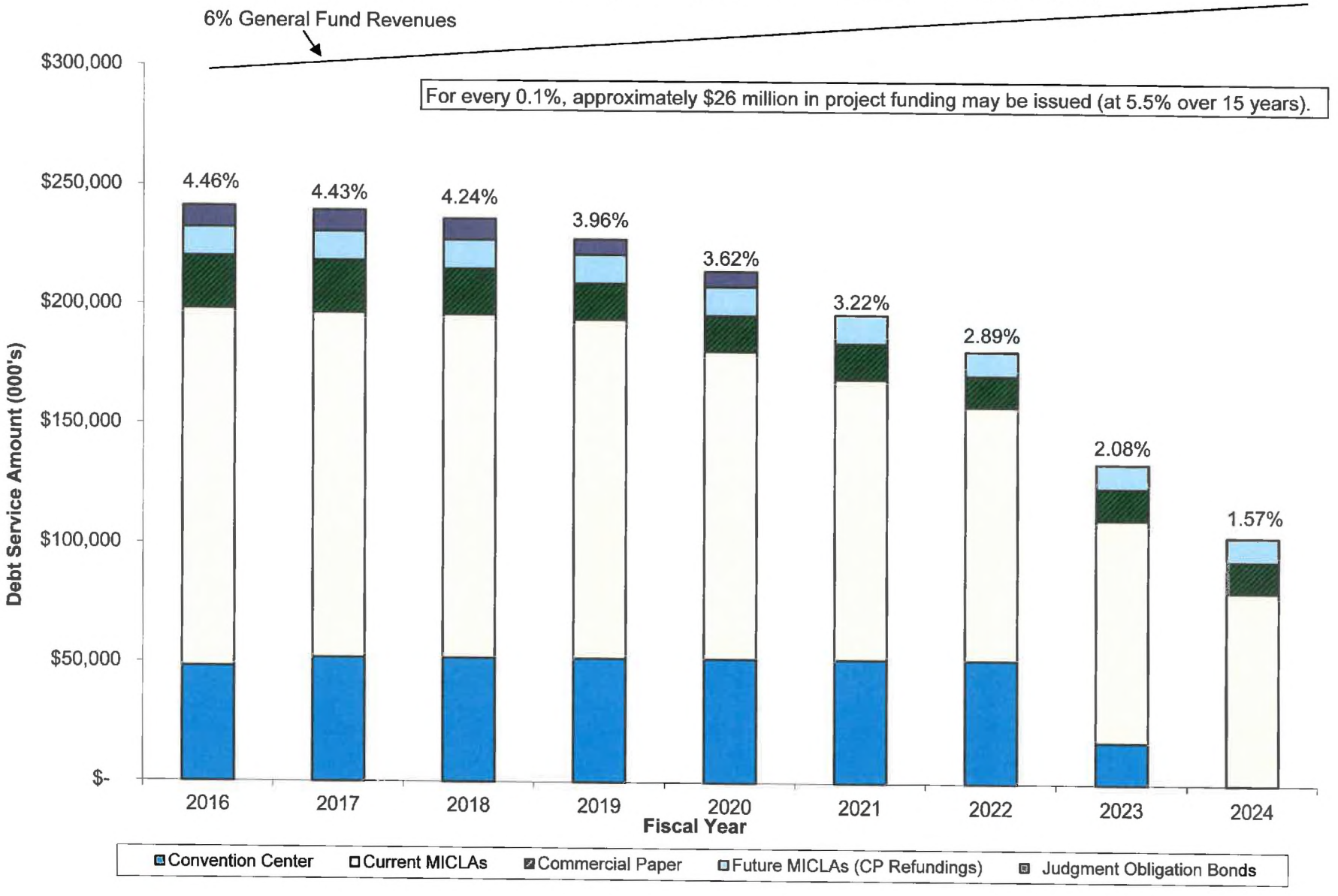
Attachment A
Non Voter Approved Debt Chart

NON-VOTER APPROVED DEBT
October 2015

(Based on Proposed Financing)

Debt Service to General Fund Revenues (2.9% Projected Growth Beginning in Fiscal Year 2021)



Attachment B

Resolution for Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center)

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA APPROVING THE ISSUANCE AND SALE OF NOT TO EXCEED $330,000,000 MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A (LOS ANGELES CONVENTION CENTER), APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT, THE INDENTURE, THE SITE LEASE, THE FACILITY LEASE, THE ASSIGNMENT AGREEMENT, THE BOND PURCHASE AGREEMENT, THE ESCROW AGREEMENT AND THE CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE REFUNDING OF PRIOR BONDS AND PRIOR COMMERCIAL PAPER, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the City of Los Angeles, a municipal corporation and charter city organized and existing under the Constitution and laws of the State of California (the "**City**"), may enter into lease and lease-purchase agreements as lessee with any person, firm, corporation or public agency, to acquire, construct, install, improve or finance any real property or equipment necessary or useful for the municipal purposes of the City; and

WHEREAS, the City owns the Los Angeles Convention Center (the "**Convention Center**"), which has been financed and refinanced through various lease revenue transactions, of which $25,315,000 Los Angeles Convention and Exhibition Center Authority Taxable Lease Revenue Bonds, 1998 Series A (the "**1998 Bonds**"), and $253,060,000 Los Angeles Convention and Exhibition Center Authority Lease Revenue Refunding Bonds, Series 2008 A (the "**2008 Bonds**" and, together with the 1998 Bonds, the "**Prior Bonds**"), are outstanding; and

WHEREAS, certain capital improvements to the Convention Center have been financed with the proceeds of the sale of short term commercial paper (the "**Prior Commercial Paper**") issued by the Municipal Improvement Corporation of Los Angeles ("**MICLA**"), of which not more than $9,400,000 is outstanding; and

WHEREAS, the City has determined that compliance with the rules for tax-exempt financing limits the flexibility, utility and benefits of operating the Convention Center and therefore desires to refinance the Prior Bonds and the Prior Commercial Paper with taxable obligations; and

WHEREAS, the City has also determined that refinancing the Prior Bonds allows the City to divide the Convention Center into separate parcels that will maximize flexibility for future financings, including implementation of a Convention Center commercial paper program and financing a renovation and refurbishment of portions of the Convention Center; and

WHEREAS, MICLA is authorized pursuant to its articles of incorporation and bylaws to provide financial assistance to the City for any municipal purpose by acquiring and financing

real and personal property, acquiring and constructing various public facilities, and leasing such real and personal property for the use, benefit and enjoyment of the public; and

WHEREAS, MICLA is authorized under its articles of incorporation and bylaws and under the laws of the State of California to issue its bonds, notes or other evidence of indebtedness; and

WHEREAS, the City proposes to refinance the Prior Bonds and the Prior Commercial Paper through the issuance and sale by MICLA of not to exceed $330,000,000 Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "**Series 2015 Bonds**"); and

WHEREAS, under the City's proposed refinancing structure for the Prior Bonds and the Prior Commercial Paper, the City will first lease to MICLA the land and improvements comprising a portion of the Convention Center pursuant to a Site Lease dated as of November 1, 2015 (the "**Site Lease**") between the City, as lessor, and MICLA, as lessee; and

WHEREAS, the City will then sublease said portion of the Convention Center back from MICLA pursuant to a Facility Lease Agreement dated as of November 1, 2015 (the "**Facility Lease**") between MICLA, as lessor, and the City, as lessee; and

