplemental resolutions thereto that sets forth the basic terms under which the City may issue wastewater system revenue bonds ("Subordinate Bonds") that are subordinate to the Bonds and provide for a pledge of Revenues to secure all bonds issued thereunder, which pledge of Revenues is subordinate to the pledge of Revenues established pursuant to the General Resolution and that authorizes a commercial paper program through the issuance from time to time of commercial paper notes (the "Commercial Paper Notes") which commercial paper notes are payable on a basis subordinate to the Bonds issued under the General Resolution; and

WHEREAS, the City has, under the Subordinate General Resolution and individual supplemental resolutions thereto, authorized the issuance of the following Wastewater System Subordinate Revenue Bonds:

Initial Principal Amount	Series
\$123,400,000	Variable Rate Refunding Series 2001 A (the "Subordinate Refunding Series 2001 A Bonds")
123,400,000	Variable Rate Refunding Series 2001 B (the "Subordinate Refunding Series 2001 B Bonds")
46,300,000	Variable Rate Refunding Series 2001 C (the "Subordinate Refunding Series 2001 C Bonds")
15,500,000	Variable Rate Refunding Series 2001 D (the "Subordinate Refunding Series 2001 D Bonds")
365,510,000	Refunding Series 2003 A (the "Subordinate Refunding Series 2003 A Bonds")
269,450,000	Refunding Series 2003 B (the "Subordinate Refunding Series 2003 B Bonds")
118,810,000	Variable Rate Refunding Series 2006-A (the "Subordinate Refunding Series 2006-A Bonds")
71,280,000	Variable Rate Refunding Series 2006-B-1 (the "Subordinate Refunding Series 2006-B-1 Bonds")
27,715,000	Variable Rate Refunding Series 2006-B-2 (the "Subordinate Refunding Series 2006-B-2 Bonds")
49,490,000	Variable Rate Refunding Series 2006-C (the "Subordinate Refunding Series 2006-C Bonds")
49,490,000	Variable Rate Refunding Series 2006-D (the "Subordinate Refunding Series 2006-D Bonds" (the "Subordinate Refunding Series 2006-D Bonds"))
84,730,000	Variable Rate Refunding Series 2008-A (the "Subordinate Refunding Series 2008-A Bonds")
69,780,000	Variable Rate Refunding Series 2008-B (the "Subordinate Refunding Series 2008-B Bonds")
49,840,000	Refunding Series 2008-C (the "Subordinate Refunding Series 2008-C Bonds")
31,900,000	Refunding Series 2008 D (the "Subordinate Refunding Series 2008-D Bonds")
10,065,000	Variable Rate Refunding Series 2008 E (the "Subordinate Refunding Series 2008-E Bonds")
68,510,000	Variable Rate Refunding Series 2008 F-1 (the "Subordinate Refunding Series 2008 F-1 Bonds")
57,115,000	Variable Rate Refunding Series 2008 F-2 (the "Subordinate Refunding Series 2008 F-2 Bonds")
36,330,000	Variable Rate Refunding Series 2008-G (the "Subordinate Refunding Series 2008-G Bonds")
36,330,000	Variable Rate Refunding Series 2008-H (the "Subordinate Refunding Series 2008-H Bonds")

Initial Principal Amount	Series
199,790,000	Series 2010-A (the "Subordinate Series 2010-A Bonds")

all of which Subordinate Bonds (to the extent Outstanding) shall be collectively referred to herein as the "Prior Subordinate Bonds," which are Outstanding in the aggregate principal amount of \$1,169,505,000 as of the date hereof; and

WHEREAS, the General Resolution provides that additional Bonds may be issued in one or more Series, and the City has determined that it is now appropriate to authorize the issuance of one or more Series of Bonds designated as Revenue Bonds Series 2012, with such additional Series or subseries designations, including "Tax-Exempt Bonds" or "Taxable Bonds" or "Refunding Bonds" as shall be deemed necessary or appropriate as provided herein (the "Series 2012 Bonds"), through the adoption of this Twenty-Sixth Supplemental Resolution (the "Twenty-Sixth Supplemental Resolution") in accordance with the provisions of the General Resolution, for the purpose of (i) refunding all or any portion of the outstanding Commercial Paper and/or refunding all or any portion of the Prior Senior Bonds (the "Refunded Senior Bonds") and or of the Prior Subordinate Bonds (the "Refunded Subordinate Bonds" and, together with the Commercial Paper Notes and the Refunded Senior Bonds, the "Refunded Obligations"), whether through a current refunding or an advance refunding or by the purchase of such Refunded Obligations pursuant to a formal tender with the proceeds of the sale of the Series 2012 Bonds or a combination of the two financing methods (ii) funding any deposit into a 2012 Construction Fund in an amount needed to pay any Project Costs associated with any improvements to the System, (iii) funding any required deposit into the Reserve Fund in connection with the issuance of any Series of Series 2012 Bonds, and (iv) paying the costs of issuance in connection with the issuance of any Series of Series 2012 Bonds; and

WHEREAS, the Series 2012 Bonds shall be issued pursuant to and in accordance with the procedures set forth in the Charter, the Revenue Bond Law and Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (§53570 et seq.) of the California Government Code (the "Refunding Law") and the provisions of the General Resolution, including this Twenty-Sixth Supplemental Resolution; and

WHEREAS, the Series 2012 Bonds may be issued in one or more Series or subseries, in such amounts and with such payment terms and details as the City Administrative Officer, upon the advice of the City's financial advisors, shall determine to be in the City's best interests and which are otherwise consistent with the provisions and parameters of this Twenty-Sixth Supplemental Resolution; and

WHEREAS, concurrently with the issuance of the Series 2012 Bonds, the City proposes to issue Subordinate Bonds (the "2012 Subordinate Bonds") pursuant to a Thirteenth Supplemental Resolution (the "Thirteenth Supplemental Resolution") adopted on even date herewith; and

WHEREAS, the aggregate principal amount of Series 2012 Bonds issued pursuant to this Twenty-Sixth Supplemental Resolution and 2012 Subordinate Bonds issued pursuant to the

Thirteenth Supplemental Resolution for the purpose of financing improvements to the System shall not exceed \$200,000,000; and

WHEREAS, any refunding to be accomplished with the proceeds from the sale of any Series of Series 2012 Bonds issued pursuant to this Twenty-Sixth Supplemental Resolution will result in (i) with respect to the Refunded Senior Bonds or Refunded Subordinate Bonds, either (A) (1) a minimum present value savings equal to at least 70% of the maximum call option value of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded or (2) a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded, or (B) a desirable restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System and (ii) with respect to the Commercial Paper Notes, a desirable restructuring of debt or benefits for the manageability and convenience of the System's Bond financing and refunding program, in each case, as determined by the City Administrative Officer, upon the advice of the City's financial advisors, at or before the time of issuance; and

WHEREAS, the aggregate principal amount of Series 2012 Bonds issued pursuant to this Twenty-Sixth Supplemental Resolution for the purpose of refunding Senior Bonds or Subordinate Bonds shall not be limited in principal amount if such refunding satisfies either clause (1) or (2) of clause (i)(A) of the preceding recitation, and shall be limited to \$375,000,000 if such refunding satisfies clause (i)(B) of the preceding recitation; and

WHEREAS, Sections 5450 et seq. of the California Government Code (the "Government Code") provide statutory authority for pledging collateral for the payment of principal or redemption price of, and interest on bonds, and the Government Code creates a continuing perfected security interest which shall attach immediately to such collateral irrespective of whether the parties to the pledge documents have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act, and the City hereby warrants and represents that pursuant to the General Resolution and this Twenty-Sixth Supplemental Resolution, the Owners of the Series 2012 Bonds have a first priority perfected security interest in Revenues that serve as the collateral for the Series 2012 Bonds pursuant to the Government Code; and

WHEREAS, the City has determined, based upon the existing market conditions and upon the advice of its financial advisors and the City Attorney, that it is in the best financial interests of the City to sell the Series 2012 Bonds through a negotiated underwriting process, provided that, if market conditions should change, nothing herein shall preclude the City from selling the Series 2012 Bonds on a competitive basis, and has further determined that it is not practicable or compatible with the City's best interests to select the other professionals for the Series 2012 Bonds by sealed competitive bids, and the Council desires to make relevant findings in this regard in order to comply with recent judicial interpretations of such requirements; and

WHEREAS, Section 11.03 of the General Resolution permits the City by supplemental resolution to amend and supplement the General Resolution and any Supplemental Resolution thereto and Section 11.03 of the General Resolution authorizes the City to distribute notice to all Bondholders and Insurers of the Outstanding Bonds of its intention to amend the General Resolution in the form attached hereto as Attachment 2 (the "Supplemental Resolution"); and

WHEREAS, the City proposes to circulate for approval of Bondholders and Insurers a form of Supplemental Resolution attached hereto as Attachment 2 which this Council intends to adopt in substantially such form when all required consents have been obtained; and

WHEREAS, any purchasers of the Series 2012 Bonds shall be deemed to have granted their consent to the Supplemental Resolution by their purchase of the Series 2012 Bonds; and

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

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

ARTICLE I

AUTHORIZATION AND SECURITY

Section 1.01. General Resolution; Special Obligations. The Series 2012 Bonds authorized by this Twenty-Sixth Supplemental Resolution are Bonds issued under the terms of the General Resolution and secured by and entitled to the security and the rights granted by the General Resolution. The Series 2012 Bonds shall be issued on a parity with the Prior Senior Bonds and any other Senior Lien Bonds issued hereafter and shall be senior to the Commercial Paper Notes, all Prior Subordinate Bonds and any other Subordinate Bonds issued hereafter, including the 2012 Subordinate Bonds, pursuant to the Subordinate General Resolution.

The Series 2012 Bonds shall be and are special, limited obligations of the City, and the City shall be obligated to pay the principal of, premium, if any, and interest on the Series 2012 Bonds solely from the Revenues and from amounts in the SCM Fund, the Debt Service Fund, the Reserve Fund and the Construction Funds. The general fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Series 2012 Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to pay the Series 2012 Bonds. The principal of and interest on the Series 2012 Bonds and any premiums upon the redemption of any thereof are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the Revenues and amounts in the Debt Service Fund, Reserve Fund and Construction Funds.

Section 1.02. Revenue Bond Law and Refunding Law. The Series 2012 Bonds are hereby declared to be issued under the terms of the Revenue Bond Law and Refunding Law and secured as provided in the Revenue Bond Law and Refunding Law, as applicable; provided, however, that the security provided in the Series 2012 Bonds is also granted to secure other Bonds issued under the General Resolution and provided that subordinated liens on the Revenues may be granted. The Series 2012 Bonds may recite that they are issued pursuant to the Revenue Bond Law or Refunding Law, as applicable. It is hereby declared that a portion of the proceeds of the Series 2012 Bonds issued as refunding bonds may be held in part and for such time as the City may deem advisable in trust for the protection of the owners of the Refunded Obligations.

ARTICLE II

DEFINITIONS; INTERPRETATION

Section 2.01. Definitions. The following definitions shall apply to terms used in this Twenty-Sixth Supplemental Resolution unless the context clearly requires otherwise:

“Attachment 1” means each Attachment 1 to this Twenty-Sixth Supplemental Resolution, substantially in the form of Exhibit A hereto, completed, executed and delivered by the City Administrative Officer pursuant to Section 3.04 hereof in connection with the issuance of the related Series of Series 2012 Bonds and setting forth the terms thereof as described in Article III hereof; each such Attachment No. 1, upon execution and delivery, shall become a part of this Twenty-Sixth Supplemental Resolution.

“Authorized City Representative” means the Mayor, the City Clerk, the City Controller, the City Administrative Officer or a duly authorized designee of any of the foregoing, or any one or more of them.

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

“Beneficial Owner” means, whenever used with respect to a Series 2012 Bond, the person in whose name such Bond is recorded as the beneficial owner by a Participant on the records of such Participant or such person’s subrogee.

“Book-Entry Bonds” means the Series 2012 Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 3.06 hereof.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2012 Bonds.

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

“Commercial Paper Notes” or “CP Notes” means the City’s Wastewater System Commercial Paper Revenue Notes outstanding under the Subordinate Bond Resolution, as amended and supplemented, as of the effective date of this Twenty-Sixth Supplemental Resolution.

“Continuing Disclosure Certificate” means each Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of any Series of Series 2012 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of any Series of Series 2012 Bonds and the refunding of any Refunded Obligations, including, but not limited to, costs and expenses of printing and copying documents and the Series 2012 Bonds, any fees incurred in connection with agreements described in Section 10.06

hereof, and the fees, costs and expenses of rating agencies, counsel, accountants, verification specialists, underwriters, engineers, financial advisors, the escrow agent, insurance consultants and other consultants and agents.

“CP Debt Service Fund” has the meaning given such term in the Subordinate General Resolution.

“Dealer Manager Agreement” means that certain Dealer Manager Agreement, by and between the City and De La Rosa & Co., as dealer manager, in connection with the Tender Offer made by the City for certain of the Refunded Obligations.

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

“Escrow Agent” means a financial institution meeting the City’s capitalization requirements appointed pursuant to Section 9.01 hereof to serve as escrow agent under an Escrow Agreement.

“Escrow Agreement” means an agreement between the City and an Escrow Agent, and related to the deposit, investment and use of a portion of the proceeds of any Series of Series 2012 Bonds and the earnings thereon to pay principal of, and premium and interest on any Refunded Obligations and to pay the Costs of Issuance of such Series of Series 2012 Bonds.

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

“General Wastewater System Construction Fund” means that fund created by Ordinance No. 165924 of the City adopted on May 22, 1990 into which the City shall from time to time deposit either directly or by payment from other funds Bond proceeds and the earnings thereon to be used to pay Project costs.

“Interest Payment Date,” for any Series of Series 2012 Bonds, means December 1, 2012, and each June 1 and December 1 thereafter, or such other interest payment dates designated in Attachment 1 with respect to such Series.

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

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

“Prior Senior Bonds” means, collectively, the Series 1987 Bonds, the Series 1988 Bonds, the Series 1989 Bonds, the Series 1990-A Bonds, the Series 1990-B Bonds, the Series 1991-A Bonds, the Series 1991-B Bonds, the Series 1991-C Bonds, the Series 1991-D Bonds, the Series 1992-A Bonds, the Series 1992-B Bonds, the Series 1993-A Bonds, the Series 1993-B Bonds, the Series 1993-C Bonds, the Series 1993-D Bonds, the Series 1994-A Bonds, the Series 1996-A Bonds, the Series 1997-A Bonds, the Series 1998-A Bonds, the Series 1998-B Bonds, the Series

1998-C Bonds, the Series 1999-A Bonds, the Series 2002-A Bonds, the Series 2003-A Bonds, the Series 2003-B Bonds, the Series 2005-A Bonds, the Series 2009-A Bonds, the Series 2010-A Bonds and the Series 2010-B Bonds.

“Prior Subordinate Bonds” means, collectively, the Subordinate Refunding Series 2001-A Bonds, the Subordinate Refunding Series 2001-B Bonds, the Subordinate Refunding Series 2001-C Bonds, the Subordinate Refunding Series 2001-D Bonds, the Subordinate Refunding Series 2003-A Bonds, the Subordinate Refunding Series 2003-B Bonds, the Subordinate Refunding Series 2006-A Bonds, the Subordinate Refunding Series 2006-B-1 Bonds, the Subordinate Refunding Series 2006-B-2 Bonds, the Subordinate Refunding Series 2006-C Bonds, the Subordinate Refunding Series 2006-D Bonds, the Subordinate Refunding Series 2008-A Bonds, the Subordinate Refunding Series 2008-B Bonds, the Subordinate Refunding Series 2008-C Bonds, the Subordinate Refunding Series 2008-D Bonds, the Subordinate Refunding Series 2008-E Bonds, the Subordinate Refunding Series 2008-F-1 Bonds, the Subordinate Refunding Series 2008-F-2 Bonds, the Subordinate Refunding Series 2008-G Bonds and the Subordinate Refunding Series 2008-H Bonds and the Subordinate Series 2010-A Bonds, previously issued by the City pursuant to the Subordinate General Resolution.

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

“Refunded Obligations” means all or any of the Refunded Senior Bonds and the Refunded Subordinate Bonds and the Commercial Paper Notes.

“Refunded Senior Bonds” means all or any of the Prior Senior Bonds to be refunded by the Series 2012 Bonds, as described in Attachment 1 relating to such Series of Series 2012 Bonds.

“Refunded Subordinate Bonds” means all or any of the Prior Subordinate Bonds to be refunded by the Series 2012 Bonds, as described in Attachment 1 relating to such Series of Series 2012 Bonds.

“Representation Letter” means the Master Letter of Representations from the City to DTC which Representation Letter shall apply to the Series 2012 Bonds.

“Series” means any Series of Series 2012 Bonds as designated in Attachment 1 attached hereto.

“Series 2012 Bonds” means the City of Los Angeles Wastewater System Revenue Bonds, Series 2012 of each Series or subseries issued pursuant to the General Resolution and this Twenty-Sixth Supplemental Resolution.

“Series 2010-A Bonds” means the \$177,420,000 City of Los Angeles Wastewater System Revenue Bonds, Series 2010-A issued pursuant to the General Resolution and the Twenty-Fifth Supplemental Resolution.

“Series 2010-B Bonds” means the \$89,600,000 City of Los Angeles Wastewater System Revenue Bonds, Series 2010-B issued pursuant to the General Resolution and the Twenty-Fifth Supplemental Resolution.

“Series 2009-A Bonds” means the \$454,785,000 City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2009-A issued pursuant to the General Resolution and the Twenty-Fourth Supplemental Resolution.

“Series 2005-A Bonds” means the \$300,655,000 City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2005-A issued pursuant to the General Resolution and the Twenty-Third Supplemental Resolution.

“Series 2003-B Bonds” means the \$225,510,000 City of Los Angeles Wastewater System Revenue Bonds Refunding Series 2003-B issued pursuant to the General Resolution and the Twenty-Second Supplemental Resolution.

“Series 2003-A Bonds” means the \$204,335,000 City of Los Angeles Wastewater System Revenue Bonds Refunding Series 2003-A issued pursuant to the General Resolution and the Twenty-First Supplemental Resolution.

“Series 2002-A Bonds” means the \$102,850,000 City of Los Angeles Wastewater System Revenue Bonds Refunding Series 2002-A issued pursuant to the General Resolution and the Twentieth Supplemental Resolution.

“Series 1999-A Bonds” means the \$88,390,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1999-A issued pursuant to the General Resolution and the Nineteenth Supplemental Resolution.

“Series 1998-A Bonds” means the \$253,955,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1998-A issued pursuant to the General Resolution and the Seventeenth Supplemental Resolution.

“Series 1998-B Bonds” means the \$120,855,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1998-B issued pursuant to the General Resolution and the Seventeenth Supplemental Resolution.

“Series 1998-C Bonds” means the \$63,705,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1998-C issued pursuant to the General Resolution and the Eighteenth Supplemental Resolution.

“Series 1997-A Bonds” means the \$32,250,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1997-A issued pursuant to the General Resolution and the Sixteenth Supplemental Resolution.

“Series 1996-A Bonds” means the \$72,520,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1996-A issued pursuant to the General Resolution and the Fifteenth Supplemental Resolution.

“Series 1994-A Bonds” means the \$150,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1994-A issued pursuant to the General Resolution and the Fourteenth Supplemental Resolution.