WHEREAS, MICLA will pledge and assign the Basic Lease Payments received from the City under the Facility Lease to a trustee (the "**Trustee**") under an Indenture dated as of November 1, 2015 (the "**Indenture**") for the benefit of the owners of the Series 2015 Bonds; and

WHEREAS, MICLA will assign certain of its rights under the Site Lease and the Facility Lease to the Trustee for the benefit of the Bondholders pursuant to an Assignment Agreement dated as of November 1, 2015 (the "**Assignment Agreement**") between MICLA, as assignor, and the Trustee, as assignee; and

WHEREAS, the City Administrative Officer ("**CAO**") recommends that, due to the taxable nature of the Series 2015 Bonds, the use of competitive bidding to sell the Series 2015 Bonds would be undesirable and not advantageous and that it is in the best financial interest of the City to sell the Series 2015 Bonds through a negotiated sale pursuant to a Bond Purchase Agreement (the "**Bond Purchase Agreement**") by and among the City, MICLA and the underwriters named therein (the "**Underwriters**"); and

WHEREAS, the City has engaged in a competitive Request for Proposals process from which were selected one underwriting firm that the CAO is recommending to serve as Senior Manager, one underwriting firm that the CAO is recommending to serve as Co-Senior Manager and one underwriting firm that the CAO is recommending to serve as Co-Manager; and

WHEREAS, the City will distribute a preliminary official statement (the "**Preliminary Official Statement**") and a final official statement (the "**Final Official Statement**") relating to the Series 2015 Bonds to prospective purchasers of the Series 2015 Bonds; and

WHEREAS, the City will execute and deliver a continuing disclosure certificate (the "**Continuing Disclosure Certificate**") for the benefit of the owners of the Series 2015 Bonds

and to assist the Underwriters of the Series 2015 Bonds in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("**Rule 15c2-12**"); and

WHEREAS, the City will execute an Escrow Agreement dated the date of delivery of the Series 2015 Bonds (the "**Escrow Agreement**") between the City and U.S. Bank National Association, as escrow agent (the "**Escrow Agent**") pursuant to which a portion of the proceeds of the sale of the Series 2015 Bonds, together with other funds, shall be set aside in an irrevocable escrow fund for the payment of interest on and principal of the Series 2008 Bonds as the same comes due and the redemption on August 15, 2018 of the Series 2008 Bonds maturing on August 15, 2020 and 2022; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided;

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

Section 1. The Preliminary Official Statement relating to the Series 2015 Bonds, copies of which are before this Council and on file in the Office of the CAO, is hereby approved. The CAO, any Assistant CAO or their designee (each an "**Authorized Representative**") are each hereby authorized and directed to cause the distribution of a Preliminary Official Statement in substantially said form with such changes therein and additions thereto as an Authorized Representative may approve and as are approved by the City Attorney or any Deputy or Assistant City Attorney (each, the "**City Attorney**"), to persons who may be interested in purchasing the Series 2015 Bonds. Upon approval of such additions and changes by an Authorized Representative and the City Attorney, the Preliminary Official Statement 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. Each Authorized Representative, for and on behalf of the City and MICLA, is hereby authorized to execute a Final Official Statement for the Series 2015 Bonds, in substantially the form of the Preliminary Official Statement, with such additions and changes therein as he or she, with the advice of the City Attorney, may require or approve, such approval to be conclusively evidenced by execution and delivery thereof. The Underwriters are hereby authorized to use and distribute the Preliminary Official Statement and the Final Official Statement in connection with the offering and sale of the Series 2015 Bonds.

Section 2. The Bond Purchase Agreement, pursuant to which the Series 2015 Bonds will be sold to the Underwriters, a form of which is on file in the Office of the CAO, is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Bond Purchase Agreement and the City Clerk is authorized to attest to the Bond Purchase Agreement, which shall be substantially in the form presented to this meeting, with such additions and changes therein as such Authorized

Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of the Bond Purchase Agreement. The underwriters' discount under the Bond Purchase Agreement shall not exceed 2.00% of the principal amount of the Series 2015 Bonds, the interest rate on the Series 2015 Bonds shall not exceed the maximum legal rate, and the final maturity of the Series 2015 Bonds shall not be later than ten years following their date of issuance.

Section 3. The City, on behalf of MICLA, hereby confirms and agrees that the Series 2015 Bonds will be issued and delivered in an original aggregate principal amount not to exceed $330,000,000 and will be payable under the terms of the Indenture, primarily from amounts paid by the City pursuant to the Facility Lease. The City hereby acknowledges that the interest on the Series 2015 Bonds will be subject to federal income taxation.

Section 4. The Series 2015 Bonds shall be issued pursuant to the Indenture, the form of which is on file in the Office of the CAO. The terms of said Indenture are hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Indenture and the City Clerk is authorized to attest to the Indenture, which shall be in substantially the form presented to this meeting, with such additions and changes therein, including the addition of a reserve fund if desirable, as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of the Indenture.

Section 5. U.S. Bank National Association is hereby approved to serve as the initial trustee under the Indenture.

Section 6. The Site Lease, pursuant to which the City will lease a portion of the Convention Center to MICLA, a form of which is on file in the Office of the CAO, is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute, acknowledge and deliver the Site Lease and the City Clerk is authorized to attest to the Site Lease which shall be in substantially the form presented to this meeting, with such additions and changes therein, as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of the Site Lease.

Section 7. The Facility Lease, pursuant to which MICLA will sublease the portion of the Convention Center to the City, a form of which is on file in the Office of the CAO, is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Facility Lease and the City Clerk is authorized to attest to the Facility Lease, which shall be in substantially the form presented to this meeting, with such additions and changes therein, as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of the Facility Lease.

nature of the Series 2015 Bonds, the use of competitive bidding to sell the Series 2015 Bonds would be undesirable and not advantageous and that it is in the best financial interest of the City to sell the Series 2015 Bonds through a negotiated sale. The Council hereby approves the CAO's recommendation of the Senior Manager, the Co-Senior Manager and the Co-Manager named in the Bond Purchase Agreement. The CAO or his designee may approve additional underwriters to participate in the underwriting syndicate as the CAO or his designee shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the CAO's or his designee's execution and delivery of the Bond Purchase Agreement.

Approved as to form and legality this 5th day of October, 2015

Michael N. Feuer,
City Attorney

By _____
Deputy/~~Assistant~~ City Attorney

Section 8. The Assignment Agreement, pursuant to which MICLA will assign certain of its rights under the Site Lease and the Facility Lease to the Trustee for the benefit of the Bondholders, a form of which is on file in the Office of the CAO, is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to take such steps as are necessary to have MICLA execute and deliver the Assignment Agreement, with such additions, deletions and changes therein, as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by MICLA's execution and delivery of the Assignment Agreement.

Section 9. The Continuing Disclosure Certificate for the Series 2015 Bonds in compliance with Rule 15c2-12, a form of which is on file in the Office of the CAO, is hereby approved. Any Authorized Representative, acting alone, is hereby authorized on behalf of the City to execute the final Continuing Disclosure Certificate in substantially the form of said Continuing Disclosure Certificate, with such insertions and changes therein as an Authorized Representative may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 10. The Escrow Agreement, pursuant to which funds will be set aside to pay interest on and principal and redemption price of the Series 2008 Bonds, a form of which is on file in the Office of the CAO, is hereby approved. Any Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Escrow Agreement and the City Clerk is authorized to attest to the Escrow Agreement, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of the Escrow Agreement.

Section 11. Any Authorized Representative is hereby authorized and directed for and on behalf of the City and MICLA to (i) fix the actual principal amounts of Series 2015 Bonds to be executed and delivered within the limits set forth in this Resolution; (ii) cause the documents approved by this Resolution and the Series 2015 Bonds to be executed and delivered within the limits set forth in this Resolution; and (iii) execute and deliver any financial guaranty or reimbursement agreement(s) with a provider of a guarantee of payment of the principal of or interest on the Series 2015 Bonds or with any provider of a surety bond covering all or a portion of the reserve fund (if any) for the Series 2015 Bonds, all upon such terms as shall be satisfactory to the Authorized Representative.

Section 12. Any Authorized Representative is hereby authorized and directed for and on behalf of the City to execute and deliver any and all documents, and to take or cause to be taken any and all actions, necessary, appropriate or desirable to carry out the transactions contemplated by this Resolution, all upon such terms as shall be satisfactory to the Authorized Representative including, without limitation, recordation memoranda concerning the Site Lease, the Facility Lease and the Assignment Agreement.

Section 13. Based on the findings and recommendations of the CAO described above, the Council hereby finds, pursuant to Charter sections 371(e)(2) and (10), that, due to the taxable

Exhibit A
Bond Purchase Agreement

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
TAXABLE LEASE REVENUE REFUNDING BONDS
SERIES 2015-A
(Los Angeles Convention Center)

BOND PURCHASE AGREEMENT

October __, 2015

Municipal Improvement Corporation of Los Angeles
c/o City of Los Angeles
City Administrative Officer
200 North Main Street
15th Floor, City Hall East
Los Angeles, California 90012

City of Los Angeles
City Administrative Officer
200 North Main Street
15th Floor, City Hall East
Los Angeles, California 90012

Ladies and Gentlemen:

Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative (the "Representative") of Jefferies LLC and Loop Capital Markets LLC (collectively, the "Underwriters"), hereby offers to enter into this agreement (the "Bond Purchase Agreement") with the Municipal Improvement Corporation of Los Angeles ("MICLA") and the City of Los Angeles (the "City"). Upon the acceptance hereof by the City and MICLA, this offer will be binding upon the City, MICLA and the Underwriters. This offer is made subject to: (a) the written acceptance hereof by the City and MICLA; and (b) withdrawal by the Representative upon written notice (by telecopy, electronic mail or otherwise) delivered to the City and MICLA at any time prior to the acceptance hereof by the City.

1. Purchase and Sale.

(a) Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth in this Bond Purchase Agreement, the Underwriters hereby agree to purchase from the City and MICLA at the Closing Time on the Closing Date (both as defined below), and the City and MICLA hereby agree to sell and deliver to the Underwriters, $_____ in aggregate principal amount of Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds"). The purchase price for the Series 2015-A Bonds shall be $_____, being the aggregate principal amount of the Series 2015-A Bonds, plus net original issue premium of $_____, less an Underwriters' discount of $_____, payable upon delivery of the Series 2015-A Bonds to the Underwriters in the manner and on the date

described in Section 7 hereto. (The date of such payment and delivery is referred to in this Bond Purchase Agreement as the "Closing Date," the hour and date of such payment and delivery is referred to herein as the "Closing Time," and the other actions contemplated hereby to take place at the time of such payment and delivery being herein sometimes called the "Closing"). The Series 2015-A Bonds shall be issued in fully registered form without coupons in denominations of $5,000 and in integral multiples thereof, dated the date of their initial delivery and shall bear interest, and have such other terms as are provided in the Indenture (as defined herein) and will mature as provided in Exhibit D hereto. The Series 2015-A Bonds are subject to redemption prior to maturity as set forth in Exhibit D.

(b) Upon the acceptance by the City and MICLA of this offer (or as soon thereafter as practicable), the Representative shall deliver or cause to be delivered to the Trustee (as defined below) a wire in the amount of $_____ as security for the performance by the Underwriters of their obligation to accept delivery of and pay for the Series 2015-A Bonds on the Closing Date in accordance with the provisions of this Bond Purchase Agreement (such deposit is herein referred to as the "Good Faith Deposit"). The Good Faith Deposit shall not be expended by the City or MICLA except as provided in this Section 1(b). At the Closing, the Good Faith Deposit will be applied towards and deducted from the net purchase price for the Series 2015-A Bonds as provided in Section 1(a) of this Bond Purchase Agreement. If the City and/or MICLA fails to deliver the Series 2015-A Bonds on the Closing Date pursuant to this Bond Purchase Agreement, or if the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2015-A Bonds as set forth in this Bond Purchase Agreement shall not be satisfied (unless waived in writing by the Underwriters pursuant to this Bond Purchase Agreement), or if such obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and the Good Faith Deposit, plus interest (which shall accrue at the interest rate at which private depository institutions lend balances at the Federal Reserve to other depository institutions), shall be immediately returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted under this Bond Purchase Agreement) to purchase, accept delivery of and pay for the Series 2015-A Bonds on the Closing Date as provided in this Bond Purchase Agreement, the Good Faith Deposit shall be retained by the City and MICLA and shall constitute full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriters, and shall constitute full release and discharge of all claims and rights under this Bond Purchase Agreement which the City and/or MICLA may have against the Underwriters with respect to such failure.

(c) The Representative represents and warrants that: (i) it has been duly authorized by and on behalf of the Underwriters to execute this Bond Purchase Agreement; and (ii) it has been duly authorized by the Underwriters to act hereunder and, as the representative of the Underwriters, to take all actions, and waive any condition or requirement, required or permitted to be taken or waived hereunder by the Underwriters. The Underwriters shall not designate any other representative except upon the approval of the City and MICLA (which approval shall not be unreasonably withheld).

(d) The City and MICLA acknowledge and agree that (i) the purchase and sale of the Series 2015-A Bonds pursuant to this Contract of Purchase is an arm's-length commercial transaction among the City, MICLA and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as municipal advisors, financial advisors, agents or fiduciaries of the City or MICLA, (iii) the Underwriters have not

assumed an advisory or fiduciary responsibility in favor of the City or MICLA with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City or MICLA on other matters) and the Underwriters have no obligation to the City or MICLA with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase and (iv) the City and MICLA have consulted their own legal, municipal, financial and other advisors to the extent they have deemed appropriate.

2. The Series 2015-A Bonds. The Series 2015-A Bonds shall be issued pursuant to the authority of MICLA's Articles of Incorporation, California law and the Indenture, dated as of November 1, 2015 (the "Indenture"), by and among the City, MICLA and U.S. Bank National Association (the "Trustee"), as trustee, and resolutions adopted by the Council of the City (the "City Council") on October __, 2015 (the "City Resolution") and adopted by MICLA's Board of Directors on October __, 2015 (the "MICLA Resolution," and together with the City Resolution, the "Resolutions"). The Series 2015-A Bonds will have such other terms as are provided in the Indenture. Capitalized terms not otherwise defined in this Bond Purchase Agreement shall have the meanings ascribed thereto in the Indenture.

The Series 2015-A Bonds are being issued: (i) refund certain lease revenue bonds issued by the Los Angeles Convention and Exhibition Center Authority, (ii) pay certain commercial paper of the Corporation, and (iii) pay costs of issuance of the Series 2015 A Bonds.

The Series 2015-A Bonds are secured by a pledge of Series 2015-A Revenues and such other moneys, funds and accounts pledged to the payment of the Series 2015-A Bonds under the Indenture. The Series 2015-A Revenues consist of the Basic Lease Payments to be made by the City to MICLA under the Series 2015-A Facility Lease Agreement, dated as of November 1, 2015 (the "Series 2015-A Facility Lease Agreement"), by and between the City and MICLA. The City will Lease certain real property, including land, buildings and other improvements thereon, as further described in the Official Statement, to MICLA pursuant to the Site Lease dated as of November 1, 2015 (the "Series 2015-A Site Lease") by and between the City and MICLA.