“Series 1993-A Bonds” means the \$301,015,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1993-A issued pursuant to the General Resolution and the Eleventh Supplemental Resolution.

“Series 1993-B Bonds” means the \$150,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1993-B issued pursuant to the General Resolution and the Thirteenth Supplemental Resolution.

“Series 1993-C Bonds” means the \$76,885,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1993-C issued pursuant to the General Resolution and the Thirteenth Supplemental Resolution.

“Series 1993-D Bonds” means the \$388,290,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1993-D issued pursuant to the General Resolution and the Thirteenth Supplemental Resolution.

“Series 1992-A Bonds” means the \$91,890,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1992-A issued pursuant to the General Resolution and the Ninth Supplemental Resolution.

“Series 1992-B Bonds” means the \$200,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1992-B issued pursuant to the General Resolution and the Tenth Supplemental Resolution.

“Series 1991-A Bonds” means the \$112,410,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1991-A issued pursuant to the General Resolution and the Sixth Supplemental Resolution.

“Series 1991-B Bonds” means the \$112,875,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1991-B issued pursuant to the General Resolution and the Seventh Supplemental Resolution.

“Series 1991-C Bonds” means the \$87,125,000 The City of Los Angeles Wastewater System Revenue Bonds Refunding Series 1991-C issued pursuant to the General Resolution and the Seventh Supplemental Resolution.

“Series 1991-D Bonds” means the \$200,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1991-D issued pursuant to the General Resolution and the Eighth Supplemental Resolution.

“Series 1990-A Bonds” means the \$108,715,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1990-A issued pursuant to the General Resolution and the Fourth Supplemental Resolution.

“Series 1990-B Bonds” means the \$190,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1990-B issued pursuant to the General Resolution and the Fifth Supplemental Resolution.

“Series 1989 Bonds” means the \$160,076,473.50 The City of Los Angeles Wastewater System Revenue Bonds Series 1989 issued pursuant to the General Resolution and the Third Supplemental Resolution.

“Series 1988 Bonds” means the \$130,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1988 issued pursuant to the General Resolution and the Second Supplemental Resolution.

“Series 1987 Bonds” means the \$125,000,000 The City of Los Angeles Wastewater System Revenue Bonds Series 1987 issued pursuant to the General Resolution and the First Supplemental Resolution.

“Service Charges Agreements” means, collectively, those Supplemental Service Charges Agreements or similar agreements entered into by the City and other political entities which agreements are supplemental to the basic and general contracts or agreements between the City and such entities relating to the use of the System and which supplemental agreements relate to the System and provide for the payment of Supplemental Service Charges or other payments in recognition of the City’s increased expenses as a result of providing System improvements and/or expansions which benefit the contracting political entities.

“Subordinate Bonds” means any bonds or other obligations, including Commercial Paper Notes, issued under the Subordinate General Resolution.

“Subordinate General Resolution” means that Wastewater System Subordinate Revenue Bonds General Resolution adopted by the Council on March 26, 1991, as amended and supplemented from time to time in accordance with the terms thereof, setting forth the terms under which Subordinate Bonds, including the Commercial Paper Notes of the City may be issued and secured.

“Taxable Bonds” means any Series of Series 2012 Bonds bearing interest that is not excluded from gross income for federal income tax purposes.

“Tax Certificate” means that Tax Certificate relating to federal tax matters to be executed on behalf of the City at the time of issuance of any Series of Series 2012 Bonds and as amended from time to time.

“Tax-Exempt Bonds” means any Series of Series 2012 Bonds bearing interest that is excluded from gross income for federal income tax purposes under Section 103 of the Code.

“Tender Offer Materials” means (a) the Invitation to Tender Bonds, setting forth the terms and conditions of the tender offer (the “Tender Offer”) for certain of the Refunded Obligations, dated the date of the Dealer Manager Agreement, as amended and supplemented from time to time (the “Invitation”); (b) the Questions and Answers, dated the date of the Invitation; (c) a letter from the City to the owners of the bonds that are the subject of the Tender

Offer, dated the date hereof; (d) a form of letter to brokers, dealers, commercial banks, trust companies and nominees; (e) the Form of Solicitation Fee Payment Notice; (f) a press release relating to the Tender Offer; and (g) any other documents delivered in connection with the Tender Offer.

“Underwriters” means, collectively, Barclays Capital Inc., De La Rosa & Co., Jefferies & Company, Inc., J.P. Morgan Securities LLC, Loop Capital Markets, Stifel Nicolaus & Company Incorporated, DBA Stone & Youngberg, a Division of Stifel Nicolaus, and Wells Fargo Securities, or such other Underwriters as may be designated in any subsequent resolution of the City.

Section 2.02. Incorporation of Definitions in the General Resolution. Except as otherwise provided in Section 2.01 hereof, all words, terms and phrases defined in the General Resolution shall have the same meanings in this Twenty-Sixth Supplemental Resolution as in the General Resolution.

Section 2.03. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Twenty-Sixth Supplemental Resolution.

Section 2.04. Treatment of Payments Received Under Service Charges Agreements. The City anticipates that, from time to time, it may enter into one or more Service Charges Agreements and it is hereby specifically provided that, for purposes of the definition of “Revenues” as set forth in the General Resolution, it shall be determined and such term shall be interpreted such that, amounts paid to the City under the Service Charges Agreements are and shall be designated as service charges and included as Revenues and are not designated for capital costs.

ARTICLE III

DESCRIPTION THE SERIES 2012 BONDS

Section 3.01. Designation of the Series 2012 Bonds; Principal Amounts. The Series 2012 Bonds are hereby authorized to be issued in one or more Series under the General Resolution and this Twenty-Sixth Supplemental Resolution. The aggregate principal amount of Series 2012 Bonds issued pursuant to this Twenty-Sixth Supplemental Resolution and 2012 Subordinate Bonds issued pursuant to the Thirteenth Supplemental Resolution to finance improvements to the System or to refund CP Notes shall not exceed \$200,000,000. The aggregate principal amount of Series 2012 Bonds issued pursuant to this Twenty-Sixth Supplemental Resolution for the purpose of refunding Senior Bonds or Subordinate Bonds shall not be limited except as provided in the preambles to this Twenty-Sixth Supplemental Resolution. The Series 2012 Bonds shall be issued in such principal amounts, and shall be designated as the “City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2012” with such additional Series or subseries designations as Tax-Exempt Bonds or Taxable Bonds or as Refunding Bonds as set forth in the Attachment 1 related to such Series of Series 2012 Bonds.

Section 3.02. Series 2012 Bonds Under the General Resolution; Security. The Series 2012 Bonds are issued under, secured by and subject to the terms of the General Resolution and are secured by the Revenues in accordance with the terms of the General Resolution. The Series 2012 Bonds are special obligations of the City payable only from the Revenues, the SCM Fund, the Debt Service Fund, the Reserve Fund and the Construction Fund, and not from the general fund of the City, and the City is not obligated to pay the Series 2012 Bonds from any other source.

Section 3.03. Terms, Payment Provisions and Parameters of the Series 2012 Bonds. The Series 2012 Bonds shall be issuable only as fully registered bonds in Authorized Denominations. The Series 2012 Bonds shall be signed by the Mayor or the City Administrative Officer, and shall be authenticated by any Authorized City Representative. Any such signature may be by facsimile, except that on one of each Series 2012 Bond there shall be at least one manual signature. The Series 2012 Bonds shall be numbered as any Authorized City Representative shall determine.

The Series 2012 Bonds of each Series, upon initial issuance, shall be dated the date of delivery (or have such other dated date as set forth in the Attachment 1 related to such Series). Each Series 2012 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is after a Record Date and on or prior to the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such next succeeding Interest Payment Date or unless such date of authentication is on or before the first Interest Payment Date, in which event such Bond shall bear interest from its dated date. If interest on the Series 2012 Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Bonds surrendered.

Interest on the Series 2012 Bonds shall be paid on December 1, 2012 and semiannually thereafter on each June 1 and December 1 (or on such other semiannual interest payment dates as set forth in the Attachment 1 related to such Series and subseries). Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2012 Bonds shall mature on June 1 (or on such other date as set forth in the Attachment 1 related to such Series and subseries) in the years and in the amounts, subject to prior redemption, and bear interest at the annual rates set forth in the Attachment 1 related to such Series and subseries, provided, however, that the final maturity of the Series 2012 Bonds will not be later than 40 years from the date of issuance of such Series and the true interest cost on the Series 2012 Bonds of any Series will not exceed 8%.

Payment of principal of the Series 2012 Bonds shall be made upon surrender of such Series 2012 Bonds to the City Administrative Officer provided that with respect to the Series 2012 Bonds which are Book-Entry Bonds, the Treasurer may make other arrangements for the payment of principal as provided in the Representation Letter. Payment of interest on Series 2012 Bonds which are not Book-Entry Bonds shall be paid by check of the City or a Paying Agent, if a Paying Agent has been appointed, mailed by first-class mail, postage prepaid, to the registered owners at their addresses as they appear on the registration books maintained for the Series 2012 Bonds. The payment of interest on Book-Entry Bonds shall be made as provided

in Section 3.06 hereof. With respect to all Series 2012 Bonds, interest shall be paid to the person who was, on the Record Date, the registered owner thereof. The Series 2012 Bonds shall be substantially in the form set forth in Section 3.07 hereof. Principal, interest and premium, if any, will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Interest on overdue principal of a Series 2012 Bond and, to the extent lawful, on overdue interest on a Series 2012 Bond will be payable at the rate on such Series 2012 Bond on the day before the default occurred.

Any refunding to be accomplished with the proceeds from the sale of any Series of Series 2012 Bonds issued pursuant to this Twenty-Sixth Supplemental Resolution will result in (i) with respect to the Refunded Senior Bonds or Refunded Subordinate Bonds, either (A) (1) a minimum present value savings equal to at least 70% of the maximum call option value of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded or (2) a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded, or (B) a desirable restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System and (ii) with respect to the Commercial Paper Notes, a desirable restructuring of debt or benefits for the manageability and convenience of the System's Bond financing and refunding program, in each case, as determined by the City Administrative Officer, upon the advice of the City's financial advisors, at or before the time of issuance. Satisfaction of this requirement with respect to any Series of Series 2012 Bonds shall be conclusively evidenced by the execution of the Attachment 1 related to such Series and subseries.

Section 3.04. Approval and Authorization of each Attachment 1 to Constitute a Part of this Resolution. The City Administrative Officer is hereby authorized to complete, execute and deliver, on or about the date of the delivery of each Series and subseries of Series 2012 Bonds the related Attachment 1 substantially in the form of Exhibit A hereto, with such additions and modifications as are necessary or required to complete such document. The form of Attachment 1 is hereby approved and, upon execution and delivery by the City Administrative Officer each such Attachment 1 shall be made a part of this Twenty-Sixth Supplemental Resolution, without any further authorization or approval of this Council or any other party. The City Administrative Officer shall transmit a final copy of each such Attachment 1 to the City Clerk prior to the date of issuance of the related Series of Series 2012 Bonds so that each Attachment 1 can be attached to this Twenty-Sixth Supplemental Resolution in the records of the City, provided that the failure of the City Administrative Officer to so deliver any Attachment 1 or the failure of the City Clerk to so attach the document shall not affect the validity of the Series 2012 Bonds of any Series or subseries issued pursuant to this Twenty-Sixth Supplemental Resolution.

Section 3.05. Exchange and Transfer of Series 2012 Bonds. Series 2012 Bonds which are delivered to the Treasurer for exchange may be exchanged for an equal total unpaid principal amount of Series 2012 Bonds of the same Series and subseries and maturity but of different Authorized Denominations. Series 2012 Bonds presented to the Treasurer shall be transferred upon the registration books in accordance with the procedures determined by the Treasurer and as provided in Section 3.06 of the General Resolution.

The Treasurer will not, however, be required to transfer or exchange any such Series 2012 Bond during the period beginning 15 days before the mailing of notice calling such Series 2012 Bond for redemption and ending on the date notice of redemption is mailed nor to transfer or exchange any Series 2012 Bond which has been selected for redemption.

Section 3.06. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 3.06, the registered owner of all of the Series 2012 Bonds shall be DTC and the Series 2012 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal or interest for any Series 2012 Bond registered in the name of Cede & Co. shall be made on the payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. Such payments shall be made to Cede & Co. at the address which is, on the regular Record Date or special record date, as the case may be, shown for Cede & Co. in the registration books of the City.

(b) The Series 2012 Bonds shall be initially issued in the form of a separate single authenticated fully registered Series 2012 Bond for each separate stated maturity of the Series 2012 Bonds. Upon initial issuance, the ownership of all Series 2012 Bonds shall be registered on the registration books of the City in the name of Cede & Co., as nominee of DTC. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2012 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 2012 Bonds, respectively, selecting the Series 2012 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the General Resolution or this Twenty-Sixth Supplemental Resolution, registering the transfer of Series 2012 Bonds, as the case may be, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2012 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment to DTC or any Participant of any amount in respect of the principal of, redemption price of or interest on the Series 2012 Bonds; any notice which is permitted or required to be given to Bondholders under the General Resolution or this Twenty-Sixth Supplemental Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2012 Bonds; or any consent given or other action taken by DTC as Bondholder. The City shall pay all principal of and premium, if any, and interest on the Series 2012 Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations, with

respect to the principal of and premium, if any, and interest on the Series 2012 Bonds, respectively, to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2012 Bond evidencing the obligation of the City to make payments of principal of and premium, if any, and interest pursuant to the General Resolution or this Twenty-Sixth Supplemental Resolution. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Twenty-Sixth Supplemental Resolution shall refer to such new nominee of DTC.

(c) If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and that such certificates should, therefore, be made available, and notifies DTC of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event the Treasurer shall authenticate and shall transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2012 Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Bond certificates as described in this Twenty-Sixth Supplemental Resolution. If Bond certificates are issued, the provisions of the General Resolution and this Twenty-Sixth Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 2012 Bonds to any DTC Participant having Series 2012 Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Bonds.

(d) Notwithstanding any other provision of the General Resolution or this Twenty-Sixth Supplemental Resolution to the contrary, so long as any Series 2012 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2012 Bond and all notices with respect to such Series 2012 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

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

Section 3.07. Form of Series 2012 Bonds. The Series 2012 Bonds of each Series and subseries shall be substantially in the following form, with such additions, deletions and modifications as shall be necessary or appropriate to conform such form to the Attachment 1 related to such Series:

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF LOS ANGELES
WASTEWATER SYSTEM REVENUE BOND,
[REFUNDING] SERIES 2012-[Add Series or Subseries Designation]

No. _____ \$ _____

Interest Maturity Date Dated Date CUSIP No.

%

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE CITY OF LOS ANGELES. THE PRINCIPAL HEREOF, PREMIUM, IF ANY, AND INTEREST HEREON ARE PAYABLE SOLELY FROM CERTAIN WASTEWATER SYSTEM REVENUES AND OTHER AMOUNTS ON DEPOSIT IN CERTAIN SPECIAL LIMITED FUNDS AS DESCRIBED HEREIN. THE CITY IS NOT OBLIGATED TO MAKE PAYMENT HEREON FROM ANY OTHER SOURCE. THIS BOND IS NOT PAYABLE FROM THE GENERAL FUND OF THE CITY AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF ANY AMOUNTS DUE ON THIS BOND.

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Los Angeles (the "City"), a municipal corporation and a political subdivision of the State of California, organized and operating under the terms of the Charter of the City of Los Angeles and the Constitution of the State of California, promises to pay, from the sources described in this Bond and not from any other sources, to the Registered Owner set forth above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, and to pay interest as provided in this Bond.

This Bond is subject to redemption prior to its maturity date. The times, prices and conditions under which this Bond may be redeemed are hereinafter described.

This Bond is authorized, issued and secured under the terms of that Wastewater System Revenue Bonds General Resolution adopted by the Council of the City on November 10, 1987 and the terms of that Twenty-Sixth Supplemental Resolution Supplementing the Wastewater System Revenue Bonds General Resolution, adopted by the Council on _____, 2012. This Bond is issued pursuant to [Sections 54300 et seq.] [53570 et seq.] of the California Government Code.

Additional provisions of this Bond are set forth on the following pages of this Bond.

Dated:

[AUTHORIZED CITY REPRESENTATIVE], CITY OF LOS ANGELES
as duly Authorized AUTHENTICATING
AGENT FOR THE CITY OF LOS
ANGELES,

certifies that this is one of the Bonds referred
to in the General Resolution and Twenty-Sixth
Supplemental Resolution referred to herein.

By: _____
[Mayor or City Administrative Officer]

By: _____

[FORM ON FOLLOWING PAGES OF BOND]

1. General Resolution; Twenty-Sixth Supplemental Resolution; Source of Payment.
The Council of the City has on November 10, 1987 adopted a resolution captioned
"WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION" (the "General
Resolution"), which provides that the City may from time to time issue wastewater system
revenue bonds and other forms of obligations and indebtedness under the terms thereof, and such
General Resolution pledges to the payment of all obligations issued or incurred under the terms
thereof the "Revenues" of the City's wastewater system (the "System"), which Revenues are
defined as all revenues of the City's Sewer Construction and Maintenance Fund and revenues
otherwise attributable to the System, including, but not limited to, the revenues currently arising
as a result of the imposition of sewer service charges, industrial waste surcharge and inspection
fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all
other income and receipts derived by the City from the ownership or operation of the System or
arising from the System and including amounts attributable to extensions, additions and
improvements to the System and all other amounts received by the City in payment for providing
wastewater collection, treatment and/or disposal services; and all earnings received from the
Investment of the SCM Fund (as defined in the General Resolution) and those funds referred to
in the General Resolution as the Debt Service Fund, the Debt Service Reserve Fund and the
Emergency Fund; provided, however, that Revenues do not include: (1) any amount received
from the levy or collection of taxes; (2) amounts received under contracts or agreements with
governmental or private entities and designated for capital costs; (3) moneys received as grants
from the United States of America or from the State of California; (4) earnings received from the
investment of the Construction Funds; (5) the proceeds of borrowing; and (6) proceeds of
insurance.

In addition, the City pledges the following to secure bonds and other forms of obligations and indebtedness issued under the General Resolution: (1) the Revenues held in the SCM Fund, including the earnings on such Revenues, and (2) all moneys and securities held in the Debt Service Reserve Fund, the Debt Service Fund (except as restricted by the General Resolution) and the Construction Funds, all as described in the General Resolution.

All bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred pursuant to the terms of the General Resolution are referred to as "Bonds" and are all equally and ratably secured by and payable from the Revenues and those funds described in the preceding paragraph. The City has previously issued twenty-nine series of its Wastewater System Revenue Bonds under the General Resolution (the "Prior Senior Bonds"). The Series of Bonds of which this Bond constitutes a part is issued under the terms of the General Resolution and a "TWENTY-SIXTH SUPPLEMENTAL RESOLUTION SUPPLEMENTING THE WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION" (the "Twenty-Sixth Supplemental Resolution") adopted by the Council on _____, 2012, is designated as the "City of Los Angeles Wastewater System Revenue Bonds, [Refunding] Series 2012 [add Series or Subseries Designation]." All Bonds issued under the Twenty-Sixth Supplemental Resolution are herein referred to as the 2012 Bonds. The 2012 Bonds [add Series or subseries designation] are being issued for the purpose of [refunding all or a portion of the outstanding commercial paper notes issued under a resolution designated as the "WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (the "Subordinate General Resolution") adopted by the City Council on March 26, 1991] [the City's Refunded Senior Bonds] [the City's Refunded Subordinate Bonds], and/or [paying the costs of improvements to the System,] to fund the Reserve Fund and to pay the costs of issuance associated with the issuance of such bonds. The Series 2012 Bonds are issued on a parity with and are payable from the same sources of funds as all Prior Senior Bonds Outstanding.

Additional Bonds may be issued from time to time under the terms of the General Resolution, and all such additional Bonds will be equally and ratably secured with the Series 2012 Bonds and the Prior Senior Bonds in accordance with the Revenue Bond Law by the Revenues and those funds described in the preceding paragraphs and will be payable from the same source as the Series 2012 Bonds and the Prior Senior Bonds. The General Resolution provides that operation and maintenance expenses of the System are to be paid from the Revenues in the SCM Fund as such expenses become due in the ordinary course of business.

The City's obligation to make payment of the principal of, interest on and premium, if any, on the Bonds is only to the extent of the Revenues and amounts in the SCM Fund, the Debt Service Fund, the Debt Service Reserve Fund and the Construction Fund (defined in the General Resolution), and the City has no obligation to make payments from any other sources. The general fund of the City is not liable for the payment of the Series 2012 Bonds or the premium, if any, or interest thereon, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Series 2012 Bonds or the premium, if any, of the interest thereon.

The security for the Bonds, the events that constitute Events of Default thereunder and the remedies therefor are set forth in the General Resolution and the Twenty-Sixth Supplemental Resolution, and holders of the Series 2012 Bonds are referred to the General Resolution and the Twenty-Sixth Supplemental Resolution for description of those terms.

2. Interest Rate. This Bond shall bear interest until its Maturity Date or earlier redemption at the rate shown on the face of this Bond. Interest on overdue principal and, to the extent lawful, all overdue interest will be payable at the rate on this Bond on the day before the default occurred.

Interest on this Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months.

3. Interest Payment and Record Dates. Interest will be due and payable on this Bond on December 1, 2012, and each June 1 and December 1 [insert alternative dates if Attachment 1 so provides] thereafter until maturity or earlier redemption and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a June 1 payment is the close of business on the preceding May 15, and the Record Date for a December 1 payment is the close of business on the preceding November 15, whether or not such day is a Business Day [insert alternative dates if Attachment 1 so provides].

4. Method of Payment. Holders must surrender Bonds to the Treasurer of the City to collect principal except that with respect to Bonds which are Book-Entry Bonds (as defined in the Twenty-Sixth Supplemental Resolution), the City may make other agreements for payment of principal. Interest will be paid to the party who is, as of the Record Date, the registered holder. If this Bond is not a Book-Entry Bond, as defined in the Twenty-Sixth Supplemental Resolution, interest hereon will be paid by check mailed to the holder's registered address, and, if this Bond is a Book-Entry Bond, interest will be paid as provided in Section 3.06 of the Twenty-Sixth Supplemental Resolution. Principal, interest and premium, if any, will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no additional interest will accrue as a result.

5. Optional Redemption. [Insert Optional Redemption Terms from Attachment 1 related to such Series]. [The Series 2012 Bonds called for optional redemption shall be designated by the City, or, absent such designation, shall be redeemed pro rata among maturities and by lot within any one maturity.] [If less than all of the Series 2012 Bonds of a maturity are called for prior redemption, the particular Series 2012 Bonds or portions thereof to be redeemed shall be selected by the City on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2012 Bonds are held in book-entry form, the selection for redemption of such Series 2012 Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2012 Bonds will be selected for redemption, in accordance with DTC procedures, by lot.]

6. Mandatory Redemption of Series 2012 Bonds. [To be conformed to Mandatory Redemption Terms from Attachment 1 related such Series]. The Series 2012 Bonds with a stated Maturity Date of [June 1,] will be subject to mandatory sinking fund redemption on [June 1, 20__] and each June 1 thereafter in accordance with the terms of a mandatory sinking fund redemption schedule set forth in the Twenty-Sixth Supplemental Resolution. The Series 2012 Bonds with a stated Maturity Date of [June 1, 20__] will be subject to mandatory sinking fund

redemption on [June 1, 20__] and each June 1 thereafter to and including, [June 1, 20__], in accordance with the terms of the following mandatory sinking fund redemption schedule:

Mandatory Sinking Fund

Payment Date (June 1)

Mandatory Sinking Fund Payment Amount

7. Notice of Redemption. At least 30 days before each date of redemption, the City will give notice to each owner of a Series 2012 Bond to be redeemed at the owner's registered address. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2012 Bond in respect of which no failure occurs. Any notice sent as provided in the Twenty-Sixth Supplemental Resolution will be conclusively presumed to have been given whether or not actually received by the addressee. Any redemption notice, other than notice of redemption from mandatory sinking fund payments, may be rescinded by written notice given by the City no later than five (5) Business Days prior to the date specified for redemption. The City shall give notice of such rescission in the same manner, and to the same persons, as notice of such redemption was given.

8. Effect of Notice of Redemption. When notice of redemption is given, Series 2012 Bonds called for redemption become due and payable on the redemption date at the applicable redemption price; in such case, when funds are held in trust for payment of the redemption price and such amounts are sufficient to pay the redemption price, interest on the Series 2012 Bonds to be redeemed will cease to accrue from and after the redemption date. Any notice given pursuant to Section 7, other than notice of redemption from mandatory sinking fund payments pursuant to Section 6, may be rescinded by written notice given by the City no later than five (5) Business Days prior to the date specified for redemption. The City shall give notice of such rescission in the same manner, and to the same persons, as notice of such redemption was given pursuant to Section 7.

9. Denominations; Transfer; Exchange. The Series 2012 Bonds are available in denominations of \$5,000 and integral multiples of \$5,000. A holder may transfer or exchange Series 2012 Bonds in accordance with the General Resolution and the Twenty-Sixth Supplemental Resolution. The City may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any required taxes and fees associated therewith. The City need not transfer or exchange any Series 2012 Bond for the period beginning 15 days before mailing a notice of redemption of such Series 2012 Bond and ending on the date the notice of redemption is mailed nor transfer or exchange any Series 2012 Bond which has been selected for redemption.

10. Persons Deemed Owners. The registered owner of this Bond shall be treated as the owner of it for all purposes.

11. Discharge Before Redemption or Maturity. If the City at any time irrevocably sets aside money or Government Obligations as described in the General Resolution sufficient, together with the earnings thereon, to pay at redemption or maturity, the principal of, premium, if any, and interest on the outstanding Bonds, and if the City also pays all other sums then payable by the City under the General Resolution, the General Resolution will be discharged. After discharge Bondholders must look only to the money and securities set aside for payment. If the City at any time irrevocably sets aside money or Government Obligations as described in the General Resolution sufficient to pay at redemption or maturity principal of, premium, if any, and interest on all or any portion of the outstanding Series 2012 Bonds, such Bonds, with respect to which the money or securities were set aside, shall no longer be deemed to be outstanding and shall no longer be secured by the General Resolution except to the extent of the moneys and securities set aside therefor.

12. Amendment; Supplement; Waiver. The General Resolution, the Twenty-Sixth Supplemental Resolution and the Series 2012 Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the General Resolution. Any consent given by the owner of this Bond to any such action shall be irrevocable and shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

By purchase of this Bond, the owner hereby consents to the provisions of the proposed form of Supplemental Resolution to the General Resolution attached to the Twenty-Sixth Supplemental Resolution as Attachment 2.

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

14. Authentication. This Bond shall not be valid until the Treasurer [or insert other Authenticating Agent], as Authenticating Agent, signs the certificate of authentication on the first page of this Bond.

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

[The form of assignment on the Series 2012 Bonds shall be substantially as follows:]

ASSIGNMENT

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

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

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

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

Dated: _____

Signed by:

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

Signature Guaranteed by:

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

ARTICLE IV

REDEMPTION

Section 4.01. Notices to Bondholders. Prior to the redemption of any Series 2012 Bonds, the City shall give notice to the holders of the Series 2012 Bonds to be redeemed as provided in Section 4.03 of the General Resolution. Such notice shall be given by mail, at least 30 days and not more than 60 days before the redemption date, and shall be given to each owner of a Series 2012 Bond to be redeemed. Each such notice shall be sent to the Beneficial Owner's registered address.

In addition to the notice required by Section 4.03 of the General Resolution, if, at any time, the Series 2012 Bonds are no longer Book-Entry Bonds, then, upon any redemption, further notice shall be given by the City as set out below, but no defect in any such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given hereunder shall contain the information required by Section 4.03 of the General Resolution plus (i) the CUSIP numbers of all Series 2012 Bonds, or portions thereof being redeemed; (ii) the date of original issuance of the Series 2012 Bonds; (iii) the rate of interest borne by the Series 2012 Bonds being redeemed; (iv) the maturity date of the Series 2012 Bonds being redeemed, (v) the redemption price or, if applicable, a description of the mechanism or method for determining the redemption price; and (vi) any other descriptive information to identify accurately the Series 2012 Bonds or portions thereof being redeemed.

Each further notice of redemption shall be sent at least 32 days before the redemption date by telecopy, registered or certified mail or overnight delivery service to:

The Depository Trust Company
55 Water Street
New York, NY 10041

and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System at <http://emma.msrb.org/>.

Any notice given pursuant to this Section 4.01, other than notice of redemption from mandatory sinking fund payments pursuant to Section 4.03, may be rescinded by written notice given by the City no later than five (5) Business Days prior to the date specified for redemption. The City shall give notice of such rescission in the same manner, and to the same persons, as notice of such redemption was given pursuant to this Section.

Section 4.02. Optional Redemption of the Series 2012 Bonds. The Series 2012 Bonds of any Series or subseries may be subject to optional redemption as set forth in the Attachment 1 related to such Series or subseries. The Series 2012 Bonds of any Series or subseries shall be subject to optional redemption not later than the tenth year following the date of issuance of such Series 2012 Bonds.

Section 4.03. Mandatory Sinking Fund Redemption of the Series 2012 Bonds. The Series 2012 Bonds of any Series or subseries shall be subject to mandatory sinking fund redemption as set forth in the Attachment 1 related to such Series or subseries.

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the City shall proceed to select for redemption (by lot in such manner as the City may determine), from all Series 2012 Bonds subject to such redemption, an aggregate principal amount of such Bonds equal to the amount for such year as set forth in the table in the Attachment 1 hereto related to such Series or subseries and shall call such Bonds or portions thereof in Authorized Denominations for redemption and shall give notice of such call. At the option of the City, the City may credit against any mandatory sinking fund redemption requirement, the Series 2012 Bonds, or portions thereof in Authorized Denominations of the stated maturity subject to such redemption which, prior to said date, have been purchased by the City or redeemed (otherwise than under the provisions of this 4.03) and canceled and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2012 Bond or portion thereof so purchased or previously redeemed shall be credited by the City at one hundred percent (100%) of the principal amount thereof against the obligation of the City on such mandatory sinking fund redemption date.

Section 4.04. Make-Whole Redemption of the Series 2012 Bonds. The Series 2012 Bonds of any Series or subseries may be subject to make-whole redemption as set forth in the Attachment 1 related to such Series or subseries issued as Taxable Bonds.

Section 4.05. [Reserved].

Section 4.06. Payment of Series 2012 Bonds Called for Redemption. Upon surrender to the Treasurer, Series 2012 Bonds called for redemption shall be paid at the redemption price, including accrued and unpaid interest, if any, to the redemption date, provided that, with respect to Book-Entry Bonds, the City may make other arrangements for payment as provided in the Representation Letter.

Section 4.07. Selection of Series 2012 Bonds for Redemption; Series 2012 Bonds Redeemed in Part. Series 2012 Bonds which are subject to optional redemption or make-whole redemption will be selected among such maturities as the City may designate, or, absent such designation, shall be redeemed pro rata among maturities or as set forth in the Attachment 1 related to such Series or subseries. Series 2012 Bonds may be redeemed by lot within any one maturity, in a manner the City shall deem appropriate.

Upon surrender of a Series 2012 Bond to be redeemed, the Authorized City Representative acting as Authenticating Agent or other Authenticating Agent, if one has been appointed, will authenticate for the holder a new Series 2012 Bond or Bonds of the same Series

or subseries and maturity equal in principal amount to the unredeemed portion of the Series 2012 Bond or Bonds surrendered.

ARTICLE V

APPLICATION OF PROCEEDS

Section 5.01. Application of Proceeds. The proceeds of the sale of any Series of Series 2012 Bonds received by the City shall be applied by the City for the following purposes and in such amounts and in such manner as set forth in the Attachment 1 relating to such Series:

(i) the amount needed to pay Costs of Issuance associated with the issuance of such Series of Series 2012 Bonds shall be transferred to the Escrow Agent to be disbursed to pay the Costs of Issuance;

(ii) the amount needed to defease any Refunded Obligations or to purchase any Refunded Obligations pursuant to the City's formal tender therefor shall be transferred to the Escrow Agent(s) and held under the terms of the Escrow Agreement(s) or, if so provided in the related Attachment 1, in the case of the Commercial Paper Notes, transferred to the Issuing and Paying Agent for the Commercial Paper Notes and deposited into the CP Debt Service Fund and held under the terms of the Subordinate General Resolution;

(iii) the amount of such proceeds designated to finance improvements to the System shall be deposited in the 2012 Construction Fund of the related Series;

(iv) the amount needed to cause the Reserve Fund to be funded at the Reserve Fund Requirement as a result of the issuance of such Series of Series 2012 Bonds shall be deposited in the Reserve Fund; and

(v) any accrued interest or other amounts specified in the related Attachment 1 shall be deposited into the Debt Service Fund for the Series 2012 Bonds.

Any amounts may be held temporarily by the Escrow Agent for the purposes set forth in the General Resolution.

Notwithstanding the foregoing provisions of this Article V, the amount to be "transferred" to the Escrow Agent(s) may be paid directly by the Underwriters to such Escrow Agent(s) and, in such event, shall be deemed to have been received by the City and transferred to such Escrow Agent(s).

If, upon the issuance of the Series 2012 Bonds of any Series, amounts held in the Reserve Fund shall exceed the Reserve Fund Requirement, or amounts held in any other fund or account related to any Refunded Obligation are no longer needed for payment of such Refunded Obligation, any or all of such excess shall be transferred for application for the purpose of refunding the Refunded Obligations or for such other purpose consistent with the Tax Certificate, as set forth in Attachment 1 related to such Series.

ARTICLE VI

FUNDS

Section 6.01. Construction Fund. The City will, by ordinance, create a separate fund within the City Treasury, designated as the Wastewater System Revenue Bonds Construction Fund, Series 2012 for each Series of Series 2012 Bonds issued to pay Project Costs (each such fund, a the “2012 Construction Fund”), and the City shall, on the date of issuance of such Series of Series 2012 Bonds, deposit proceeds of the Series 2012 Bonds into the 2012 Construction Fund as set forth in Section 5.01(c) above. Amounts in a 2012 Construction Fund shall be used to pay Project Costs related to the System in accordance with the City’s wastewater system improvement program or to reimburse the City for amounts expended from other sources for such purposes provided that amounts in a 2012 Construction Fund shall not be used for systems, plants, works or undertakings for the distribution of electric energy for lighting, heating and power for public or private uses or the generation, production, transmission and distribution of gas for public or private uses. These restrictions, placed upon the use of amounts in a 2012 Construction Fund shall not apply to systems, plants, works or undertakings which result in conversion of solid waste to energy and reusable materials.

The City may use amounts in the 2012 Construction Fund to pay Project Costs either by payment directly from the 2012 Construction Fund or by payment to the General Wastewater System Revenue Bonds Construction Fund for use for the same purposes. A separate account within each of the 2012 Construction Funds may be established for any Series or subseries of Series 2012 Bonds if provided in Attachment 1 related to such Series.

Section 6.02. Debt Service Fund. The City will, by ordinance, create a separate fund within the City Treasury designated as the “Wastewater System Revenue Bonds Debt Service Fund, Series 2012” (the “2012 Debt Service Fund”) which shall be the Debt Service Fund as provided in the General Resolution for the Series 2012 Bonds. Amounts in the 2012 Debt Service Fund shall be used to pay principal of, and interest and any premium on, the Series 2012 Bonds as the same become due and payable.

Section 6.03. Costs of Issuance Account. There is hereby authorized to be created under the Escrow Agreement, a Costs of Issuance Account. Amounts in the Costs of Issuance Account shall be used to pay Costs of Issuance. Any monies remaining in the Cost of Issuance Account after payment of all Costs of Issuance shall be transferred to the 2012 Debt Service Fund.

ARTICLE VII

TAX COVENANTS

Section 7.01. Rebate Fund. The City hereby agrees that it will deliver and abide by the Tax Certificate of any Series and that it will by ordinance create the Wastewater System Revenue Bonds Rebate Fund, Series 2012 [insert Series Designation] Tax-Exempt for one or more Series of Series 2012 Bonds which is Tax-Exempt (each such fund, a “2012 Tax-Exempt Rebate Fund”), which fund will be held by the City and will be funded, if so required, under the Tax Certificate of any Series, and amounts in such 2012 Tax Exempt Rebate Fund shall be held

and disbursed in accordance with the ordinance creating such funds and with the Tax Certificate of any Series. Separate accounts within a 2012 Tax Exempt Rebate Fund may be established for any Series or subseries of Series 2012 Bonds if provided in Attachment 1 related to such Series. A 2012 Tax Exempt Rebate Fund may be combined with any other rebate fund also established by ordinance for the 2012 Subordinate Bonds issued under the Thirteenth Supplemental Resolution in accordance with the Tax Certificate.

Section 7.02. Tax Compliance.

(a) The City shall comply with those covenants and agreements set forth in the Tax Certificate of any Series and the City Administrative Officer is authorized and directed to execute such Tax Certificate.

(b) The City shall not use or permit the use of any proceeds of Series 2012 Bonds or any other funds of the City held under this Twenty-Sixth Supplemental Resolution or the General Resolution, or in the General Wastewater System Construction Fund, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City, and shall not take or permit to be taken any other action or actions, which would cause any Series 2012 Bond which is Tax-Exempt to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder.

Section 7.03. [Reserved].

Section 7.04. Additional Actions. The City shall at all times do and perform all acts and things permitted by law, the General Resolution and this Twenty-Sixth Supplemental Resolution which are necessary or desirable in order to assure that interest paid on the Series 2012 Bonds issued as Tax-Exempt Bonds (or any of them) will be excluded from gross income of the recipient thereof for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

ARTICLE VIII

[RESERVED]

ARTICLE IX

AGENTS

Section 9.01. Appointment of Agents. The City Administrative Officer is authorized to appoint one or more banks, trust companies or financial institutions meeting the City's capitalization requirements as Escrow Agent for the purpose of accepting, holding, investing and applying funds to be used to refund the Refunded Obligations and to pay the Costs of Issuance related to any Series of Series 2012 Bonds. The City may from time to time appoint a bank, trust company or other financial institution to serve as Paying Agent, Registrar or Authenticating Agent in place of or in addition to the City with respect to any Series of Series 2012 Bonds.

Section 9.02. Resignation; Removal. Any entity at any time serving as Paying Agent, Authenticating Agent and/or Registrar may resign any one or more of such positions in accordance with the terms of its agreement with the City or may be removed by the City in accordance with the terms of such agreement. The Escrow Agent may resign or be removed as provided in the Escrow Agreement.