MICLA will pledge and assign Basic Lease Payments received from the City under the Series 2015-A Facility Lease Agreement to the Trustee pursuant to the Assignment Agreement, dated as of November 1, 2015 (the "Assignment Agreement"), by and between MICLA and the Trustee, for the benefit of the owners of the Series 2015-A Bonds.

The Resolutions, the Indenture, the Series 2015-A Facility Lease Agreement, the Continuing Disclosure Certificate (as defined herein), the Series 2015-A Bonds, this Bond Purchase Agreement and the Assignment Agreement are collectively referred to herein as the "Legal Documents."

The Series 2015-A Bonds shall be substantially in the form described in, and shall be issued and secured under and pursuant to, and shall be payable as provided in the Indenture and the Resolutions, as described in the Official Statement (defined below). The City and MICLA hereby ratify, confirm and approve the use and distribution by the Underwriters of the Preliminary Official Statement with respect to the Series 2015-A Bonds, dated October __, 2015 (together with the Appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the "Preliminary Official Statement"). The City has deemed final the Preliminary Official Statement as of the date thereof for purposes of Rule

15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

3. Offering by the Underwriters. The City and MICLA shall deliver or cause to be delivered to the Underwriters, copies of the Official Statement relating to the Series 2015-A Bonds, dated November __, 2015 (including the cover page, inside cover page, the introduction and all appendices thereto, as the same may be amended and supplemented in accordance with this Bond Purchase Agreement, the "Official Statement"), executed on behalf of the City by its City Administrative Officer, in such reasonable quantity as the Representative shall request not later than seven (7) Business Days after the date of this Bond Purchase Agreement. It shall be a condition to the City's and MICLA's obligations to sell and to deliver the Series 2015-A Bonds to the Underwriters and to the Underwriters' obligation to purchase, to accept delivery of and to pay for the Series 2015-A Bonds that the entire principal amount of the Series 2015-A Bonds shall be issued, sold and delivered by the City (as contracting authority for MICLA) and purchased, accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of the Series 2015-A Bonds at a price not in excess of the initial offering price or prices or yields not less than the yields set forth in the Official Statement, which prices may be changed from time to time by the Underwriters after such initial offering.

4. Use of Official Statement. The City and MICLA have, by resolution, approved the use and distribution by the Underwriters of the Official Statement and hereby authorize the Underwriters to use and distribute the Official Statement and all other documents, certificates and statements furnished to the Underwriters in connection with the transactions contemplated by this Bond Purchase Agreement in connection with the offer and sale of the Series 2015-A Bonds. The City hereby ratifies and approves the Underwriters' use of the Official Statement (including any supplements or amendments to the Official Statement) in connection with the public offering and sale of the Series 2015-A Bonds.

5. Representations, Warranties and Agreements of the City. The City represents, warrants and agrees as follows:

(a) The City is a charter city and municipal corporation duly organized and validly existing under the laws of the State of California.

(b) The City has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Legal Documents.

(c) By all necessary official action, the City has duly adopted, authorized and approved the Legal Documents, has duly authorized and approved the Preliminary Official Statement and the Official Statement, and has duly adopted or authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in, the Legal Documents and the consummation by it of all other transactions contemplated by the Legal Documents in connection with the issuance of the Series 2015-A Bonds.

(d) To the best of its knowledge, the City is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States of America, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other

instrument to which the City is a party which breach or default has or may have an adverse effect on the ability of the City to perform its obligations under the Legal Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Legal Documents, and compliance with the provisions on the City's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City or under the terms of any such law, regulation or instrument, except as may be provided by the Legal Documents.

(e) To the best of its knowledge, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations in connection with the Legal Documents have been duly obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2015-A Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the City of its obligations under the Legal Documents have been duly obtained.

(f) The City will agree in the Continuing Disclosure Certificate dated November __, 2015 (the "Continuing Disclosure Certificate") to provide annual financial reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement, which description may take the form of the full text of the Continuing Disclosure Certificate.

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on the City, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of the City executing this Bond Purchase Agreement or of the Assistant City Attorney approving this Bond Purchase Agreement as to form, threatened against the City, affecting the existence of the City or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2015-A Bonds or the pledge of and lien on the Series 2015-A Revenues pursuant to the Indenture, or contesting or affecting as to the City the validity or enforceability of the Series 2015-A Bonds or the other Legal Documents or contesting the tax-exempt status of interest on the Series 2015-A Bonds, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or the execution and delivery or adoption by the City of the Legal Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the City, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the authorization, execution, delivery or performance by the City of the Legal Documents.

(h) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Representative may reasonably request in order: (i) to qualify the Series 2015-A Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2015-A Bonds; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction, and further provided that the Underwriters shall bear all costs in connection with the City's action under this clause (i) of this paragraph (h) of this Section 5; and (ii) to assure or maintain the tax-exempt status of the interest on the Series 2015-A Bonds.

(i) As of its date and up to the execution of this Bond Purchase Agreement, the Preliminary Official Statement (other than the information under the caption "UNDERWRITING," in Appendix D - "DTC AND THE BOOK-ENTRY ONLY SYSTEM" and information permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12, as to which no view need be expressed) did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the date hereof and (unless an event occurs of the nature described in paragraph (k) of this Section 5) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than the information under the caption "UNDERWRITING" and in Appendix D - "DTC AND THE BOOK-ENTRY ONLY SYSTEM," as to which no view need be expressed) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) If the Preliminary Official Statement or the Official Statement are supplemented or amended pursuant to paragraph (k) of this Section 5, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date, the Preliminary Official Statement or the Official Statement as so supplemented or amended (other than the information under the caption "UNDERWRITING," in Appendix D- "DTC AND THE BOOK-ENTRY ONLY SYSTEM," and, with respect to the Preliminary Official Statement, information permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12, as to which no view need be expressed) will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The City hereby agrees that it will notify the other parties hereto if, within the period from the date of this Bond Purchase Agreement to and including the date twenty five (25) days following the End of the Underwriting Period (as hereinafter defined), the City discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event or circumstance, in any such case, which might cause the Preliminary Official Statement or the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the City or the Underwriters, or their respective counsel, the preparation and publication of a supplement or amendment to the Preliminary Official Statement or the Official Statement (as the case may be) is, as a result of such fact or event (or any other event that becomes known to the City, MICLA or any Underwriter during such period), necessary so that the Preliminary Official Statement or the Official

Statement do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will, at its expense, supplement or amend the Preliminary Official Statement or the Official Statement (as the case may be) in such a manner so that the Preliminary Official Statement or the Official Statement (as the case may be), as so supplemented or amended, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and will furnish copies of such supplement or amendment to the Underwriters in such quantity as the Underwriters may reasonably request. The City and the Underwriters agree that they will cooperate in the preparation of any such amendment or supplement. As used in this Bond Purchase Agreement, the term "End of the Underwriting Period" means the later of such time as: (i) the City delivers the Series 2015-A Bonds to the Underwriters; or (ii) the Underwriters do not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Series 2015-A Bonds for sale to the public. Unless the Representative gives notice to the City to the contrary, the "End of the Underwriting Period" shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be delivered to the City, in writing, at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the End of the Underwriting Period.