Section 9.03. Replacement. If the Paying Agent, Authenticating Agent or Registrar resigns or is removed, the City may appoint a new Paying Agent, Authenticating Agent or Registrar or may provide that such functions as were provided by the Paying Agent, Authenticating Agent and/or Registrar be undertaken directly by the City. A successor Escrow Agent can be appointed by the City only as provided in the Escrow Agreement.

ARTICLE X

MISCELLANEOUS APPROVALS AND AUTHORIZATIONS

Section 10.01. Findings Related to Negotiated Sale of the Series 2012 Bonds and Selection of Professionals. Pursuant to Section 371(e)(10) of the Charter, the Council hereby finds that due to current market conditions, the use of sealed competitive bidding to sell the Series 2012 Bonds would be undesirable and impractical and it is in the best financial interests of the City to sell the Series 2012 Bonds through a negotiated sale with the Underwriters. Pursuant to Section 371(e)(2) of the Charter, the Council hereby finds that due to the technical expertise required for the performance of the professional and technical services necessary for the sale and issuance of the Series 2012 Bonds, which services are of a temporary and occasional character, the use of sealed competitive bidding for the selection of Bond Counsel, disclosure counsel, Escrow Agent or financial advisors is not practicable or advantageous to the City.

Section 10.02. Approval of Escrow Agreements. The City Administrative Officer is hereby authorized to execute and enter into one or more Escrow Agreements with the Escrow Agent in form and substance acceptable to Bond Counsel and the City Attorney with respect to any Series of Series 2012 Bonds, with such changes as such City Administrative Officer, upon the advice of counsel, deems necessary and appropriate. The signature of the City Administrative Officer shall be sufficient to bind the City and cause the Escrow Agreement(s) to be a valid and binding obligation of the City.

Section 10.03. Approval of Bond Purchase Agreement. The Bond Purchase Agreement in substantially the form before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into a Bond Purchase Agreement with one or more of the Underwriters with respect to each Series of Series 2012 Bonds, with such changes as said City Administrative Officer, upon the advice of counsel, deems necessary and appropriate. The signature of any City Administrative Officer shall be sufficient to bind the City and cause the Bond Purchase Agreement to be a valid and binding obligation of the City. The

Underwriters' discount under the Bond Purchase Agreement shall not exceed [1.00%] of the aggregate principal amount of the Series 2012 Bonds.

Section 10.04. Approval of Tender Documents. The Dealer Manager Agreement and the other Tender Offer Materials (collectively, the "Tender Documents") in substantially the forms before this Council are hereby approved. The City Administrative Officer is hereby authorized to execute and enter into one or more Dealer Manager Agreements with the dealer manager named therein. The signature of any City Administrative Officer shall be sufficient to bind the City and cause each such Dealer Manager Agreement to be a valid and binding obligation of the City. The City Administrative Officer is hereby further authorized to execute and deliver the other Tender Documents with respect to the bonds subject to the Tender Offer, with such changes as said City Administrative Officer, upon the advice of counsel, deems necessary and appropriate.

Section 10.05. Official Statements. The form of each preliminary Official Statement relating to one or more Series of Series 2012 Bonds (each a "Preliminary Official Statement," and collectively, the "Preliminary Official Statements") submitted to this meeting with such changes as may be approved by the City Administrative Officer are each hereby approved for use in connection with the public offering of the Series 2012 Bonds, and in connection with the tender of any bonds to the City as contemplated by Section 10.05. Upon approval of such additions and changes, whether material or otherwise, by the City Administrative Officer, any such Preliminary Official Statement for any Series of Series 2012 Bonds shall be deemed final as of its date, as evidenced by a certificate to such effect, except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The City Administrative Officer, for and on behalf of the City, is hereby authorized to execute a final official statement for each Series of Series 2012 Bonds (each an "Official Statement," and collectively, the "Official Statements"), with such additions and changes therein, whether material or otherwise, as he or she may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The distribution of the Official Statements in connection with the public offering of the Series of Series 2012 Bonds is hereby approved.

Section 10.06. Execution of Documents; Additional Actions. The City Administrative Officer is hereby authorized to purchase or subscribe from time to time for the government obligations to be deposited in escrow in connection with the refundings contemplated by this Twenty-Sixth Supplemental Resolution, to authorize the Escrow Agent(s) to so subscribe, to enter into cash flow agreements, debt service agreements, forward supply contracts and other similar contractual obligations necessary or appropriate to effectuate the transactions contemplated by this Twenty-Sixth Supplemental Resolution, to execute any documents necessary to procure municipal bond insurance (if the City Administrative Officer, upon the advice of the City's financial advisor, determines that such municipal bond insurance is cost effective) and to execute such certificates (including the Tax Certificate), agreements, forms and other closing documents, including those relating to the tax-exempt status of the Series 2012 Bonds issued as Tax-Exempt Bonds and those relating to the securities depository, and such other instruments as are necessary or appropriate to consummate the transactions contemplated by this Twenty-Sixth Supplemental Resolution and to carry out the intent hereof. The City Administrative Officer is authorized and directed to do any and all things and to take any and all

further actions to carry out the intent hereof. In the event that the City procures municipal bond insurance for any Series of Series 2012 Bonds, any terms and conditions of such insurance may be included in the Attachment 1 for the related Series or subseries, and such terms and conditions shall become a part of this Twenty-Sixth Supplemental Resolution upon execution of such Attachment 1 by the City Administrative Officer.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Twenty-Sixth Supplemental Resolution or the Series 2012 Bonds shall be in writing except as expressly provided otherwise in this Twenty-Sixth Supplemental Resolution or the Series 2012 Bonds.

(b) Any notice or other communication, otherwise specified, shall be sufficiently given and deemed given when delivered by hand or by Mail, addressed to the City at the address provided in the General Resolution.

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

(d) The City shall give written notice to Moody's, S&P and Fitch if at any time (i) payment of principal and interest on the Series 2012 Bonds is accelerated pursuant to the provisions of Section 9.02(a) of the General Resolution or (ii) there is any amendment to the General Resolution or this Twenty-Sixth Supplemental Resolution. Notice, in the case of an event referred to in clause (ii) hereof, shall include a copy of any such amendment. Notices sent to Moody's shall be addressed to Moody's Investors Service, 7 World Financial Center, New York, New York 10007; notices sent to S&P shall be addressed to Standard & Poor's, 55 Water Street, New York, New York 10041; and notices sent to Fitch shall be addressed to Fitch at Fitch, Inc., One State Street Plaza, New York, New York 10004, or to such other address as Moody's, S&P or Fitch, respectively, shall supply to the City.

Section 11.02. Limitation of Rights. Nothing expressed or implied in this Twenty-Sixth Supplemental Resolution or the Series 2012 Bonds shall give any person other than the City and the Bondholders any right, remedy or claim under or with respect to this Twenty-Sixth Supplemental Resolution.

Section 11.03. Supplemental Resolution a Contract. This Twenty-Sixth Supplemental Resolution (excluding Article X hereof), together with the General Resolution, is adopted by the City for the benefit of the Bondholders and together they constitute a contract with the Bondholders.

Section 11.04. Severability. If any provision of this Twenty-Sixth Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this Twenty-Sixth Supplemental Resolution.

Section 11.05. Reports to Bondholders. Under the terms of the General Resolution, the City makes adequate provision for furnishing of financial information to the Bondholders and hereby elects that the provisions of Section 54522 of the Revenue Bond Law relating to a summary statement shall not apply to the Series 2012 Bonds.

Section 11.06. Payments due on Non-Business Days. If a payment date is not a Business Day, then payment may be made on the next Business Day, and no interest shall accrue for the intervening period.

Section 11.07. Governing Law. This Twenty-Sixth Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 11.08. Captions. The captions in this Twenty-Sixth Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Twenty-Sixth Supplemental Resolution.

Section 11.09. Continuing Disclosure. The City agrees that the City shall enter into a Continuing Disclosure Certificate in order to undertake the continuing disclosure obligations promulgated under S.E.C. Rule 15c2-12, as the same may be amended from time to time. The City hereby covenants and agrees that they will comply with and carry out all of their respective obligations under any such Continuing Disclosure Certificate for the Series 2012 Bonds. Notwithstanding any other provision of the General Resolution or this Twenty-Sixth Supplemental Resolution, failure of the City to comply with any such Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Beneficial Owner of the applicable Series 2012 Bonds covered by such 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, as the case may be, to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any applicable Series 2012 Bonds covered by such Continuing Disclosure Certificate (including persons holding such applicable Series 2012 Bonds covered by such Continuing Disclosure Certificate through nominees, depositories or other intermediaries).

Section 11.10. Municipal Bond Insurance. In the event that the City obtains a policy of municipal bond insurance with respect to any Series of Series 2012 Bonds, the Attachment 1 for such Series or subseries may contain such provisions relating to the payment of the bonds so insured and to the rights of the bond insurer as required by the bond insurer and approved by the City Administrative Office, as conclusively evidenced by the execution of such Attachment 1.

Section 11.11. Ratification of Prior Actions. All actions heretofore taken by any officers, employees, agents or directors of the City, with respect to the issuance, delivery or sale of the Series 2012 Bonds, or in connection with or related to any of the agreements or documents referenced herein or to the refunding of the Refunded Obligations are hereby approved, confirmed and ratified.

Section 11.12. Effective Date. This Twenty-Sixth Supplemental Resolution shall take effect from and upon its adoption.

PASSED AND ADOPTED this ____ day of _____, 2012, by the following vote:

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF MAR 23 2012
BY A MAJORITY OF ALL ITS MEMBERS.

 JUNE LAGMAY
CITY CLERK
BY 
DEPUTY

EXHIBIT A

FORM OF ATTACHMENT 1

**WASTEWATER SYSTEM REVENUE BONDS,
REFUNDING SERIES 2012—
[Add Series or subseries designation]**

Maturity Schedule

<u>Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP*</u>
--------------------------	-----------------------------	----------------------	-----------------------	---------------

[insert Dated Dates and Record Dates, if required]

Mandatory Sinking Fund Payment Schedule

Mandatory Sinking Fund

Payment Date

(June 1 [or other date])

Mandatory Sinking Fund Payment Amount

Optional Redemption Provisions

[To be inserted consistent with Section 4.02 hereof]

[Make-Whole Redemption Provisions]

[To be inserted consistent with Section 4.04 hereof]

Application of Series 2012 Bond Proceeds

The proceeds of the Series 2012 Senior Lien Bonds shall be applied as follows for the redemption of the following [Senior Bonds] [Subordinate Bonds]:

[To be inserted consistent with Section 5.01 hereof]

I hereby certify that the provisions of this Attachment 1 are consistent with the Twenty-Sixth Supplemental Resolution and form a part thereof.

Dated: _____, 2012

CITY ADMINISTRATIVE OFFICER

By: _____
Assistant City Administrative Officer

* A registered trademark of The American Bankers Association. CUSIP is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only.

ATTACHMENT 1

[To be inserted when completed]

ATTACHMENT 2

Proposed Supplemental Resolution

THE COUNCIL OF THE CITY OF LOS ANGELES

[] SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City

_____, 20[]

SUPPLEMENTING THE

WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION

Which Was

Adopted by the Council of the City

November 10, 1987

[] SUPPLEMENTAL RESOLUTION

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

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[] SUPPLEMENTAL RESOLUTION

Providing for

Amendments relating to Section 1.01 and Section 6.03 of the
Wastewater System Revenue Bonds General Resolution

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

WHEREAS, the Council on November 10, 1987 adopted a resolution designated as the "WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION," (as amended and supplemented from time to time, the "General Resolution"), which sets forth the basic terms under which the City may issue wastewater system revenue bonds and which provides for a pledge of Revenues (as defined in the General Resolution) to secure all Bonds (as defined in the General Resolution and sometimes referred to herein as the "Senior Lien Bonds") issued thereunder; and

WHEREAS, the Council on March 26, 1991 adopted a resolution designated as the "WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (as amended and supplemented from time to time, the "Subordinate General Resolution"), which sets forth the basic terms under which the City may issue wastewater system subordinate revenue bonds and which provides for a pledge of Revenues to secure all Subordinate Bonds (as defined in the Subordinate General Resolution) issued thereunder on a basis subordinate to the Senior Lien Bonds issued under the General Resolution; and

WHEREAS, Section 11.03 of the General Resolution permits the City by supplemental resolution to amend and supplement the General Resolution and any Supplemental Resolution thereto, provided that certain conditions set forth in Section 11.03 of the General Resolution have been satisfied, and the City has been advised by Bond Counsel that the proposed terms of this [] Supplemental Resolution (this "[] Supplemental Resolution") may adversely affect the interests of the Bondholders thus requiring the majority consent of the Bondholders of all Series, as well as the consent of any bond insurers; and

WHEREAS, this [] Supplemental Resolution will become effective when all conditions of Article XI have been satisfied as evidenced by the delivery of the approving opinion of Bond Counsel pursuant to Section 11.03(d) of the Subordinate General Resolution;

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

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Definitions.

(a) Unless otherwise specifically provided in this Section, capitalized terms used in this [] Supplemental Resolution shall have the meanings ascribed to them in the General Resolution. The following definitions shall apply to terms used in this [] Supplemental Resolution unless the context clearly requires otherwise and shall be hereby added to Section 1.01 of the General Resolution:

“Build America Bonds”

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

“Direct Subsidy Bonds”

The term “Direct Subsidy Bonds” includes Build America Bonds and Recovery Zone Economic Development Bonds.

“Recovery Zone Economic Development Bonds”

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

“Refundable Credits”

The term “Refundable Credits” means (a) with respect to a Series of Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

(b) The definition of "Maximum Annual Debt Service" in Section 1.01 of the General Resolution is hereby amended as follows by adding the following paragraph (vii) to the end of the definition of such term:

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

ARTICLE II

RATE COVENANT

Section 2.01. Amendment Relating to Section 6.03 of the General Resolution. The following sentence is hereby added to the end of Section 6.03 of the General Resolution:

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

ARTICLE III

MISCELLANEOUS

Section 3.01. Incorporation of Definitions in the General Resolution. Except as otherwise provided in Section 1.01 hereof, all words, terms and phrases defined in the General Resolution shall have the same meanings in this [] Supplemental Resolution as in the General Resolution. Except as otherwise provided in any Supplemental Resolution hereafter adopted, all terms which are defined in this [] Supplemental Resolution, unless the context otherwise requires, shall have the same meanings in such Supplemental Resolution as in this [] Supplemental Resolution.

Section 3.01. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this [] Supplemental Resolution.

Section 3.02. Supplemental Resolution a Contract. This [] Supplemental Resolution, together with the General Resolution, is adopted by the City for the benefit of the Bondholders and together they constitute a contract with the Bondholders.

Section 3.03. Severability. If any provision of this [] Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this [] Supplemental Resolution. Nothing herein shall preclude one or more of the provisions of this [] Supplemental Resolution, with the approval required by the General Resolution, from becoming effective prior to the effective date of any other provision. The City shall promptly inform the Paying Agent and Bondholders in the event that consent has been secured for one or more of the provisions of this [] Supplemental Resolution.

Section 3.04. Governing Law. This [] Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 3.05. Captions. The captions in this [] Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this [] Supplemental Resolution.

Section 3.06. Effective Date. This [] Supplemental Resolution, or any portion hereof, shall take effect on the date on which the written consent of the Owners of a majority in aggregate amount of the Bonds and the Subordinate Bonds then Outstanding and of each Insurer and Credit Provider have been filed with the Paying Agent, and the other requirements contained in Article XI of the General Resolution have been satisfied.

PASSED AND ADOPTED this ____ day of _____, 20[], by the following vote:

[Faint, illegible text, possibly a signature or stamp]

ATTACHMENT B

THIRTEENTH SUPPLEMENTAL RESOLUTION

THE COUNCIL OF THE CITY OF LOS ANGELES

THIRTEENTH SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City

_____ 1, 2012

and

SUPPLEMENTING THE

WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION

Which Was

Adopted by the Council of the City

March 26, 1991

AND AUTHORIZING AND APPROVING THE ISSUANCE OF
WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS, SERIES 2012 IN ONE OR
MORE SERIES, INCLUDING REFUNDING BONDS, THE NEGOTIATED SALE OF SUCH
BONDS, THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO
AND RELATED ACTIONS

THIRTEENTH SUPPLEMENTAL RESOLUTION

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THIRTEENTH SUPPLEMENTAL RESOLUTION

Providing for

City of Los Angeles Wastewater System Subordinate Revenue Bonds Series 2012

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

WHEREAS, at such election held June 2, 1987, the voters voting on the proposition approved the issuance of \$500,000,000 of such bonds; and

WHEREAS, the Council, by resolution adopted August 2, 1988, submitted to the qualified voters of the City the proposition of increasing the authorization to issue bonds to finance the wastewater system improvement program from \$500,000,000 to \$2,000,000,000; and

WHEREAS, at such election held November 8, 1988, the voters voting on the proposition approved the increase in the authorization to a total of \$2,000,000,000; and

WHEREAS, the Council, by resolution adopted August 4, 1992, submitted to the qualified voters of the City the proposition of increasing the authorization to issue bonds to finance the wastewater system improvement program from \$2,000,000,000 to \$3,500,000,000; and

WHEREAS, at such election held November 3, 1992, the voters voting on the proposition approved the increase in the authorization to a total of \$3,500,000,000; and

WHEREAS, the Council on November 10, 1987 adopted a resolution designated as the "WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION," (the "General Resolution"), which sets forth the basic terms under which the City may issue wastewater system revenue bonds and which provides for a pledge of Revenues (as defined in the General Resolution) to secure all Bonds (as defined in the General Resolution and sometimes referred to herein as the "Senior Lien Bonds") issued thereunder; and

WHEREAS, the City has, under the General Resolution and individual supplemental resolutions thereto, issued the following Wastewater System Revenue Bonds:

Initial Principal Amount	Series
\$ 125,000,000.00	Series 1987 (the "Series 1987 Bonds")
130,000,000.00	Series 1988 (the "Series 1988 Bonds")
160,076,473.50	Series 1989 (the "Series 1989 Bonds")
108,715,000.00	Series 1990 A (the "Series 1990-A Bonds")
190,000,000.00	Series 1990-B (the "Series 1990-B Bonds")
112,410,000.00	Series 1991-A (the "Series 1991-A Bonds")
112,875,000.00	Series 1991-B (the "Series 1991-B Bonds")
87,125,000.00	Refunding Series 1991-C (the "Refunding Series 1991-C Bonds")
200,000,000.00	Series 1991-D (the "Series 1991-D Bonds")
91,890,000.00	Refunding Series 1992-A (the "Refunding Series 1992-A Bonds")
200,000,000.00	Series 1992-B (the "Series 1992-B Bonds")
301,015,000.00	Refunding Series 1993-A (the "Refunding Series 1993-A Bonds")
150,000,000.00	Series 1993-B (the "Series 1993-B Bonds")
76,885,000.00	Refunding Series 1993-C (the "Refunding Series 1993-C Bonds")
388,290,000.00	Refunding Series 1993-D (the "Refunding Series 1993-D Bonds")
150,000,000.00	Series 1994-A (the "Series 1994-A Bonds")
72,520,000.00	Refunding Series 1996-A (the "Refunding Series 1996-A Bonds")
35,250,000.00	Refunding Series 1997-A (the "Refunding Series 1997-A Bonds")
253,955,000.00	Series 1998-A (the "Series 1998-A Bonds")
120,855,000.00	Refunding Series 1998-B (the "Refunding Series 1998-B Bonds")
63,705,000.00	Refunding Series 1998-C (the "Refunding Series 1998-C Bonds")
88,390,000.00	Refunding Series 1999-A (the "Refunding Series 1999-A Bonds")
102,850,000.00	Refunding Series 2002-A (the "Refunding Series 2002-A Bonds")
204,335,000.00	Refunding Series 2003-A (the "Refunding Series 2003-A Bonds")
225,510,000.00	Refunding Series 2003-B (the "Refunding Series 2003-B Bonds")
300,655,000.00	Refunding Series 2005-A (the "Refunding Series 2005-A Bonds")
454,785,000.00	Refunding Series 2009-A (the "Refunding Series 2009-A Bonds")
177,420,000.00	Series 2010-A (the "Series 2010-A Bonds")
89,600,000.00	Series 2010-B (the "Series 2010-B Bonds")

all of which Senior Lien Bonds (to the extent Outstanding) shall be collectively referred to herein as the "Prior Senior Bonds," which are Outstanding in the aggregate principal amount of \$1,403,130,000 as of the date hereof; and

WHEREAS, the Council on March 26, 1991 adopted a resolution designated as the "WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (the "Subordinate General Resolution"), which sets forth the basic terms under which the City may issue wastewater system subordinate revenue bonds and which provides for a pledge of Revenues to secure all Subordinate Bonds (as defined in the Subordinate General Resolution) issued thereunder on a basis subordinate to the Senior Lien Bonds issued under the General Resolution; and

WHEREAS, the City has, under the Subordinate General Resolution and individual supplemental resolutions thereto, authorized the issuance of \$400,000,000 maximum authorized amount of its Wastewater System Commercial Paper Revenue Notes (the "Commercial Paper Notes"), none of which are outstanding, and the following Wastewater System Subordinate Revenue Bonds:

Initial Principal Amount	Series
\$123,400,000	Variable Rate Refunding Series 2001-A (the "Subordinate Refunding Series 2001-A Bonds")
123,400,000	Variable Rate Refunding Series 2001-B (the "Subordinate Refunding Series 2001-B Bonds")
46,300,000	Variable Rate Refunding Series 2001-C (the "Subordinate Refunding Series 2001-C Bonds")
15,500,000	Variable Rate Refunding Series 2001-D (the "Subordinate Refunding Series 2001-D Bonds")
365,510,000	Refunding Series 2003-A (the "Subordinate Refunding Series 2003-A Bonds")
269,450,000	Refunding Series 2003-B (the "Subordinate Refunding Series 2003-B Bonds")
118,810,000	Variable Rate Refunding Series 2006-A (the "Subordinate Refunding Series 2006-A Bonds")
71,280,000	Variable Rate Refunding Series 2006-B-1 (the "Subordinate Refunding Series 2006-B-1 Bonds")
27,715,000	Variable Rate Refunding Series 2006-B-2 (the "Subordinate Refunding Series 2006-B-2 Bonds")
49,490,000	Variable Rate Refunding Series 2006-C (the "Subordinate Refunding Series 2006-C Bonds")
49,490,000	Variable Rate Refunding Series 2006-D (the "Subordinate Refunding Series 2006-D Bonds") (the "Subordinate Refunding Series 2006-D Bonds")
84,730,000	Variable Rate Refunding Series 2008-A (the "Subordinate Refunding Series 2008-A Bonds")
69,780,000	Variable Rate Refunding Series 2008-B (the "Subordinate Refunding Series 2008-B Bonds")
49,840,000	Refunding Series 2008-C (the "Subordinate Refunding Series 2008-C Bonds")
31,900,000	Refunding Series 2008-D (the "Subordinate Refunding Series 2008-D Bonds")
10,065,000	Variable Rate Refunding Series 2008-E (the "Subordinate Refunding Series 2008-E Bonds")
68,510,000	Variable Rate Refunding Series 2008-F-1 (the "Subordinate Refunding Series 2008-F-1 Bonds")
57,115,000	Variable Rate Refunding Series 2008-F-2 (the "Subordinate Refunding Series 2008-F-2 Bonds")

Initial Principal Amount	Series
36,330,000	Variable Rate Refunding Series 2008-G (the "Subordinate Refunding Series 2008-G Bonds")
36,330,000	Variable Rate Refunding Series 2008-H (the "Subordinate Refunding Series 2008-H Bonds")
199,790,000	Series 2010-A (the "Subordinate Series 2010-A Bonds")

all of which Subordinate Bonds (to the extent Outstanding) shall be collectively referred to herein as the "Prior Subordinate Bonds," which are Outstanding in the aggregate principal amount of \$1,169,505,000 as of the date hereof; and

WHEREAS, the Subordinate General Resolution provides that additional Subordinate Bonds may be issued in one or more Series, and the City has determined that it is now appropriate to authorize the issuance of one or more Series of Subordinate Bonds, designated as Wastewater System Subordinate Revenue Bonds Series 2012, with such additional Series or subseries designations, including "Tax-Exempt Bonds" or "Taxable Bonds" or "Refunding Bonds" as shall be deemed necessary or appropriate as provided herein (the "Series 2012 Subordinate Bonds"), through the adoption of this Thirteenth Supplemental Resolution (the "Thirteenth Supplemental Resolution") for the purpose of (i) refunding all or a portion of the outstanding Commercial Paper Notes and/or refunding all or any portion of the Prior Senior Bonds and Prior Subordinate Bonds (collectively the "Refunded Obligations"), whether through a current or advance refunding or by the purchase of such Refunded Obligations pursuant to a formal tender with the proceeds of the sale of the Series 2012 Subordinate Bonds or a combination of the two financing methods, (ii) funding any deposit into a 2012 Construction Fund in an amount necessary to pay any Project Costs associated with any improvement to the System, and (iii) paying the costs of issuance in connection with the issuance of any Series of Series 2012 Subordinate Bonds, including, without limitation, financing certain termination payments in connection with certain interest rate swap agreements associated with certain of the Refunded Obligations, and

WHEREAS, Series 2012 Subordinate Bonds shall be issued pursuant to and in accordance with the procedures set forth in the Charter, the Revenue Bond Law and Article 10 and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (Section 53570 et seq.) of the California Government Code (the "Refunding Law") and the provisions of the Subordinate General Resolution, including this Thirteenth Supplemental Resolution; and

WHEREAS, the Series 2012 Subordinate Bonds may be issued in one or more Series or subseries, in such amounts and with such payment terms and details as the City Administrative Officer, upon the advice of the City's financial advisors shall determine to be in the City's best interests and which are otherwise consistent with the provisions and parameters of this Thirteenth Supplemental Resolution; and

WHEREAS, concurrently with the issuance of the Series 2012 Subordinate Bonds, the City proposes to issue Senior Lien Bonds (the "2012 Senior Lien Bonds") pursuant to a Twenty-

Sixth Supplemental Resolution (the "Twenty-Sixth Supplemental Resolution") adopted on even date herewith; and

WHEREAS, the aggregate principal amount of Series 2012 Subordinate Bonds issued pursuant to this Thirteenth Supplemental Resolution and 2012 Senior Lien Bonds issued pursuant to the Twenty-Sixth Supplemental Resolution for the purpose of financing improvements to the System shall not exceed \$200,000,000; and

WHEREAS, any refunding to be accomplished with the proceeds from the sale of any Series of Series 2012 Subordinate Bonds issued pursuant to this Thirteenth Supplemental Resolution will result in (i) with respect to the Refunded Senior Bonds or Refunded Subordinate Bonds, either (A) (1) a minimum present value savings equal to at least 70% of the maximum call option value of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded or (2) a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded, or (B) a desirable restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System and (ii) with respect to the Commercial Paper Notes, a desirable restructuring of debt or benefits for the manageability and convenience of the System's Bond financing and refunding program, in each case, as determined by the City Administrative Officer, upon the advice of the City's financial advisors, at or before the time of issuance; and

WHEREAS, the aggregate principal amount of Series 2012 Subordinate Bonds issued pursuant to this Thirteenth Supplemental Resolution for the purpose of refunding Senior Bonds and/or Subordinate Bonds shall not be limited in principal amount if such refunding satisfies either clause (1) or (2) of clause (i)(A) of the preceding recitation, and shall be limited to \$375,000,000 if such refunding satisfies clause (i)(B) of the preceding recitation; and

WHEREAS, the City has determined, based upon the existing market conditions and upon the advice of its financial advisors and the City Attorney, that it is in the best financial interests of the City to sell the Series 2012 Subordinate Bonds through a negotiated underwriting process, provided that, if market conditions should change, nothing herein shall preclude the City from selling the Series 2012 Subordinate Bonds on a competitive basis, and has further determined that it is not practicable or compatible with the City's best interests to select the other professionals for the Series 2012 Subordinate Bonds by sealed competitive bids, and the Council desires to make relevant findings in this regard in order to comply with recent judicial interpretations of such requirements; and

WHEREAS, it is desirable that the Council provide for the issuance, securing and sale of the Series 2012 Subordinate Bonds; and

WHEREAS, Section 11.03 of the Subordinate General Resolution permits the City by supplemental resolution to amend and supplement the Subordinate General Resolution and any Supplemental Resolution thereto and Section 11.03 of the Subordinate General Resolution authorizes the City to distribute notice to all Bondholders and Insurers of the Outstanding Subordinate Bonds of its intention to amend the Subordinate General Resolution in the form attached hereto as Attachment 2 (the "Supplemental Resolution"); and

WHEREAS, the City proposes to circulate for approval of Bondholders and Insurers a form of Supplemental Resolution attached hereto as Attachment 2 which this Council intends to adopt in substantially such form when all required consents have been obtained; and

WHEREAS, any purchasers of the Series 2012 Subordinate Bonds shall be deemed to have granted their consent to the Supplemental Resolution by their purchase of the Series 2012 Subordinate Bonds; and

WHEREAS, the Thirteenth Supplemental Resolution is adopted in accordance with the provisions of the Subordinate General Resolution;

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

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Definitions. Unless otherwise specifically provided in this Section, capitalized terms used in this Thirteenth Supplemental Resolution shall have the meanings ascribed to them in the General Resolution or the Subordinate General Resolution. The following definitions shall apply to terms used in this Supplemental Resolution unless the context clearly requires otherwise:

“Attachment 1” means each Attachment 1 to this Thirteenth Supplemental Resolution, substantially in the form of Exhibit A hereto, completed, executed and delivered by the City Administrative Officer pursuant to Section 3.04 hereof in connection with the issuance of the related Series of Series 2012 Subordinate Bonds and setting forth the terms thereof as described in Article III hereof, each of which Attachment No. 1, upon execution and delivery, shall become a part of this Thirteenth Supplemental Resolution.

“Authorized City Representative” means the Mayor, the City Clerk, the City Controller, the City Administrative Officer or a duly authorized designee of any of the foregoing, or any one or more of them.

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

“Beneficial Owner” means, whenever used with respect to a Series 2012 Subordinate Bond, the person in whose name such Bond is recorded as the beneficial owner by a Participant on the records of such Participant or such person’s subrogee.

“Book-Entry Bonds” means the Series 2012 Subordinate Bonds held by DTC (or its nominee) as the registered owner thereof pursuant to the terms and provisions of Section 3.06 hereof.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2012 Subordinate Bonds.

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

“Commercial Paper Notes” or “CP Notes” means the City’s Wastewater System Commercial Paper Revenue Notes which the City has issued and will issue from time to time on a parity with the Subordinate Bonds, as authorized as of the date hereof under the Subordinate General Resolution, a First Supplemental Resolution adopted by the Council on March 26, 1991, a Second Supplemental Resolution adopted by the Council on August 13, 1996, a Third Supplemental Resolution adopted by the Council on September 3, 1997, a Fourth Supplemental Resolution adopted by the Council on August 15, 2000, a Sixth Supplemental Resolution adopted by the Council on January 21, 2003 and an Eleventh Supplemental Resolution adopted by the Council on June 23, 2010.

“Continuing Disclosure Certificate” means each Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of any Series of Series 2012 Subordinate Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all costs and expenses incurred by the City in connection with the issuance of any Series of Series 2012 Subordinate Bonds and the refunding of the Refunded Obligations, including, but not limited to, costs and expenses of printing and copying documents and the Series 2012 Subordinate Bonds, any fees incurred in connection with agreements described in Section 10.06 hereof, and the fees, costs and expenses of rating agencies, counsel, accountants, verification specialists, underwriters, financial advisors, the escrow agent, insurance consultants and other consultants and agents.

“Dealer Manager Agreement” means that certain Dealer Manager Agreement, by and between the City and De La Rosa & Co., as dealer manager, in connection with the Tender Offer made by the City for certain of the Refunded Obligations.

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

“Escrow Agent” means a financial institution meeting the City’s capitalization requirements appointed pursuant to Section 9.01 hereof to serve as escrow agent under an Escrow Agreement.

“Escrow Agreement” means an agreement between the City and an Escrow Agent, and related to the deposit, investment and use of a portion of the proceeds of any Series of Series 2012 Subordinate Bonds and the earnings thereon to pay principal of, and premium and interest on any Refunded Obligations and to pay the Costs of Issuance of such Series of Series 2012 Subordinate Bonds.

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

“Interest Payment Date,” for any Series of Series 2012 Subordinate Bonds, means December 1, 2012, and each June 1 and December 1 thereafter, or such other interest payment dates designated in Attachment 1 with respect to such Series.

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

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

“Prior Senior Bonds” means, the Senior Lien Bonds which as of the date hereof consist of, collectively, the Series 1987 Bonds, the Series 1988 Bonds, the Series 1989 Bonds, the Series 1990-A Bonds, the Series 1990-B Bonds, the Series 1991-A Bonds, the Series 1991-B Bonds, the Refunding Series 1991-C Bonds, the Series 1991-D Bonds, the Refunding Series 1992-A Bonds, the Series 1992-B Bonds, the Refunding Series 1993-A Bonds, the Series 1993-B Bonds, the Refunding Series 1993-C Bonds, the Refunding Series 1993-D Bonds, the Series 1994-A Bonds, the Refunding Series 1996-A Bonds, the Refunding Series 1997-A Bonds, the Series 1998-A Bonds, the Refunding Series 1998-B Bonds, the Refunding Series 1998-C Bonds, the Refunding Series 1999-A Bonds, the Refunding Series 2002-A Bonds, the Refunding Series 2003-A Bonds, the Refunding Series 2003-B Bonds, the Refunding Series 2005-A Bonds, the Refunding Series 2009-A Bonds, the Series 2010-A Bonds and the Series 2010-B Bonds, previously issued by the City pursuant to the General Resolution.

“Prior Subordinate Bonds” means, the Subordinate Bonds which as of the date hereof consist of, collectively, the Subordinate Refunding Series 2001-A Bonds, the Subordinate Refunding Series 2001-B Bonds, the Subordinate Refunding Series 2001-C Bonds, the Subordinate Refunding Series 2001-D Bonds, the Subordinate Refunding Series 2003-A Bonds, the Subordinate Refunding Series 2003-B Bonds, the Subordinate Refunding Series 2006-A Bonds, the Subordinate Refunding Series 2006-B-1 Bonds, the Subordinate Refunding Series 2006-B-2 Bonds, the Subordinate Refunding Series 2006-C Bonds, the Subordinate Refunding Series 2006-D Bonds, the Subordinate Refunding Series 2008-A Bonds, the Subordinate Refunding Series 2008-B Bonds, the Subordinate Refunding Series 2008-C Bonds, the Subordinate Refunding Series 2008-D Bonds, the Subordinate Refunding Series 2008-E Bonds, the Subordinate Refunding Series 2008-F-1 Bonds, the Subordinate Refunding Series 2008-F-2 Bonds, the Subordinate Refunding Series 2008-G Bonds, the Subordinate Refunding Series 2008-H Bonds and the Subordinate Series 2012-A Bonds, previously issued by the City pursuant to the Subordinate General Resolution.

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

“Refunded Obligations” means all or any of the Refunded Senior Bonds and the Refunded Subordinate Bonds and the Commercial Paper Notes.

“Refunded Senior Bonds” means all or any of the Prior Senior Bonds to be refunded by the Series 2012 Subordinate Bonds, as described in Attachment 1 relating to such Series of Series 2012 Subordinate Bonds.

“Refunded Subordinate Bonds” means all or any of the Prior Subordinate Bonds to be refunded by the Series 2012 Subordinate Bonds, as described in Attachment 1 relating to such Series of Series 2012 Subordinate Bonds

“Representation Letter” means the Blanket Letter of Representations from the City to DTC which Representation Letter applies to the Series 2012 Subordinate Bonds.

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

“Series” means any Series of Series 2012 Subordinate Bonds as designated in Attachment 1 attached hereto.

“Series 2012 Subordinate Bonds” means the City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2012 of each Series or subseries authorized to be issued pursuant to this Thirteenth Supplemental Resolution.

“Service Charges Agreements” means, collectively, those Supplemental Service Charges Agreements or similar agreements entered into by the City and other political entities which agreements are supplemental to the basic and general contracts or agreements between the City and such entities relating to the use of the System and which supplemental agreements relate to the System and provide for the payment of Supplemental Service Charges or other payments in recognition of the City’s increased expenses as a result of providing System improvements and/or expansions which benefit the contracting political entities.

“SRF Loan” means that certain loan agreement entered into by the City with the State Water Resources Control Board designated as Agreement Number 00-817-550-0 and made and entered into on January 17, 2001, as amended and supplemented from time to time in accordance with the terms thereof.

“Subordinate Bonds” means any bonds or other obligations, including Commercial Paper Notes, issued under the Subordinate General Resolution.

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

“Taxable Bonds” means any Series of Series 2012 Subordinate Bonds bearing interest that is not excluded from gross income for federal income tax purposes.

“Tax Certificate” means that Tax Certificate relating to federal tax matters to be executed on behalf of the City at the time of issuance of any Series of Series 2012 Subordinate Bonds, and as amended from time to time.

“Tax-Exempt Bonds” means any Series of Series 2012 Subordinate Bonds bearing interest that is excluded from gross income for federal income tax purposes under Section 103 of the Code.

“Tender Offer Materials” means (a) the Invitation to Tender Bonds, setting forth the terms and conditions of the tender offer (the “Tender Offer”) for certain of the Refunded Obligations, dated the date of the Dealer Manager Agreement, as amended and supplemented from time to time (the “Invitation”); (b) the Questions and Answers, dated the date of the Invitation; (c) a letter from the City to the owners of the bonds that are the subject of the Tender Offer, dated the date hereof; (d) a form of letter to brokers, dealers, commercial banks, trust companies and nominees; (e) the Form of Solicitation Fee Payment Notice; (f) a press release relating to the Tender Offer; and (g) any other documents delivered in connection with the Tender Offer.

“Underwriters” means, collectively, Barclays Capital Inc., De La Rosa & Co., Jefferies & Company, Inc., J.P. Morgan Securities LLC, Loop Capital Markets, Stifel Nicolaus & Company Incorporated, DBA Stone & Youngberg, a Division of Stifel Nicolaus, and Wells Fargo Securities or such other Underwriters as may be designated in any subsequent resolution of the City.

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

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

Section 1.04. Treatment of Payments Received Under Service Charges Agreements. The City anticipates that, from time to time, it may enter into one or more Service Charges Agreements and it is hereby specifically provided that, for purposes of the definition of “Revenues” as set forth in the General Resolution, it shall be determined and such term shall be interpreted such that, amounts paid to the City under the Service Charges Agreements are and shall be designated as service charges and included as Revenues and are not designated for capital costs.