(l) The City will refrain from taking any action, or permitting any action to be taken, with regard to which the City may exercise control, that results in the loss of the tax-exempt status of the interest on the Series 2015-A Bonds.

(m) Any certificate signed by an authorized representative of the City and delivered to the Underwriters pursuant to the Legal Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(n) The Preliminary Official Statement and Official Statement disclose all material information regarding the City's compliance with Rule 15c2-12 in the prior five years.

(o) The City agrees to deliver to the Underwriters, at such addresses as the Underwriters shall specify, as many copies of the Official Statement as the Underwriters shall reasonably request to comply with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board.

(p) The City is not in default and at no time in the past ten (10) years has been in default with respect to any obligations incurred by it of a character similar to the Series 2015-A Bonds, including but not limited to any certificates of participation of MICLA.

6. Representations, Warranties and Agreements of MICLA. MICLA represents, warrants and agrees as follows:

(a) MICLA is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California.

(b) MICLA has full legal right, power and authority to adopt or enter into, as the case may be, and to carry out and consummate the transactions on its part contemplated by the Legal Documents.

(c) By all necessary official action, MICLA has duly adopted, authorized and approved the Legal Documents, has duly authorized the Preliminary Official Statement and the Official Statement and has duly adopted or authorized and approved the execution and delivery of, and the performance by MICLA of the obligations on its part contained in, the Legal Documents and the consummation by it of all other transactions contemplated by the Legal Documents in connection with the issuance of the Series 2015-A Bonds.

(d) To the best of its knowledge, MICLA is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of any state or of the United States of America, or any agency or instrumentality of either, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which MICLA is a party which breach or default has or may have an adverse effect on the ability of MICLA to perform its obligations under the Legal Documents, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and the adoption, execution and delivery of the Legal Documents, and compliance with the provisions on MICLA's part contained therein, will not conflict in any material way with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which MICLA is a party nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of MICLA or under the terms of any such law, regulation or instrument, except as may be provided by the Legal Documents.

(e) To the best of its knowledge, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, MICLA of its obligations in connection with the Legal Documents have been duly obtained, other than such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2015-A Bonds; except as described in or contemplated by the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, MICLA of its obligations under the Legal Documents have been duly obtained.

(f) MICLA hereby agrees that it will notify the other parties hereto if, within the period from the date of this Bond Purchase Agreement to and including the date twenty five (25) days following the End of the Underwriting Period, MICLA discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case, which might cause the Official Statement (as the same may have then been supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of MICLA or the Underwriters, or their respective counsel, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event that becomes known to the City, MICLA or any Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or

omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will, at its expense, supplement or amend the Official Statement pursuant to Section 5(k) in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and will furnish copies of such supplement or amendment to the Underwriters in such quantity as the Underwriters may reasonably request. MICLA and the Underwriters agree that they will cooperate in the preparation of any such amendment or supplement.

(g) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation, notice of which has been served on MICLA, at law or in equity before or by any court, government agency, public board or body, pending or to the best knowledge of the officer of MICLA executing this Bond Purchase Agreement, threatened against MICLA, affecting the existence of MICLA or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Series 2015-A Bonds or the pledge of and lien on the Series 2015-A Revenues pursuant to the Indenture, or contesting or affecting as to MICLA the validity or enforceability of the Series 2015-A Bonds or the other Legal Documents or contesting the tax-exempt status of interest on the Series 2015-A Bonds, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or the execution and delivery or adoption by MICLA of the Legal Documents, or in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of MICLA, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the authorization, execution, delivery or performance by MICLA of the Legal Documents.

(h) As of its date and up to the execution of this Bond Purchase Agreement, the Preliminary Official Statement (other than the information under the caption "UNDERWRITING," in Appendix D - "DTC AND THE BOOK-ENTRY ONLY SYSTEM" and information permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12, as to which no view need be expressed) did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the date hereof and (unless an event occurs of the nature described in paragraph (i) of this Section 5) at all times subsequent thereto up to and including the Closing Date, the Official Statement (other than the information under the caption "UNDERWRITING" and in Appendix D - "DTC AND THE BOOK-ENTRY ONLY SYSTEM," as to which no view need be expressed) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) If the Preliminary Official Statement or the Official Statement are supplemented or amended pursuant to paragraph (f) of this Section 6, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including the Closing Date, the Preliminary Official Statement or the Official Statement as so supplemented or amended (other than the information under the caption "UNDERWRITING," in Appendix D- "DTC AND THE BOOK-ENTRY ONLY SYSTEM," and, with respect to the Preliminary Official Statement, information permitted to be omitted from the Preliminary Official Statement pursuant to Rule 15c2-12, as to which no view need be expressed) will not contain any untrue statement of a material fact or omit to

state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading..

(j) MICLA will refrain from taking any action, or permitting any action to be taken, with regard to which MICLA may exercise control, that results in the loss of the tax-exempt status of the interest on the Series 2015-A Bonds.

(k) Any certificate signed by an authorized officer of MICLA and delivered to the Underwriters pursuant to the Legal Documents or any document contemplated thereby shall be deemed a representation and warranty by MICLA to the Underwriters as to the statements made therein.

(l) MICLA is not in default and at no time in the past ten (10) years has been in default with respect to any obligations incurred by it of a character similar to the Series 2015-A Bonds.

7. Closing. At 8:30 a.m., Los Angeles time, on November __, 2015, or on such earlier date or as soon thereafter as practicable, as may be mutually agreed upon by the City and the Underwriters, the City will, subject to the terms and conditions hereof, cause the Trustee to deliver to The Depository Trust Company ("DTC") in New York, New York, on behalf of the Underwriters, the Series 2015-A Bonds, in definitive form duly executed by MICLA and authenticated by the Trustee, together with the other documents hereinafter mentioned; and the Underwriters will accept such delivery to DTC and will pay the balance of the purchase price (after deduction of the Good Faith Deposit) of the Series 2015-A Bonds in Los Angeles, California as set forth in Paragraph 1 hereof by delivering federal funds or other immediately available funds in the amount of such balance of the purchase price to MICLA. The Series 2015-A Bonds shall be prepared in fully registered form without coupons in Authorized Denominations and registered in the name of DTC for the account of the Underwriters.

8. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the City and MICLA contained in this Bond Purchase Agreement, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City and MICLA of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Series 2015-A Bonds shall be conditioned upon the performance by the City and MICLA of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The representations and warranties of the City and MICLA contained in this Bond Purchase Agreement and in the other Legal Documents shall be true, complete and correct on the date hereof and on and as of the Closing Date, as if made on the Closing Date;

(b) At the Closing Time, the Legal Documents shall be in full force and effect in accordance with their terms and shall not have been amended, modified or supplemented and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative;

(c) At the Closing Time, all necessary official action of the City, MICLA and the other parties to the Legal Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(d) Subsequent to the date hereof, there shall not have occurred any change in or affecting particularly the City, MICLA or the Series 2015-A Bonds, as the foregoing matters are described in the Official Statement, which in the reasonable opinion of the Representative materially impairs the investment quality of the Series 2015-A Bonds; and

(e) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) the Preliminary Official Statement and the executed Official Statement and each supplement or amendment, if any, thereto;

(2) the City Resolution, certified by the City;

(3) the MICLA Resolution, certified by MICLA;

(4) the Assignment Agreement, executed by MICLA and the Trustee;

(5) the Indenture, executed by the City, MICLA and the Trustee;

(6) the Series 2015-A Facility Lease Agreement, executed by the City and MICLA;

(7) the Series 2015-A Site Lease, executed by the City and MICLA;