ARTICLE II

AUTHORIZATION AND SECURITY

Section 2.01. Subordinate General Resolution; Special Obligations. The Series 2012 Subordinate Bonds authorized by this Thirteenth Supplemental Resolution are Subordinate Bonds issued under the terms of the Subordinate General Resolution and secured by and entitled to the security and the rights granted by the Subordinate General Resolution. The Series 2012 Subordinate Bonds shall be issued subordinate to the Prior Senior Bonds and any other Senior Lien Bonds issued hereafter and shall be issued on a parity with the Commercial Paper Notes, the Prior Subordinate Bonds and any other Subordinate Bonds issued hereafter.

The Series 2012 Subordinate Bonds shall be and are special, limited obligations of the City, and the City shall be obligated to pay the principal of, premium, if any, and interest on the Series 2012 Subordinate Bonds solely from the Revenues and from amounts in the SCM Fund and the Debt Service Fund (all as defined below). The General Fund of the City is not liable for the payment of the principal of, interest on or premium, if any, on the Series 2012 Subordinate Bonds. Neither the full faith and credit nor the taxing power of the City is pledged to pay the Series 2012 Subordinate Bonds. The pledge, assignment and lien on the Revenues granted pursuant to the Senior Lien Resolution to secure the Senior Lien Bonds shall, in all respects, be prior to the pledge, assignment and lien on the Revenues granted by the Subordinate General Resolution and this Thirteenth Supplemental Resolution. The principal of and interest on the Series 2012 Subordinate Bonds and any premiums upon the redemption of any thereof are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues except the Revenues and amounts in the SCM Fund and the Debt Service Fund.

Section 2.02. Revenue Bond Law and Refunding Law. The Series 2012 Subordinate Bonds are hereby declared to be issued under the terms of the Revenue Bond Law or Refunding Law, and secured as provided for in the Revenue Bond Law and Refunding Law, as applicable; provided, however, that the security provided in the Series 2012 Subordinate Bonds is also granted subordinate to the prior and senior lien to secure Senior Lien Bonds issued under the Senior Lien Resolution, and, on a parity with the lien granted to secure other Subordinate Bonds, including Commercial Paper Notes, issued under the Subordinate General Resolution, and provided that liens on the Revenues which are subordinate to the liens securing the Subordinate Bonds may be granted. The Series 2012 Subordinate Bonds may recite that they are issued pursuant to the Revenue Bond Law or Refunding Law, as applicable. It is hereby declared that the proceeds of the Series 2012 Subordinate Bonds issued as refunding bonds may be held in part and for such time as the City may deem advisable in trust for the protection of the owners of the Refunded Obligations.

ARTICLE III

DESCRIPTION OF THE SERIES 2012 SUBORDINATE BONDS

Section 3.01. Designation of the Series 2012 Subordinate Bonds; Principal Amounts. The Series 2012 Subordinate Bonds are hereby authorized to be issued in one or more Series

under the Subordinate General Resolution and this Thirteenth Supplemental Resolution. The aggregate principal amount of Series 2012 Subordinate Bonds issued pursuant to this Thirteenth Supplemental Resolution and 2012 Senior Lien Bonds issued pursuant to the Twenty-Sixth Supplemental Resolution to finance improvements to the System or to refund CP Notes shall not exceed \$200,000,000. The aggregate principal amount of Series 2012 Subordinate Bonds issued pursuant to this Thirteenth Supplemental Resolution for the purpose of refunding Senior Bonds and/or Subordinate Bonds shall not be limited except as provided in the preambles hereto. The Series 2012 Subordinate Bonds shall be issued in such principal amounts and shall be designated as the "City of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2012," with such additional Series or subseries designations as Tax-Exempt Bonds or Taxable Bonds or as Refunding Bonds as set forth in the Attachment 1 related to such Series of Series 2012 Subordinate Bonds.

Section 3.02. Series 2012 Subordinate Bonds Under the Subordinate General Resolution; Security. The Series 2012 Subordinate Bonds are issued under, secured by and subject to the terms of the Subordinate General Resolution and are secured by the Revenues in accordance with the terms of the Subordinate General Resolution. The Series 2012 Subordinate Bonds are special obligations of the City payable only from the Revenues, the SCM Fund, the Debt Service Fund and the Construction Fund, and not from the general fund of the City, and the City is not obligated to pay the Series 2012 Subordinate Bonds from any other source.

Section 3.03. Terms of the Series 2012 Subordinate Bonds; Signature. The Series 2012 Subordinate Bonds shall be issued in Authorized Denominations, and shall be issuable only as fully registered bonds. The Series 2012 Subordinate Bonds shall be signed by the Mayor or the City Administrative Officer, and shall be authenticated by any Authorized City Representative. Any such signature may be by facsimile, except that on one of each Series 2012 Subordinate Bond there shall be at least one manual signature. The Series 2012 Subordinate Bonds shall be numbered as any Authorized City Representative shall determine.

The Series 2012 Subordinate Bonds of each Series, upon initial issuance, shall be dated the date of delivery (or have such other dated date as set forth in the Attachment 1 related to such Series). Each Series 2012 Subordinate Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is after a Record Date and on or prior to the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such next succeeding Interest Payment Date or unless such date of authentication is on or before the first Interest Payment Date, in which event such Bond shall bear interest from its dated date. If interest on the Series 2012 Subordinate Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Bonds surrendered.

Interest on the Series 2012 Subordinate Bonds shall be paid on December 1, 2012 and semiannually thereafter on each June 1 and December 1 (or on such other semiannual interest payment dates as set forth in the Attachment 1 related to such Series and subseries). Interest shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2012 Subordinate Bonds shall mature on June 1 (or on such other date as set forth in the Attachment 1 related to such Series and subseries) in the years and in the amounts, subject to prior redemption, and bear interest at the annual rates set forth in the Attachment 1 related to such Series and subseries, provided, however, that the final maturity of the Series 2012 Subordinate Bonds will not be later than 40 years from the date of issuance of such Series and the true interest cost on the Series 2012 Subordinate Bonds of any Series will not exceed 8%.

Payment of principal of the Series 2012 Subordinate Bonds shall be made upon surrender of such Series 2012 Subordinate Bonds to the City Administrative Officer provided that with respect to the Series 2012 Subordinate Bonds which are Book-Entry Bonds, the Treasurer may make other arrangements for the payment of principal as provided in the Representation Letter. Payment of interest on Series 2012 Subordinate Bonds which are not Book-Entry Bonds shall be paid by check of the City or a Paying Agent, if a Paying Agent has been appointed, mailed by first-class mail, postage prepaid, to the registered owners at their addresses as they appear on the registration books maintained for the Series 2012 Subordinate Bonds. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.06 hereof. With respect to all Series 2012 Subordinate Bonds, interest shall be paid to the person who was, on the Record Date, the registered owner thereof. The Series 2012 Subordinate Bonds shall be substantially in the form set forth in Section 3.07 hereof. Principal, interest and premium, if any, will be paid in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Interest on overdue principal of a Series 2012 Subordinate Bond and, to the extent lawful, on overdue interest on a Series 2012 Subordinate Bond will be payable at the rate on such Series 2012 Subordinate Bond on the day before the default occurred.

Any refunding to be accomplished with the proceeds from the sale of any Series of Series 2012 Subordinate Bonds issued pursuant to this Thirteenth Supplemental Resolution will result in (i) with respect to the Refunded Senior Bonds or Refunded Subordinate Bonds, either (A) (1) a minimum present value savings equal to at least 70% of the maximum call option value of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded or (2) a minimum average net present value savings of 3%, expressed as a percentage of the principal amount of the Refunded Senior Bonds or Refunded Subordinate Bonds being refunded, or (B) a desirable restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System and (ii) with respect to the Commercial Paper Notes, a desirable restructuring of debt or benefits for the manageability and convenience of the System's Bond financing and refunding program, in each case, as determined by the City Administrative Officer, upon the advice of the City's financial advisors, at or before the time of issuance. Satisfaction of this requirement with respect to any Series of Series 2012 Subordinate Bonds shall be conclusively evidenced by the execution of the Attachment 1 related to such Series and subseries.

Section 3.04. Approval and Authorization of each Attachment 1 to Constitute a Part of this Resolution. The City Administrative Officer is hereby authorized to complete, execute and deliver, on or about the date of the delivery of each Series and subseries of Series 2012 Subordinate Bonds the related Attachment 1 substantially in the form of Exhibit A hereto, with such additions and modifications as are necessary or required to complete such document. The

form of Attachment 1 is hereby approved and, upon execution and delivery by the City Administrative Officer each such Attachment 1 shall be made a part of this Thirteenth Supplemental Resolution, without any further authorization or approval of this Council or any other party. The City Administrative Officer shall transmit a final copy of each such Attachment 1 to the City Clerk prior to the date of issuance of the related Series of Series 2012 Subordinate Bonds so that each Attachment 1 can be attached to this Thirteenth Supplemental Resolution in the records of the City, provided that the failure of the City Administrative Officer to so deliver any Attachment 1 or the failure of the City Clerk to so attach the document shall not affect the validity of the Series 2012 Subordinate Bonds of any Series or subseries issued pursuant to this Thirteenth Supplemental Resolution.

Section 3.05. Exchange and Transfer of Series 2012 Subordinate Bonds. Series 2012 Subordinate Bonds which are delivered to the Treasurer for exchange may be exchanged for an equal total unpaid principal amount of Series 2012 Subordinate Bonds of the same Series and subseries and maturity but of different Authorized Denominations. Series 2012 Subordinate Bonds presented to the Treasurer shall be transferred upon the registration books in accordance with the procedures determined by the Treasurer and as provided in Section 3.06 of the Subordinate General Resolution.

The Treasurer will not, however, be required to transfer or exchange any such Series 2012 Subordinate Bond during the period beginning 15 days before the mailing of notice calling any such Series 2012 Subordinate Bond for redemption and ending on the date notice of redemption is mailed nor to transfer or exchange any Series 2012 Subordinate Bond which has been selected for redemption.

Section 3.06. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section 3.06, the registered owner of all of the Series 2012 Subordinate Bonds shall be DTC and the Series 2012 Subordinate Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal or interest for any Series 2012 Bond registered in the name of Cede & Co. shall be made on the payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. Such payments shall be made to Cede & Co. at the address which is, on the regular Record Date or special record date, as the case may be, shown for Cede & Co. in the registration books of the City.

(b) The Series 2012 Subordinate Bonds shall be initially issued in the form of a separate single authenticated fully registered Series 2012 Subordinate Bond for each separate stated maturity of the Series 2012 Subordinate Bonds. Upon initial issuance, the ownership of all Series 2012 Subordinate Bonds shall be registered on the registration books of the City in the name of Cede & Co., as nominee of DTC. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2012 Subordinate Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 2012 Subordinate Bonds, respectively, selecting the Series 2012 Subordinate Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Subordinate General Resolution or this Thirteenth Supplemental Resolution, registering the transfer of Series 2012 Subordinate Bonds, as the case may be, obtaining any consent or other

action to be taken by Bondholders and for all other purposes whatsoever, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2012 Subordinate Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment to DTC or any Participant of any amount in respect of the principal of, redemption price of or interest on the Series 2012 Subordinate Bonds; any notice which is permitted or required to be given to Bondholders under the General Resolution or this Thirteenth Supplemental Resolution; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2012 Subordinate Bonds; or any consent given or other action taken by DTC as Bondholder. The City shall pay all principal of and premium, if any, and interest on the Series 2012 Subordinate Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations, with respect to the principal of and premium, if any, and interest on the Series 2012 Subordinate Bonds, respectively, to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2012 Subordinate Bond evidencing the obligation of the City to make payments of principal of and premium, if any, and interest pursuant to the Subordinate General Resolution or this Thirteenth Supplemental Resolution. Upon delivery by DTC to the City of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Thirteenth Supplemental Resolution shall refer to such new nominee of DTC.

(c) If the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates and that such certificates should, therefore, be made available, and notifies DTC of such determination, then DTC will notify the Participants of the availability through DTC of Bond certificates. In such event the Treasurer shall authenticate and shall transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2012 Subordinate Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Bond certificates as described in this Thirteenth Supplemental Resolution. If Bond certificates are issued, the provisions of the General Resolution and this Thirteenth Supplemental Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 2012 Subordinate Bonds to any DTC Participant having Series 2012 Subordinate Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Subordinate Bonds.

(d) Notwithstanding any other provision of the Subordinate General Resolution or this Thirteenth Supplemental Resolution to the contrary, so long as any Series 2012 Subordinate Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2012 Subordinate Bond and all

notices with respect to such Series 2012 Subordinate Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

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

Section 3.07. Form of Series 2012 Subordinate Bonds. The Series 2012 Subordinate Bonds of each Series and subseries shall be substantially in the following form, with such additions, deletions and modifications as shall be necessary or appropriate to conform such form to the Attachment 1 related to such Series:

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY OF LOS ANGELES
WASTEWATER SYSTEM SUBORDINATE REVENUE BOND,
[REFUNDING] SERIES 2012- [Add Series or Subseries Designation]

No. _____ \$ _____

Interest	Maturity Date	Dated Date	CUSIP No.
%			

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

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The City of Los Angeles (the "City"), a municipal corporation and a political subdivision of the State of California, organized and operating under the terms of the Charter of the City of Los Angeles and the Constitution of the State of California, promises to pay, from the sources described in this Subordinate Bond and not from any other sources, to the Registered Owner set forth above or registered assigns, the Principal Amount set forth above on the Maturity Date set forth above, and to pay interest as provided in this Subordinate Bond.

This Subordinate Bond is subject to redemption prior to its maturity date. The times, prices and conditions under which this Subordinate Bond may be redeemed are hereinafter described.

This Subordinate Bond is authorized, issued and secured under the terms of that Wastewater System Revenue Bonds Subordinate General Resolution adopted by the Council of the City on March 26, 1991 and the terms of that Thirteenth Supplemental Resolution Supplementing the Wastewater System Revenue Bonds Subordinate General Resolution, adopted by the Council on _____, 2012. This Subordinate Bond is issued pursuant to [Sections 54300 et seq]. [Sections 53570 et seq]. of the California Government Code.

Additional provisions of this Subordinate Bond are set forth on the following pages of this Subordinate Bond.

Dated:

[AUTHORIZED CITY REPRESENTATIVE], CITY OF LOS ANGELES
as duly Authorized AUTHENTICATING
AGENT FOR THE CITY OF LOS
ANGELES, certifies that this is one of the
Subordinate Bonds referred to in the
Subordinate General Resolution and Thirteenth
Supplemental Resolution referred to herein.

By: _____
[Mayor or City Administrative Officer]

By: _____

[FORM ON FOLLOWING PAGES OF BOND]

1. General Resolution; Subordinate General Resolution; Thirteenth Supplemental Resolution; Source of Payment. The Council (the "Council") of the City has on November 10, 1987 adopted a resolution captioned "WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION" (the "General Resolution"), which provides that the City may from time to time issue wastewater system revenue bonds and other forms of obligations and indebtedness under the terms thereof, and such General Resolution pledges to the payment of all obligations issued or incurred under the terms thereof the "Revenues" of the City's wastewater system (the "System"), which Revenues are defined as all revenues of the City's Sewer Construction and Maintenance Fund and revenues otherwise attributable to the System, including, but not limited to, the revenues currently arising as a result of the imposition of sewer service charges, industrial waste surcharge and inspection fees, sewage disposal contract charges, sewerage facility charges and bonded sewer fees and all other income and receipts derived by the City from the ownership or operation of the System or arising from the System and including amounts attributable to extensions, additions and improvements to the System and all other amounts received by the City in payment for providing wastewater collection, treatment and/or disposal services; and all earnings received from the Investment of the SCM Fund (as defined in the General Resolution) and those funds referred to in the General Resolution as the Debt Service Fund, the Debt Service Reserve Fund and the Emergency Fund; provided, however, that Revenues do not include: (1) any amount received from the levy or collection of taxes; (2) amounts received under contracts or agreements with governmental or private entities and designated for capital costs; (3) moneys received as grants from the United States of America or from the State of California; (4) earnings received from the investment of the Construction Funds; (5) the proceeds of borrowing; and (6) proceeds of insurance.

In addition, the City pledged the following to secure bonds and other forms of obligations and indebtedness issued under the General Resolution: (1) the Revenues held in the SCM Fund, including the earnings on such Revenues, and (2) all moneys and securities held in the Debt

Service Reserve Fund, the Debt Service Fund (except as restricted by the General Resolution) and the Construction Funds, all as described in the General Resolution.

All bonds, notes and other indebtedness, obligations or securities of any kind or class issued or incurred pursuant to the terms of the General Resolution are referred to hereinafter as "Senior Lien Bonds" and are all equally and ratably secured by and payable from the Revenues and those funds described in this paragraph. As of the date of the issuance of the Subordinate Bonds authorized by the Thirteenth Supplemental Resolution, the City has issued twenty-nine series of its Wastewater System Revenue Bonds under the General Resolution in an original aggregate principal amount of \$ _____ (the "Prior Senior Lien Bonds").

The Council on March 26, 1991 adopted a resolution captioned "WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION (the "Subordinate Resolution"), which provides that the City may from time to time issue wastewater system revenue bonds and other forms of indebtedness that constitute a second and subordinate lien to the lien on Revenues of the General Resolution and the Senior Lien Bonds. All capitalized terms not otherwise defined shall have the meanings ascribed to such capitalized terms in the General Resolution or the Subordinate General Resolution. The Subordinate General Resolution pledges to, and places a second lien upon, the payment of all obligations issued or incurred under the terms thereof, the Revenues (as defined above and in the Subordinate General Resolution).

In addition, the City pledges the following to secure bonds and other forms of indebtedness under the Subordinate General Resolution: (i) the Revenues held in the SCM Fund including the earnings on such Revenues, and (ii) all moneys and securities held in any Debt Service Fund and Construction Fund (as defined in Subordinate General Resolution). Pursuant to a First Supplemental Resolution, a Second Supplemental Resolution, a Third Supplemental Resolution, a Fourth Supplemental, a Sixth Supplemental Resolution and an Eleventh Supplemental Resolution, all supplementing and amending the Subordinate General Resolution, the City has authorized the issuance of Subordinate Bonds in the form of Commercial Paper Notes in the maximum aggregate principal amount of \$400,000,000.

The Series of Subordinate Bonds of which this Subordinate Bond constitutes a part is issued under the terms of the Subordinate General Resolution and a "THIRTEENTH SUPPLEMENTAL RESOLUTION SUPPLEMENTING THE WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (the "Thirteenth Supplemental Resolution") adopted by the Council on _____, 2012, is designated as "City of Los Angeles Wastewater System Subordinate Revenue Bonds, [Refunding] Series 2012 [add Series or Subseries Designation]" (the "Series 2012 Subordinate Bonds") and is being issued for the purpose of [refunding all or a portion of the City's [Prior Senior Lien Bonds and Prior Subordinate Bonds.]and/or [paying the costs of improvements to the System] The Series 2012 Subordinate Bonds, are being issued in the aggregate original principal amount of \$ _____ and are issued on a parity with and are payable from the same sources of funds as all Outstanding Subordinate Bonds.

Additional Senior Lien Bonds and Subordinate Bonds may be issued from time to time under the terms of the General Resolution and Subordinate General Resolution, respectively, and all such additional Senior Lien Bonds and Subordinate Bonds will be equally and ratably secured

with the Prior Senior Lien Bonds and Subordinate Bonds, respectively, in accordance with the Revenue Bond Law by the Revenues and those funds described in the preceding paragraphs and will be payable from the same source as the Series 2012 Subordinate Bonds, respectively. The General Resolution provides that operation and maintenance expenses of the System are to be paid from the Revenues in the SCM Fund as such expenses become due in the ordinary course of business.

The City's obligation to make payment of the principal of, interest on and premium, if any, on the Subordinate Bonds is only to the extent of the Revenues and amounts in the SCM Fund, the Debt Service Fund (defined in the Subordinate General Resolution), and the Construction Fund (defined in the Subordinate General Resolution), if any, and the City has no obligation to make payments from any other sources. The general fund of the City is not liable for the payment of the Series 2012 Subordinate Bonds, or the premium, if any, or interest thereon, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Series 2012 Subordinate Bonds, or the premium, if any, of the interest thereon.

The security for the Subordinate Bonds, the events that constitute Events of Default thereunder and the remedies therefor are set forth in the Subordinate General Resolution and Thirteenth Supplemental Resolution, and holders of the Series 2012 Subordinate Bonds are referred to the Subordinate General Resolution and the Thirteenth Supplemental Resolution for description of those terms.

2. Interest Rate. This Subordinate Bond shall bear interest until its Maturity Date or earlier redemption at the rate shown on the face of this Subordinate Bond. Interest on overdue principal and, to the extent lawful, all overdue interest will be payable at the rate on this Subordinate Bond on the day before the default occurred.

Interest on this Subordinate Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months.

3. Interest Payment and Record Dates. Interest will be due and payable on this Subordinate Bond on December 1, 2012, and each June 1 and December 1 [insert alternative dates if Attachment 1 so provides] thereafter until maturity or earlier redemption and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a June 1 payment is the close of business on the preceding May 15, and the Record Date for a December 1 payment is the close of business on the preceding November 15, whether or not such day is a Business Day. [insert alternative dates if Attachment 1 so provides]

4. Method of Payment. Holders must surrender Subordinate Bonds to the Treasurer of the City to collect principal except that with respect to Subordinate Bonds which are Book-Entry Bonds (as defined in the Thirteenth Supplemental Resolution), the City may make other agreements for payment of principal. Interest will be paid to the party who is, as of the Record Date, the registered holder. If this Subordinate Bond is not a Book-Entry Bond, as defined in the Thirteenth Supplemental Resolution, interest hereon will be paid by check mailed to the holder's registered address, and, if this Subordinate Bond is a Book-Entry Bond, interest will be paid as provided in Section 3.06 of the Thirteenth Supplemental Resolution. Principal, interest and premium, if any, will be paid in money of the United States that at the time of payment is legal

tender for payment of public and private debts. If any payment on the Subordinate Bonds is due on a non-Business Day, it will be made on the next Business Day, and no additional interest will accrue as a result.

5. Optional Redemption. [Insert Optional Redemption Terms from Attachment 1 related to such Series]. [The Series 2012 Subordinate Bonds called for optional redemption shall be designated by the City, or, absent such designation, shall be redeemed pro rata among maturities and by lot within any one maturity.] [If less than all of the Series 2012 Subordinate Bonds of a maturity are called for prior redemption, the particular Series 2012 Subordinate Bonds or portions thereof to be redeemed shall be selected by the City on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2012 Subordinate Bonds are held in book-entry form, the selection for redemption of such Series 2012 Subordinate Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2012 Subordinate Bonds will be selected for redemption, in accordance with DTC procedures, by lot.]

6. Mandatory Redemption of Series 2012 Subordinate Bonds. [To be conformed to Mandatory Redemption Terms from Attachment 1 related such Series]. The Series 2012 Subordinate Bonds with a stated Maturity Date of [June 1,] will be subject to mandatory sinking fund redemption on [June 1, 20__] and each June 1 thereafter in accordance with the terms of a mandatory sinking fund redemption schedule set forth in the Thirteenth Supplemental Resolution. The Series 2012 Subordinate Bonds with a stated Maturity Date of [June 1, 20__] will be subject to mandatory sinking fund redemption on [June 1, 20__] and each June 1 thereafter to and including, [June 1, 20__], in accordance with the terms of the following mandatory sinking fund redemption schedule:

Mandatory Sinking Fund
Payment Date (June 1)

Mandatory Sinking Fund Payment Amount

7. Notice of Redemption. At least 30 days before each date of redemption, the City will give notice to each owner of a Series 2012 Subordinate Bond to be redeemed at the owner's registered address. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2012 Subordinate Bond in respect of which no failure occurs. Any notice sent as provided in the Thirteenth Supplemental Resolution will be conclusively presumed to have been given whether or not actually received by the addressee. Any redemption notice, other than notice of redemption from mandatory sinking fund payments, may be rescinded by written notice given by the City no later than five (5) Business Days prior to the date specified for redemption. The City shall give notice of such rescission in the same manner, and to the same persons, as notice of such redemption was given.

8. Effect of Notice of Redemption. When notice of redemption is given, Series 2012 Subordinate Bonds called for redemption become due and payable on the redemption date at the applicable redemption price; in such case, when funds are held in trust for payment of the redemption price and such amounts are sufficient to pay the redemption price, interest on the Series 2012 Subordinate Bonds to be redeemed will cease to accrue from and after the redemption date. Any notice given pursuant to Section 7, other than notice of redemption from

mandatory sinking fund payments pursuant to Section 6, may be rescinded by written notice given by the City no later than five (5) Business Days prior to the date specified for redemption. The City shall give notice of such rescission in the same manner, and to the same persons, as notice of such redemption was given pursuant to Section 7.

9. Denominations; Transfer; Exchange. The Series 2012 Subordinate Bonds are available in denominations of \$5,000 and integral multiples of \$5,000. A holder may transfer or exchange Series 2012 Subordinate Bonds in accordance with the Subordinate General Resolution and the Thirteenth Supplemental Resolution. The City may require a holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any required taxes and fees associated therewith. The City need not transfer or exchange any Series 2012 Subordinate Bond for the period beginning 15 days before mailing a notice of redemption of such Series 2012 Subordinate Bond and ending on the date the notice of redemption is mailed nor transfer or exchange any Series 2012 Subordinate Bond which has been selected for redemption.

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

11. Discharge Before Redemption or Maturity. If the City at any time irrevocably sets aside money or Government Obligations as described in the Subordinate General Resolution sufficient, together with the earnings thereon, to pay at redemption or maturity, the principal of, premium, if any, and interest on the outstanding Subordinate Bonds, and if the City also pays all other sums then payable by the City under the Subordinate General Resolution, the Subordinate General Resolution will be discharged. After discharge Bondholders must look only to the money and securities set aside for payment. If the City at any time irrevocably sets aside money or Government Obligations as described in the Subordinate General Resolution sufficient to pay at redemption or maturity principal of, premium, if any, and interest on all or any portion of the outstanding Series 2012 Subordinate Bonds, such Subordinate Bonds, with respect to which the money or securities were set aside, shall no longer be deemed to be outstanding and shall no longer be secured by the Subordinate General Resolution except to the extent of the moneys and securities set aside therefor.

12. Amendment; Supplement; Waiver. The Subordinate General Resolution, the Thirteenth Supplemental Resolution and the Series 2012 Subordinate Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Subordinate General Resolution. Any consent given by the owner of this Subordinate Bond to any such action shall be irrevocable and shall bind any subsequent owner of this Subordinate Bond or any Subordinate Bond delivered in substitution for this Subordinate Bond.

By purchase of this Subordinate Bond, the owner hereby consents to the provisions of the proposed form of Supplemental Resolution to the Subordinate General Resolution attached to the Thirteenth Supplemental Resolution as Attachment 2.

13. Defaults and Remedies. The Subordinate General Resolution provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Principal of this Subordinate Bond may be declared to be due and payable

immediately on the terms set forth in the Subordinate General Resolution. Any such acceleration may be waived as provided in the Subordinate General Resolution. Bondholders may not enforce the Subordinate General Resolution or the Subordinate Bonds except as provided in the Subordinate General Resolution, and, if credit enhancement has been provided for all or a portion of the Subordinate Bonds issued under the Subordinate General Resolution, the provider or providers of such credit enhancement may be able to direct the exercise of remedies.

14. Authentication. This Subordinate Bond shall not be valid until the Treasurer [or insert other Authenticating Agent], as Authenticating Agent, signs the certificate of authentication on the first page of this Subordinate Bond.

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

[The form of assignment on the Series 2012 Subordinate Bonds shall be substantially as follows:]

ASSIGNMENT

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

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

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

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

Dated: _____

Signed by:

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

Signature Guaranteed by:

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

ARTICLE IV REDEMPTION

Section 4.01. Notices to Bondholders. Prior to the redemption of any Series 2012 Subordinate Bonds, the City shall give notice to the holders of the Series 2012 Subordinate Bonds to be redeemed as provided in Section 4.03 of the Subordinate General Resolution. Such notice shall be given by mail, at least 30 days and not more than 60 days before the redemption date, and shall be given to each owner of a Series 2012 Subordinate Bond to be redeemed. Each such notice shall be sent to the Beneficial Owner's registered address.

In addition to the notice required by Section 4.03 of the Subordinate General Resolution, if, at any time, the Series 2012 Subordinate Bonds are no longer Book-Entry Bonds, then, upon any redemption, further notice shall be given by the City as set out below, but no defect in any such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption given hereunder shall contain the information required by Section 4.03 of the General Resolution plus (i) the CUSIP numbers of all Series 2012 Subordinate Bonds, or portions thereof being redeemed; (ii) the date of original issuance of the Series 2012 Subordinate Bonds; (iii) the rate of interest borne by the Series 2012 Subordinate Bonds being redeemed; (iv) the maturity date of the Series 2012 Subordinate Bonds being redeemed; (v) the redemption price or, if applicable, a description of the mechanism or method for determining the redemption price; and (vi) any other descriptive information to identify accurately the Series 2012 Subordinate Bonds or portions thereof being redeemed.

Each further notice of redemption shall be sent at least 32 days before the redemption date by telecopy, registered or certified mail or overnight delivery service to:

The Depository Trust Company
55 Water Street
New York, NY 10041

and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System at <http://emma.msrb.org/>.

Any notice given pursuant to this Section 4.01, other than notice of redemption from mandatory sinking fund payments pursuant to Section 4.03, may be rescinded by written notice given by the City no later than five (5) Business Days prior to the date specified for redemption. The City shall give notice of such rescission in the same manner, and to the same persons, as notice of such redemption was given pursuant to this Section.

Section 4.02. Optional Redemption of the Series 2012 Subordinate Bonds. The Series 2012 Subordinate Bonds of any Series or subseries may be subject to optional redemption as set forth in the Attachment 1 related to such Series or subseries. The Series 2012 Subordinate Bonds of any Series or subseries shall be subject to optional redemption not later than the tenth year following the date of issuance of such Series 2012 Subordinate Bonds.

Section 4.03. Mandatory Sinking Fund Redemption of the Series 2012 Subordinate Bonds. The Series 2012 Subordinate Bonds of any Series or subseries shall be subject to mandatory sinking fund redemption as set forth in the Attachment 1 related to such Series or subseries.

On or before the forty-fifth day prior to any mandatory sinking fund redemption date, the City shall proceed to select for redemption (by lot in such manner as the City may determine), from all Series 2012 Subordinate Bonds subject to such redemption, an aggregate principal amount of such Subordinate Bonds equal to the amount for such year as set forth in the table in the Attachment 1 hereto related to such Series or subseries and shall call such Subordinate Bonds or portions thereof in Authorized Denominations for redemption and shall give notice of such call. At the option of the City, the City may credit against any mandatory sinking fund redemption requirement the Series 2012 Subordinate Bonds or portions thereof in Authorized Denominations of the stated maturity subject to such redemption which, prior to said date, have been purchased by the City or redeemed (otherwise than under the provisions of this 4.03) and canceled and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2012 Subordinate Bond or portion thereof so purchased or previously redeemed shall be credited by the City at one hundred percent (100%) of the principal amount thereof against the obligation of the City on such mandatory sinking fund redemption date.

Section 4.04. Make-Whole Redemption of the Series 2012 Subordinate Bonds. The Series 2012 Subordinate Bonds of any Series or subseries may be subject to make-whole redemption as set forth in the Attachment 1 related to such Series or subseries issued as Taxable Bonds.

Section 4.05. [Reserved].

Section 4.06. Payment of Series 2012 Subordinate Bonds Called for Redemption. Upon surrender to the Treasurer, Series 2012 Subordinate Bonds called for redemption shall be paid at the redemption price, including accrued and unpaid interest, if any, to the redemption date, provided that, with respect to Book-Entry Bonds, the City may make other arrangements for payment as provided in the Representation Letter.

Section 4.07. Selection of Series 2012 Subordinate Bonds for Redemption; Series 2012 Subordinate Bonds Redeemed in Part. Series 2012 Subordinate Bonds which are subject to optional redemption or make-whole redemption will be selected among such maturities as the City may designate, or, absent such designation, shall be redeemed pro rata among maturities or as set forth in the Attachment 1 related to such Series or subseries. Series 2012 Subordinate Bonds may be redeemed by lot within any one maturity, in a manner the City shall deem appropriate.

Upon surrender of a Series 2012 Subordinate Bond to be redeemed, the Authorized City Representative acting as Authenticating Agent or other Authenticating Agent, if one has been appointed, will authenticate for the holder a new Series 2012 Subordinate Bond of the same Series or subseries and maturity equal in principal amount to the unredeemed portion of the Series 2012 Subordinate Bond surrendered.

ARTICLE V

APPLICATION OF PROCEEDS

Section 5.01. Application of Proceeds. The proceeds of the sale of any Series of Series 2012 Subordinate Bonds received by the City shall be applied by the City for the following purposes and in such amounts and in such manner as set forth in the Attachment 1 relating to such Series:

(a) the amount needed to pay Costs of Issuance associated with the issuance of such Series of Series 2012 Subordinate Bonds shall be transferred to the Escrow Agent to be disbursed to pay the Costs of Issuance;

(b) the amount needed to defease any Refunded Obligations or to purchase any Refunded Obligations pursuant to the City's formal tender therefor shall be transferred to the Escrow Agent(s) and held under the terms of the Escrow Agreement(s) or, if so provided in the related Attachment 1, in the case of the Commercial Paper Notes, transferred to the Issuing and Paying Agent for the Commercial Paper Notes and deposited into the CP Debt Service Fund and held under the terms of the Subordinate General Resolution;

(c) the amount of such proceeds designated to finance improvements to the System shall be deposited in the 2012 Subordinate Construction Fund of the related Series;

(d) the amount needed to pay the termination payments in connection with certain interest rate swap agreements associated with certain of the City's Refunded Obligations shall be transferred to the counterparties under such swap agreements; and

(e) any accrued interest or other amounts specified in the related Attachment 1 shall be deposited into the Debt Service Fund for the Series 2012 Subordinate Bonds.

Any amounts may be held temporarily by the Escrow Agent for the purposes set forth in the Subordinate General Resolution.

Notwithstanding the foregoing provisions of this Article V, the amount to be "transferred" to the Escrow Agent(s) may be paid directly by the Underwriters to such Escrow Agent(s) and, in such event, shall be deemed to have been received by the City and transferred to such Escrow Agent(s).

ARTICLE VI

FUNDS

Section 6.01. Construction Fund. The City will, by ordinance, create a separate fund within the City Treasury, designated as the Wastewater System Subordinate Revenue Bonds Construction Fund, Series 2012 for each Series of Series 2012 Subordinate Bonds issued to pay Project Costs (each such fund, a "2012 Subordinate Construction Fund"), and the City shall, on the date of issuance of such Series of Series 2012 Subordinate Bonds, deposit proceeds of the Series 2012 Subordinate Bonds into the 2012 Subordinate Construction Fund as set forth in

Section 5.01(c) above. Amounts in a 2012 Subordinate Construction Fund shall be used to pay Project Costs related to the System in accordance with the City's wastewater system improvement program or to reimburse the City for amounts expended from other sources for such purposes provided that amounts in a 2012 Subordinate Construction Fund shall not be used for systems, plants, works or undertakings for the distribution of electric energy for lighting, heating and power for public or private uses or the generation, production, transmission and distribution of gas for public or private uses. These restrictions, placed upon the use of amounts in a 2012 Subordinate Construction Fund shall not apply to systems, plants, works or undertakings which result in conversion of solid waste to energy and reusable materials.

The City may use amounts in the 2012 Subordinate Construction Fund to pay Project Costs either by payment directly from the 2012 Subordinate Construction Fund or by payment to the General Wastewater System Revenue Bonds Construction Fund for use for the same purposes. A separate account within each of the 2012 Subordinate Construction Funds may be established for any Series or subseries of Series 2012 Subordinate Bonds if provided in Attachment 1 related to such Series.

Section 6.02. Debt Service Fund. The City will, by ordinance create a separate fund within the City Treasury designated as the "Wastewater System Subordinate Revenue Bonds Debt Service Fund, Series 2012" (the "2012 Subordinate Debt Service Fund which shall be the Debt Service Fund as provided in the Subordinate General Resolution) the Series 2012 Subordinate Bonds. Amounts in the 2012 Subordinate Debt Service Fund shall be used to pay principal of, and interest and any premium on, the Series 2012 Subordinate Bonds as the same become due and payable.

Section 6.03. Costs of Issuance Account. There is hereby authorized to be created under the Escrow Agreement, a Costs of Issuance Account. Amounts in the Costs of Issuance Account shall be used to pay Costs of Issuance. Any monies remaining in the Cost of Issuance Account after payment of all Costs of Issuance shall be transferred to the applicable Debt Service Fund.

ARTICLE VII

TAX COVENANTS

Section 7.01. Rebate Fund. The City hereby agrees that it will deliver and abide by the Tax Certificate of any Series and that it will by ordinance create a "Wastewater System Subordinate Revenue Bonds Rebate Fund, Series 2012 [insert Series Designation] Tax-Exempt" for one or more Series of Series 2012 Subordinate Bonds which is Tax-Exempt (each such account, a "2012 Tax-Exempt Rebate Fund"), which fund will be held by the City and will be funded, if so required, under the Tax Certificate of any Series, and amounts in such 2012 Tax-Exempt Rebate Fund shall be held and disbursed in accordance with the ordinance creating such funds and with the Tax Certificate of any Series. Separate accounts within a 2012 Tax-Exempt Rebate Fund may be established for any Series or subseries of Series 2012 Subordinate Bonds if provided in Attachment 1 related to such Series. A 2012 Tax-Exempt Rebate Fund may be combined with any other rebate fund also established by ordinance for the 2012 Senior Bonds issued under the Twenty-Sixth Supplemental Resolution in accordance with the Tax Certificate.

Section 7.02. Tax Compliance.

(a) The City shall comply with those covenants and agreements set forth in the Tax Certificate of any Series and the City Administrative Officer is authorized and directed to execute such Tax Certificate.

(b) The City shall not use or permit the use of any proceeds of Series 2012 Subordinate Bonds or any other funds of the City held under this Thirteenth Supplemental Resolution or the Subordinate General Resolution, or in the General Wastewater System Construction Fund, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the City, and shall not take or permit to be taken any other action or actions, which would cause any Series 2012 Subordinate Bond which is Tax-Exempt to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder.