(8) a certificate of the City with respect to the matters described in Section 5 of this Bond Purchase Agreement and in paragraphs (a), (b), (c) and (d) of this Section 8;

(9) a certificate of MICLA with respect to the matters described in Section 6 of this Bond Purchase Agreement and in paragraphs (a), (b), (c) and (d) of this Section 8;

(10) an opinion, dated the Closing Date and addressed to the City and MICLA, of Nixon Peabody LLP ("Bond Counsel"), in substantially the form attached to the Official Statement as Appendix C, accompanied by a reliance letter from Bond Counsel to the effect that such opinion may be relied upon by the Underwriters with the same effect as if such opinion were addressed to them;

(11) a supplemental opinion, dated the Closing Date and addressed to the Underwriters, of Bond Counsel, in substantially the form attached hereto as Exhibit A;

(12) an opinion of Bond Counsel, dated the Closing Date and addressed to the Trustee and the Underwriters, that the Refunded Obligations have been defeased in accordance with the trust agreements pursuant to which they were issued;

(13) an opinion, dated the Closing Date and addressed to the Underwriters, of the City Attorney, in substantially the form attached hereto as Exhibit B;

(14) an opinion, dated the Closing Date and addressed to the Underwriters, or accompanied by a reliance letter from Disclosure Counsel to the effect that such opinion may be relied upon by the Underwriters with the same effect as if such opinion were addressed to them, of Hawkins Delafield & Wood LLP, Disclosure Counsel, in substantially the form attached hereto as Exhibit C;

(15) an opinion, dated the Closing Date and addressed to the Underwriters, of counsel to MICLA, in substantially the form attached hereto as Exhibit E;

(16) an opinion, dated the Closing Date and addressed to the Underwriters, of Stradling Yocca Carlson and Rauth, a Professional Corporation, counsel to the Underwriters, in form and substance satisfactory to the Underwriters;

(17) a certificate of the Trustee dated the Closing Date to the effect that:

(i) Due Organization and Existence - it is duly organized and existing as a national banking association in good standing under the laws of the United States of America having the full power and authority to enter into and perform its duties under the Indenture, and to authenticate and deliver the Series 2015-A Bonds to the Underwriters pursuant to the terms of the Indenture;

(ii) Due Authorization; Valid and Binding Obligations - it is duly authorized to authenticate and deliver the Series 2015-A Bonds; and

(iii) No Conflict - to the best of its knowledge after due investigation, the execution and delivery by it of the Indenture and the Assignment Agreement, and the authentication and delivery of the Series 2015-A Bonds, and compliance with the terms thereof will not, in any material respect, conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which it is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over it or any of its activities or properties, or (except with respect to the lien of the Indenture) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Trustee;

(18) An opinion of counsel to the Trustee, dated the Closing Date and addressed to the Underwriters, the City and MICLA, to the effect that:

(i) Due Organization and Existence - the Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America with full corporate power to undertake the trusts of the Indenture;

(ii) Corporate Action - the Trustee has duly authorized, executed and delivered the Indenture and the Assignment Agreement and by all proper corporate action has authorized the acceptance of the duties and obligations of the Trustee under the Indenture;

(iii) Due Authorization, Execution and Delivery - assuming due authorization, execution and delivery by the other parties thereto, each of the Indenture and the Assignment Agreement is the valid, legal and binding agreement of the Trustee, enforceable in

accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law); and

(iv) Consents - exclusive of federal or state securities laws and regulations, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee is or will be required for the execution and delivery by the Trustee of the Indenture or the authentication and delivery of the Series 2015-A Bonds;

(19) a certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of the Indenture and the Assignment Agreement and the authentication and delivery of the Series 2015-A Bonds by the Trustee;

(20) evidence of such insurance as is required under the Series 2015-A Facility Lease Agreement and Indenture in form and substance acceptable to Bond Counsel, Underwriters' Counsel and the Representative;

(21) evidence of the fair rental value of and useful life of the real property to be leased under the Series 2015-A Facility Lease Agreement;

(22) certified copies of each of the Articles of Incorporation and Bylaws of MICLA and a good standing certificate of MICLA issued by the Secretary of State of the State of California;

(23) evidence satisfactory to the Representative that the 2015-A Bonds have been rated "A+" by Standard & Poor's Ratings Group, a Division of the McGraw-Hill Companies, Inc., "AA-" by Kroll Bond Rating Agency and "A+" by Fitch Ratings and that such ratings remain in effect and have not been suspended, withdrawn or downgraded as of the Closing Date;

(24) a certificate or certificates, dated the date of the Preliminary Official Statement, of the City addressed to the Underwriters, to the effect that for purposes of compliance with Rule 15c2-12, each of the City and MICLA deem the Preliminary Official Statement to be final as of its date;

(25) the Continuing Disclosure Certificate, executed by the City;

(26) the Tax Exemption Certificate and Agreement, dated the Closing Date, among the City, MICLA and the Trustee, with respect to maintaining the tax-exempt status of the Series 2015-A Bonds, duly executed by the City, MICLA and the Trustee;

(27) copies of the preliminary and final notices to the California Debt and Investment Advisory Commission relating to the Series 2015-A Bonds;

(28) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the City's representations and warranties contained in this Bond Purchase Agreement and of the statements and information contained in the Official Statement

and the due performance or satisfaction by the City and MICLA on or prior to the Closing Date of all the agreements then to be performed and conditions then to be satisfied by the City and MICLA.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to Bond Counsel, Underwriters' Counsel and the Representative.

If the City or MICLA shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2015-A Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Series 2015-A Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and none of the Underwriters, the City or MICLA shall be under any further obligation hereunder, subject to the provisions of Section 11 hereof, which shall survive any such termination.

9. Termination. The Underwriters may terminate this Bond Purchase Agreement by notice to the City and MICLA in the event that between the date hereof and the Closing:

(a) an amendment to the Constitution of the State of California shall have been passed or legislation shall have been introduced in or enacted by the legislature of the State of California, with respect to State of California taxation upon interest received on obligations of the general character of the Series 2015-A Bonds which may have the purpose or effect, directly or indirectly, of affecting any tax exemption granted or authorized by State of California legislation or constitutional provisions which, in the reasonable judgment of the Representative, materially and adversely affects the market price or marketability, at the initial offering prices set forth in the Official Statement, of the Series 2015-A Bonds;

(b) a tentative decision with respect to legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or legislation shall be introduced, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate, or a decision by a court of the United States, or action shall be taken or a regulation shall be issued by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject, the effect of which, in the opinion of the Representative, could be that either: (i) the Series 2015-A Bonds are not, or may not be, exempt from the registration, qualification or other similar requirements of the Securities Act of 1933, as amended; or (ii) the Indenture is not, or may not be, exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended;

(c) the United States shall have become engaged in hostilities that have resulted in a declaration of war or a national emergency, or any hostilities involving the United States or other national or international calamity or crisis shall have occurred or shall have escalated beyond the level of such conflict as of the date hereof which, in the reasonable opinion of the Representative, shall materially adversely affect the market price for the Series 2015-A Bonds;

(d) a general suspension of trading shall have occurred, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock

exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(e) in the reasonable judgment of the Representative, the market for any Series 2015-A Bonds or of obligations of the general character of the Series 2015-A Bonds might be adversely affected because either: (i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or (ii) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed, as to any Series 2015-A Bonds or similar obligations, any material, restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or a change to the net capital requirements of, the Underwriters;

(f) there shall have occurred the declaration of a general banking moratorium by any authority of the United States, the State of New York or the State of California or a major financial crisis or material disruption in commercial banking or securities settlement or clearance services shall have occurred which, in the reasonable opinion of the Representative (after consultation with the City), materially adversely affects the marketability of the Series 2015-A Bonds or the market price thereof;

(g) any rating of the Series 2015-A Bonds shall have been changed, withdrawn or suspended, or any rating agency rating the Series 2015-A Bonds shall issue a written release or written statement as to a possible downgrading, suspension or withdrawal of any rating on the Series 2015-A Bonds (such as assigning a "negative outlook," or placing the Series 2015-A Bonds on "credit watch") and such action, in the reasonable opinion of the Representative, shall materially and adversely affect the market price for the Series 2015-A Bonds; or

(h) any event shall have occurred or shall exist which, in the reasonable opinion of the Representative, makes untrue or incorrect, in any material respect, any statement or information contained in the Official Statement or which is not reflected in the Official Statement, but should be reflected therein, in order to make the statements and information contained therein not misleading.

10. Payment of Costs and Expenses. (a) Except as set forth in paragraph (b) of this Section 10, the City shall pay or reimburse all costs and expenses incident to the sale and delivery of the Series 2015-A Bonds, including, but not limited to: (i) the fees and expenses of the City (including MICLA), its counsel and its financial advisors; (ii) the fees and expenses of Bond Counsel and Disclosure Counsel; (iii) all costs and expenses incurred in connection with the preparation and printing of the Series 2015-A Bonds; (iv) all expenses incurred in connection with the preparation, printing, distribution and delivery of the Preliminary Official Statement and the Official Statement and any amendment or supplement thereto; (v) the fees and expenses of the Trustee; and (vi) interest on the Good Faith Deposit at the rate as provided in Section 1(b) of this Bond Purchase Agreement, if the City and/or MICLA fails to deliver the Series 2015-A Bonds on the Closing Date pursuant to this Bond Purchase Agreement, or if the conditions to the obligations of the Underwriters to purchase, accept delivery of and pay for the Series 2015-A Bonds as set forth in this Bond Purchase Agreement shall not be satisfied (unless waived in writing by the Underwriters pursuant to this Bond Purchase Agreement), or if such obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement and this Bond Purchase Agreement is terminated. The City shall reimburse the Underwriter for expenses (included in the expense component of the

Underwriter's spread) incurred on behalf of the City's employees which are incidental to implementing this Purchase Contract, including, but not limited to transportation, meals and lodging of those employees.

(b) The Underwriters shall pay all advertising expenses in connection with the public offering of the Series 2015-A Bonds and all other expenses incurred in underwriting the Series 2015-A Bonds, including the fees and expenses of Underwriters' Counsel, fees of the California Debt and Investment Advisory Commission and CUSIP Bureau fees.

11. Representations, Warranties and Agreements to Survive Delivery. The representations, warranties, indemnities, agreements and other statements of the City, MICLA and the Underwriters or their officers or partners set forth in, or made pursuant to, this Bond Purchase Agreement will remain operative and in full force and effect regardless of any investigation made by or on behalf of the City, MICLA or the Underwriters or any controlling person and will survive delivery of and payment for the Series 2015-A Bonds.

12. Notices. Any notice or other communication to be given under this Bond Purchase Agreement may be given by delivering the same in writing:

To the City:	City of Los Angeles City Administrative Officer 200 North Main Street 15th Floor, City Hall East Los Angeles, California 90012 Attention: Debt Management Group
To MICLA:	MICLA c/o City of Los Angeles City Administrative Officer 200 North Main Street 15th Floor, City Hall East Los Angeles, California 90012 Attention: MICLA Coordinator
To the Representative:	Merrill Lynch, Pierce, Fenner & Smith Incorporated 333 South Hope Street, Suite 2310 Los Angeles, CA 90071

13. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the City, MICLA and the Underwriters (including the successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's and MICLA's representations, warranties and covenants contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of: (a) any investigations made by or on behalf of the Underwriters; (b) delivery of and payment for the Series 2015-A Bonds pursuant to this Bond Purchase Agreement; and (c) any termination of this Bond Purchase Agreement.

14. Effectiveness. This Bond Purchase Agreement shall become effective upon the execution of the acceptance by a duly authorized officer of the City and MICLA and shall be valid and enforceable at the time of such acceptance.

15. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be a part of this Bond Purchase Agreement.

16. Governing Law. This Bond Purchase Agreement shall be construed in accordance with the laws of the State of California.

17. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

If the foregoing is in accordance with your understanding of the Bond Purchase Agreement please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement between the City and the Underwriters in accordance with its terms.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
JEFFRIES LLC
LOOP CAPITAL MARKETS LLC

By: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
as Representative

By: _____
Title: Authorized Officer

ACCEPTED

This ___ day of November, 2015

CITY OF LOS ANGELES

By_____
Assistant City Administrative Officer

APPROVED AS TO FORM:

This ___ day of November, 2015

MICHAEL N. FEUER, CITY ATTORNEY

By_____
Assistant City Attorney

ACCEPTED

This ___ day of November, 2015

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By_____
Authorized Officer

EXHIBIT A

Supplemental Opinion of Bond Counsel

[NIXON TO PROVIDE THEIR FORM]

[Closing Date]

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

City of Los Angeles
Los Angeles, California

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as representative of the Underwriters
Los Angeles, California

$_____
TAXABLE LEASE REVENUE REFUNDING BONDS
SERIES 2015-A
(Los Angeles Convention Center)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the sale and issuance by the Municipal Improvement Corporation of Los Angeles of its $_____ Taxable Lease Revenue Refunding Bonds, 2015-A (Los Angeles Convention Center) (the *"Bonds"*). The Bonds were sold pursuant to an Official Statement, dated November __, 2015, relating to the Bonds (the *"Official Statement"*). All terms used and not otherwise defined herein shall have the meanings set forth in the Official Statement.

We have not been engaged nor have we undertaken to review or verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, except that in our capacity as Bond Counsel in connection with the issuance of the Bonds we have reviewed the information contained in the Official Statement under the captions "THE BONDS" (other than the information relating to The Depository Trust Company and the book-entry only system) and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and in APPENDIX B — "SUMMARY OF LEGAL DOCUMENTS" solely to determine whether such information and summaries conform to the Bonds, the Series 2015-A Facility Lease Agreement, the Indenture, the Assignment Agreement and the Series 2015-A Site Lease. The purpose of our professional engagement was not to establish or confirm factual matters in the Official Statement, and we have not undertaken any obligation to verify independently any of the factual matters set forth under these captions or in APPENDIX B. Subject to the foregoing, the summary descriptions in the Official Statement under such captions and in APPENDIX B, as of the date of the Official Statement and as of the date hereof, insofar as such descriptions purport to describe or summarize certain provisions of the Bonds (apart from the

information relating to The Depository Trust Company and its book-entry only system), the Series 2015-A Facility Lease Agreement, the Indenture, the Assignment Agreement and the Series 2015-A Site Lease, are accurate summaries of such provisions in all material respects. In addition, the information in the Official Statement under the caption "TAX MATTERS" purporting to describe or summarize our opinions concerning certain federal and state tax matters relating to the Bonds has been reviewed by us and is an accurate summary in all material respects. Except as specifically described in this paragraph, we express no opinion with respect to and have not undertaken to determine independently the accuracy, fairness or completeness of any statements contained or incorporated by reference in the Official Statement.