Section 7.03. [Reserved].

Section 7.04. Additional Actions. The City shall at all times do and perform all acts and things permitted by law, the Subordinate General Resolution and this Thirteenth Supplemental Resolution which are necessary or desirable in order to assure that interest paid on the Series 2012 Subordinate Bonds issued as Tax-Exempt Bonds (or any of them) will be excluded from gross income of the recipient thereof for federal income tax purposes and shall take no action that would result in such interest being included in gross income for federal income tax purposes.

ARTICLE VIII

[RESERVED]

ARTICLE IX

AGENTS

Section 9.01. Appointment of Agent. The City Administrative Officer is authorized to appoint one or more banks, trust companies or financial institutions meeting the City's capitalization requirements as Escrow Agent for the purpose of accepting, holding, investing and applying funds to be used to refund the Refunded Obligations and to pay the Costs of Issuance related to any Series of Series 2012 Subordinate Bonds. The City may from time to time appoint a bank, trust company or other financial institution to serve as Paying Agent, Registrar or Authenticating Agent in place of or in addition to the City with respect to any Series of Series 2012 Subordinate Bonds.

Section 9.02. Resignation; Removal. Any entity at any time serving as Paying Agent, Authenticating Agent and/or Registrar may resign any one or more of such positions in accordance with the terms of its agreement with the City or may be removed by the City in accordance with the terms of such agreement. The Escrow Agent may resign or be removed as provided in the Escrow Agreement.

Section 9.03. Replacement. If the Paying Agent, Authenticating Agent or Registrar resigns or is removed, the City may appoint a new Paying Agent, Authenticating Agent or Registrar or may provide that such functions as were provided by the Paying Agent, Authenticating Agent and/or Registrar be undertaken directly by the City. A successor Escrow Agent can be appointed by the City only as provided in the Escrow Agreement.

ARTICLE X

MISCELLANEOUS APPROVALS AND AUTHORIZATIONS

Section 10.01. Findings Related to Negotiated Sale of the Series 2012 Subordinate Bonds and Selection of Professionals. Pursuant to Section 371(e)(10) of the Charter, the Council hereby finds that, due to current market conditions, the use of sealed competitive bidding to sell the Series 2012 Subordinate Bonds would be undesirable and impractical and it is in the best financial interests of the City to sell the Series 2012 Subordinate Bonds through a negotiated sale with the Underwriters. Pursuant to Section 371(e)(2) of the Charter, the Council hereby finds that due to the technical expertise required for the performance of the professional and technical services necessary for the sale and issuance of the Series 2012 Subordinate Bonds, which services are of a temporary and occasional character, the use of sealed competitive bidding for the selection of Bond Counsel, disclosure counsel, Escrow Agent or financial advisors is not practicable or advantageous to the City.

Section 10.02. Approval of Escrow Agreements. The City Administrative Officer is hereby authorized to execute and enter into one or more Escrow Agreements with the Escrow Agent in form and substance acceptable to Bond Counsel and the City Attorney with respect to any Series of Series 2012 Subordinate Bonds, with such changes as such City Administrative Officer, upon the advice of counsel, deems necessary and appropriate. The signature of the City Administrative Officer shall be sufficient to bind the City and cause the Escrow Agreement(s) to be a valid and binding obligation of the City.

Section 10.03. Approval of Bond Purchase Agreement. The Bond Purchase Agreement in substantially the form before this Council is hereby approved. The City Administrative Officer is hereby authorized to execute and enter into a Bond Purchase Agreement with one or more of the Underwriters with respect to each Series of Series 2012 Subordinate Bonds, with such changes as said City Administrative Officer, upon the advice of counsel, deems necessary and appropriate. The signature of any City Administrative Officer shall be sufficient to bind the City and cause the Bond Purchase Agreement to be a valid and binding obligation of the City. The Underwriters' discount under the Bond Purchase Agreement shall not exceed [1.00%] of the aggregate principal amount of the Series 2012 Subordinate Bonds.

Section 10.04. Approval of Tender Documents. The Dealer Manager Agreement and the other Tender Offer Materials (collectively, the "Tender Documents") in substantially the forms before this Council are hereby approved. The City Administrative Officer is hereby authorized to execute and enter into one or more Dealer Manager Agreements with the dealer manager named therein. The signature of any City Administrative Officer shall be sufficient to bind the City and cause each such Dealer Manager Agreement to be a valid and binding obligation of the City. The City Administrative Officer is hereby further authorized to execute and deliver the

other Tender Documents with respect to the bonds subject to the Tender Offer, with such changes as said City Administrative Officer, upon the advice of counsel, deems necessary and appropriate.

Section 10.05. Official Statements. The form of each preliminary Official Statement relating to one or more Series of Series 2012 Subordinate Bonds (each a "Preliminary Official Statement" and collectively the "Preliminary Official Statements") submitted to this meeting with such changes as may be approved by the City Administrative Officer are each hereby approved for use in connection with the public offering of the Series 2012 Subordinate Bonds and in connection with the tender of any bonds to the City as contemplated by Section 10.05. Upon approval of such additions and changes, whether material or otherwise, by the City Administrative Officer, any such Preliminary Official Statement for any Series of Series 2012 Subordinate Bonds shall be deemed final as of its date, as evidenced by a certificate to such effect, except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. The City Administrative Officer, for and on behalf of the City, is hereby authorized to execute a final official statement for each Series of Series 2012 Subordinate Bonds (each an "Official Statement" and collectively the "Official Statements"), with such additions and changes therein, whether material or otherwise, as he or she may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The distribution of the Official Statements in connection with the public offering of the Series of Series 2012 Subordinate Bonds is hereby approved.

Section 10.06. Execution of Documents; Additional Actions. The City Administrative Officer is hereby authorized to purchase or subscribe from time to time for the government obligations to be deposited in escrow in connection with the refundings contemplated by this Thirteenth Supplemental Resolution, to authorize the Escrow Agent(s) to so subscribe, to enter into cash flow agreements, debt service agreements, forward supply contracts and other similar contractual obligations necessary or appropriate to effectuate the transactions contemplated by this Thirteenth Supplemental Resolution, to execute any documents necessary to procure municipal bond insurance (if the City Administrative Officer, upon the advice of the City's financial advisor, determines that such municipal bond insurance is cost effective) and to execute such certificates (including the Tax Certificate), agreements, forms and other closing documents, including those relating to the tax-exempt status of the Series 2012 Subordinate Bonds issued as Tax-Exempt Subordinate Bonds and those relating to the securities depository, and such other instruments as are necessary or appropriate to consummate the transactions contemplated by this Thirteenth Supplemental Resolution and to carry out the intent hereof. The City Administrative Officer is authorized and directed to do any and all things and to take any and all further actions to carry out the intent hereof. In the event that the City procures municipal bond insurance for any Series of Series 2012 Subordinate Bonds, any terms and conditions of such insurance may be included in the Attachment 1 for the related Series or subseries, and such terms and conditions shall become a part of this Thirteenth Supplemental Resolution upon execution of such Attachment 1 by the City Administrative Officer.

ARTICLE XI

APPLICATION OF FUNDS UPON REFUNDING

Upon the issuance of the Series 2012 Subordinate Bonds and the application of the proceeds thereof, the Refunded Subordinate Bonds, to the extent any such bonds are refunded upon the issuance of the Series 2012 Subordinate Bonds and the application of the proceeds thereof, shall no longer be Outstanding under the Subordinate General Resolution, or their respective supplemental resolutions, and shall no longer be paid from nor secured by the their respective Debt Service Fund (as defined in the Subordinate General Resolution).

ARTICLE XII

MISCELLANEOUS

Section 12.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Thirteenth Supplemental Resolution or the Series 2012 Subordinate Bonds shall be in writing except as expressly provided otherwise in this Thirteenth Supplemental Resolution or the Series 2012 Subordinate Bonds.

(b) Any notice or other communication, otherwise specified, shall be sufficiently given and deemed given when delivered by hand or by Mail, addressed to the City at the address provided in the Subordinate General Resolution.

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

(d) The City shall give written notice to Moody's, S&P and Fitch if at any time (i) payment of principal and interest on the Series 2012 Subordinate Bonds is accelerated pursuant to the provisions of Section 9.02(a) of the Subordinate General Resolution or (ii) there is any amendment to the Subordinate General Resolution or this Thirteenth Supplemental Resolution. Notice, in the case of an event referred to in clause (ii) hereof, shall include a copy of any such amendment. Notices sent to Moody's shall be addressed to Moody's Investors Service, 7 World Financial Center, New York, New York 10007; notices sent to S&P shall be addressed to Standard & Poor's, 55 Water Street, New York, New York 10041; and notices sent to Fitch shall be addressed to Fitch at Fitch, Inc., One State Street Plaza, New York, New York 10004, or to such other address as Moody's, S&P or Fitch, respectively, shall supply to the City.

Section 12.02. Limitation of Rights. Nothing expressed or implied in this Thirteenth Supplemental Resolution or the Series 2012 Subordinate Bonds shall give any person other than the City, and the Bondholders any right, remedy or claim under or with respect to this Thirteenth Supplemental Resolution.

Section 12.03. Supplemental Resolution a Contract. This Thirteenth Supplemental Resolution (excluding Article X hereof), together with the Subordinate General Resolution, is

adopted by the City for the benefit of the Bondholders and together they constitute a contract with the Subordinate Bondholders.

Section 12.04. Severability. If any provision of the Thirteenth Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this Thirteenth Supplemental Resolution.

Section 12.05. Reports to Bondholders. Under the terms of the Subordinate General Resolution, the City makes adequate provision for furnishing of financial information to the Subordinate Bondholders and hereby elects that the provisions of Section 54522 of the Revenue Bond Law relating to a summary statement shall not apply to the Series 2012 Subordinate Bonds.

Section 12.06. Payments due on Non-Business Days. If a payment date is not a Business Day, then payment may be made on the next Business Day, and no interest shall accrue for the intervening period.

Section 12.07. Governing Law. This Thirteenth Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 12.08. Captions. The captions in this Thirteenth Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Thirteenth Supplemental Resolution.

Section 12.09. Continuing Disclosure. The City agrees that the City shall enter into a Continuing Disclosure Certificate in order to undertake the continuing disclosure obligations promulgated under S.E.C. Rule 15c2-12, as the same may be amended from time to time. The City hereby covenants and agrees that they will comply with and carry out all of their respective obligations under any such Continuing Disclosure Certificate for the Series 2012 Subordinate Bonds. Notwithstanding any other provision of the Subordinate General Resolution or this Thirteenth Supplemental Resolution, failure of the City to comply with any such Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Beneficial Owner of the applicable Series 2012 Subordinate Bonds covered by such 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, as the case may be, to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any applicable Series 2012 Subordinate Bonds covered by such Continuing Disclosure Certificate (including persons holding such applicable Series 2012 Subordinate Bonds covered by such Continuing Disclosure Certificate through nominees, depositories or other intermediaries).

Section 12.10. Municipal Bond Insurance. In the event that the City obtains a policy of municipal bond insurance with respect to any Series of Series 2012 Subordinate Bonds, the Attachment 1 for such Series or subseries may contain such provisions relating to the payment of the bonds so insured and to the rights of the bond insurer as required by the bond insurer and approved by the City Administrative Office, as conclusively evidenced by the execution of such Attachment 1.

Section 12.11. Ratification of Prior Actions. All actions heretofore taken by any officers, employees, agents or directors of the City, with respect to the issuance, delivery or sale of the Series 2012 Subordinate Bonds, or in connection with or related to any of the agreements or documents referenced herein or to the refunding of the Refunded Obligations are hereby approved, confirmed and ratified.

Section 12.12. Effective Date. This Thirteenth Supplemental Resolution shall take effect from and upon its adoption.

PASSED AND ADOPTED this ___th day of _____, 2012, by the following vote:

I CERTIFY THAT THE FOREGOING
RESOLUTION WAS ADOPTED BY THE
COUNCIL OF THE CITY OF LOS ANGELES
AT ITS MEETING OF MAR 23 2012
BY A MAJORITY OF ALL ITS MEMBERS.

 JUNE LAGMAY
CITY CLERK
BY O. Smith
DEPUTY

EXHIBIT A

**FORM OF ATTACHMENT 1
WASTEWATER SYSTEM SUBORDINATE REVENUE BOND,
REFUNDING SERIES 2012—
[Add Series or subseries designation]**

Maturity Schedule

<u>Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP*</u>
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[insert Dated Dates and Record Dates, if required]

Mandatory Sinking Fund Payment Schedule

Mandatory Sinking Fund

Payment Date
(June 1 [or other date])

Mandatory Sinking Fund Payment Amount

Optional Redemption Provisions

[To be inserted consistent with Section 4.02 hereof]

[Make-Whole Redemption Provisions]

[To be inserted consistent with Section 4.04 hereof]

Application of Series 2012 Subordinate Bond Proceeds

The proceeds of the Series 2012 Subordinate Bonds shall be applied as follows for the redemption of the following [Senior Bonds][Subordinate Bonds]:

[To be inserted consistent with Section 5.01 hereof]

* A registered trademark of The American Bankers Association. CUSIP is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP numbers are provided for convenience of reference only.

I hereby certify that the provisions of this Attachment 1 are consistent with the Thirteenth Supplemental Resolution and form a part thereof.

Dated: _____, 2012

CITY ADMINISTRATIVE OFFICER

By: _____
Assistant City Administrative Officer

1

ATTACHMENT 1

[To be inserted when completed]

ATTACHMENT 2
Proposed Supplemental Resolution

THE COUNCIL OF THE CITY OF LOS ANGELES

[] SUPPLEMENTAL RESOLUTION

Adopted by the Council of the City

_____, 20[]

SUPPLEMENTING THE

WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION

Which Was

Adopted by the Council of the City

March 26, 1991

[] SUPPLEMENTAL RESOLUTION

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

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[] SUPPLEMENTAL RESOLUTION

Providing for

Amendments relating to Section 1.01 and Section 6.03 of the
Wastewater System Subordinate Revenue Bonds General Resolution

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

WHEREAS, the Council on November 10, 1987 adopted a resolution designated as the "WASTEWATER SYSTEM REVENUE BONDS GENERAL RESOLUTION," (as amended and supplemented from time to time, the "General Resolution"), which sets forth the basic terms under which the City may issue wastewater system revenue bonds and which provides for a pledge of Revenues (as defined in the General Resolution) to secure all Bonds (as defined in the General Resolution and sometimes referred to herein as the "Senior Lien Bonds") issued thereunder; and

WHEREAS, the Council on March 26, 1991 adopted a resolution designated as the "WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (as amended and supplemented from time to time, the "Subordinate General Resolution"), which sets forth the basic terms under which the City may issue wastewater system subordinate revenue bonds and which provides for a pledge of Revenues to secure all Subordinate Bonds (as defined in the Subordinate General Resolution) issued thereunder on a basis subordinate to the Senior Lien Bonds issued under the General Resolution; and

WHEREAS, Section 11.03 of the Subordinate General Resolution permits the City by supplemental resolution to amend and supplement the Subordinate General Resolution and any Supplemental Resolution thereto, provided that certain conditions set forth in Section 11.03 of the Subordinate General Resolution have been satisfied, and the City has been advised by Bond Counsel that the proposed terms of this [] Supplemental Resolution (this "[] Supplemental Resolution") may adversely affect the interests of the Bondholders thus requiring the majority consent of the Bondholders of all Series, as well as the consent of any bond insurers; and

WHEREAS, this [] Supplemental Resolution will become effective when all conditions of Article XI have been satisfied as evidenced by the delivery of the approving opinion of Bond Counsel pursuant to Section 11.03(d) of the Subordinate General Resolution;

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

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Definitions.

(a) Unless otherwise specifically provided in this Section, capitalized terms used in this [] Supplemental Resolution shall have the meanings ascribed to them in the General Resolution or the Subordinate General Resolution. The following definitions shall apply to terms used in this [] Supplemental Resolution unless the context clearly requires otherwise and shall be hereby added to Section 1.01 of the Subordinate General Resolution:

“Build America Bonds”

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

“Direct Subsidy Bonds”

The term “Direct Subsidy Bonds” includes Build America Bonds and Recovery Zone Economic Development Bonds.

“Recovery Zone Economic Development Bonds”

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

“Refundable Credits”

The term “Refundable Credits” means (a) with respect to a Series of Subordinate Bonds issued as Build America Bonds under Section 54AA of the Code or a Series of Subordinate Bonds issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code, in either case the amounts which are payable by the Federal government under Section 6431 of the Code, and which, in the case of Build America Bonds, the City has elected to receive under Section 54AA(g)(1) of the Code, or (b) with respect to a Series of Subordinate Bonds issued as Build America Bonds or as Recovery Zone Economic Development Bonds, as the case may be, under any other provisions of the Code, that creates, in the determination of the City, a substantially similar direct-pay subsidy program, the amounts of which are payable by the Federal government under applicable provisions of the Code, which, in the case of Build America Bonds, the City has elected to receive under applicable provisions of the Code.

(b) The definition of "Maximum Annual Debt Service" in Section 1.01 of the Subordinate General Resolution is hereby amended as follows by adding the following paragraph (vii) to the end of the definition of such term:

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

ARTICLE II

RATE COVENANT

Section 2.01. Amendment Relating to Section 6.03 of the Subordinate General Resolution. The following sentence is hereby added to the end of Section 6.03 of the Subordinate General Resolution:

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

ARTICLE III

MISCELLANEOUS

Section 3.01. Incorporation of Definitions in the Subordinate General Resolution. Except as otherwise provided in Section 1.01 hereof, all words, terms and phrases defined in the General Resolution and the Subordinate General Resolution shall have the same meanings in this [] Supplemental Resolution as in the General Resolution and the Subordinate General Resolution. Except as otherwise provided in any Supplemental Resolution hereafter adopted, all terms which are defined in this [] Supplemental Resolution, unless the context otherwise requires, shall have the same meanings in such Supplemental Resolution as in this [] Supplemental Resolution.

Section 3.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this [] Supplemental Resolution.

Section 3.03. Supplemental Resolution a Contract. This [] Supplemental Resolution, together with the Subordinate General Resolution, is adopted by the City for the benefit of the Bondholders and together they constitute a contract with the Bondholders.

Section 3.04. Severability. If any provision of this [] Supplemental Resolution shall be determined to be unenforceable, that shall not affect any other provision of this [] Supplemental Resolution. Nothing herein shall preclude one or more of the provisions of this [] Supplemental Resolution, with the approval required by the Subordinate General Resolution, from becoming effective prior to the effective date of any other provision. The City shall promptly inform the Paying Agent and Bondholders in the event that consent has been secured for one or more of the provisions of this [] Supplemental Resolution.

Section 3.05. Governing Law. This [] Supplemental Resolution shall be governed by and construed in accordance with the laws of the State.

Section 3.06. Captions. The captions in this [] Supplemental Resolution are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this [] Supplemental Resolution.

Section 3.07. Effective Date. This [] Supplemental Resolution, or any portion hereof, shall take effect on the date on which the written consent of the Owners of a majority in aggregate amount of the Subordinate Bonds then Outstanding and of each Credit Provider have been filed with the Paying Agent, and the other requirements contained in Article XI of the Subordinate General Resolution have been satisfied.

PASSED AND ADOPTED this ____ day of _____, 20[], by the following vote:

ATTACHMENT C
FUND ORDINANCE