Based upon our examination of such documents and questions of law as we have deemed relevant in connection with the offering and sale of the Bonds under the circumstances described in the Official Statement referred to below, we are of the opinion that, under existing law, the Bonds are not required to be registered under the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended.

In rendering this opinion, we have relied upon certifications of the City and MICLA with respect to certain material facts within the respective knowledge of the City and MICLA. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fourth paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Bond Purchase Agreements, the Series 2015-A Facility Lease Agreement, the Assignment Agreement and the Series 2015-A Site Lease and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California.

This letter is furnished by us as bond counsel to the City and MICLA. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. This letter is not intended to be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

EXHIBIT B

Opinion of the City Attorney

[Closing Date]

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

Merrill Lynch, Pierce, Fenner & Smith Incorporated
as representative of the Underwriters of the Series 2015-A Bonds
Los Angeles, California

$_____
TAXABLE LEASE REVENUE REFUNDING BONDS
SERIES 2015-A
(Los Angeles Convention Center)

Ladies and Gentlemen:

This office has served as counsel to the City of Los Angeles (the "City") and has participated in the proceedings relating to the issuance and sale of the $_____ aggregate principal amount of the Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds"). The Series 2015-A Bonds are being issued pursuant to an Indenture, dated as of November 1, 2015 (the "Indenture"), by and among the Municipal Improvement Corporation of Los Angeles ("MICLA"), the City and U.S. Bank National Association (the "Trustee"), as trustee.

Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

In the course of the proceedings relating to the issuance of the Series 2015-A Bonds and in connection with the delivery of the opinions stated in this letter, we have reviewed the following:

(a) A true and exact copy of the Assignment Agreement, dated as of November 1, 2015, by and between MICLA and the Trustee;

(b) A true and exact copy of the Series 2015-A Facility Lease Agreement and the Series 2015-A Site Lease;

(c) A true and exact copy of the Indenture;

(d) A true and exact copy of the Continuing Disclosure Certificate;

(e) A true and exact copy of the resolution of the Council of the City (the "City Council") approving the issuance of the Series 2015-A Bonds (the "Resolution");

(f) The Official Statement dated November __, 2015 (the "Official Statement") prepared in connection with the issuance and sale of the Series 2015-A Bonds and of which a substantially final form was approved by the City Council on October __, 2015;

(g) A true and exact copy of the Bond Purchase Agreement, dated November __, 2015 (the "Series A Bond Purchase Agreement"), by and among the City, MICLA and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative (the "Representative") of Jefferies LLC and Loop Capital Markets LLC (collectively, the "Series A Underwriters"); and

(i) Such other documents as we deemed relevant and necessary in rendering the opinions set forth below.

The Series 2015-A Bonds, the Indenture, the Series 2015-A Facility Lease Agreement, the Series 2015-A Site Lease, the Assignment Agreement, the Continuing Disclosure Certificate and the Bond Purchase Agreements are collectively referred to herein as the "Legal Documents."

From such examination, we are of the opinion that:

1. The City is a duly organized charter city and municipal corporation of the State of California duly organized and existing under the Constitution of the State of California and the Charter of the City (the "Charter").

2. The Resolution approving the Indenture, the Series 2015-A Facility Lease Agreement, the Series 2015-A Site Lease, the Assignment Agreement, the Continuing Disclosure Certificate and the Bond Purchase Agreement was duly adopted by the City Council at meetings which were held pursuant to the terms of the Charter and all other applicable law and with all required notice and at which a quorum was present at the time of adoption of such Resolution. Each of the Legal Documents is a valid and binding obligation of the City, enforceable against the City in accordance with its terms, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability affecting the enforcement of creditors' rights, by the general principles of equity, regardless of whether such enforceability is considered in equity or at law, and by the limitations on legal remedies against public entities in the State of California.

3. The Series 2015-A Revenues are validly pledged to secure the Series 2015-A Bonds under the terms of the Indenture, and upon the issuance of the Series 2015-A Bonds such Series 2015-A Revenues are not pledged to secure, on a basis senior to or on a parity with the Series 2015-A Bonds, any other obligations.

4. The issuance of the Series 2015-A Bonds has been duly authorized by the City, and all legal conditions precedent applicable to and required for the delivery of the Series 2015-A Bonds have occurred or been fulfilled.

5. The City has full legal right, power and authority to perform all of its obligations under the Legal Documents.

6. The City has duly executed and delivered the Legal Documents and assuming due authorization, execution and delivery by the other parties thereto, the Legal Documents constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their

terms, except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general applicability affecting the enforcement of creditors' rights, by the general principles of equity, regardless of whether such enforceability is considered in equity or at law, and by the limitations on legal remedies against public entities in the State of California.

7. The Official Statement was duly approved by the City Council and executed by an City Administrative Officer on behalf of the City.

8. The issuance of the Series 2015-A Bonds, the pledge of Series 2015-A Revenues to secure the Series 2015-A Bonds, the execution and delivery of the Legal Documents, the approval, preparation and distribution of the Official Statement and compliance with the provisions of the Official Statement and the Bond Purchase Agreement, under the circumstances contemplated thereby do not violate any applicable judgment, order or regulations applicable to the City nor any Charter provision, law or ordinance of the City, and do not conflict with or result in any breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which the City is a party or by which it is bound (excluding Blue Sky laws, federal and state securities laws and tax laws),

9. Except as otherwise disclosed in the Official Statement, no authorization, approval, consent or other order of the State of California or any other governmental authority or agency within the State of California, other than the action already taken by the City Council, is required for the valid authorization, execution and delivery of the Legal Documents, the approval, preparation, distribution and execution of the Official Statement and the issuance and sale of the Series 2015-A Bonds (provided that we express no opinion as to any action required under State and/or federal securities or Blue Sky laws in connection with the purchase or distribution of the bonds by the Underwriters).

10. To the best of our knowledge, there is no action, suit or proceeding before or by any court, public board or body pending or threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the titles of its officers to their respective offices; (b) in any way question or affect the validity or enforceability of the Resolution or the Legal Documents; or (c) find illegal, invalid or unenforceable the Bond Purchase Agreement or the transactions contemplated thereby, or any other agreement or instrument related to the issuance of the Series 2015-A Bonds to which the City is a party and, except for such litigation as is disclosed in the Official Statement, there is no litigation or administrative action pending or, to the best of our knowledge, threatened which, if determined adversely to the City, would have a material adverse effect upon the City's ability to make payment on the Series 2015-A Bonds from the Series 2015-A Revenues.

This letter is for the sole benefit of the addressees and is not be used, circulated, quoted or otherwise referred to for any purpose. No other person may rely on this letter without our prior written consent. We do not undertake, and expressly disclaim, any obligation to amend or supplement this opinion as facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect such opinion. This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom.

Very truly yours,

Michael N. Feuer, City Attorney

By: _____
Assistant City Attorney

EXHIBIT C

Opinion of Disclosure Counsel
Addressed to the Underwriters

[HAWKINS TO PROVIDE THEIR FORM]

[Closing Date]

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Series 2015-A Bonds Underwriters
Los Angeles, California

Re: $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds Series 2015-A (Los Angeles Convention Center)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Los Angeles, California (the "City") in connection with the issuance by the Municipal Improvement Corporation of Los Angeles ("MICLA") of its Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center)(the "Bonds"). The Bonds are being issued by MICLA under the Articles of Incorporation of MICLA and the laws of the State of California and, an Indenture, dated as of November 1, 2015 (the "Indenture"), by and among MICLA, the City and U.S. Bank National Association, as trustee (the "Trustee"). The terms and provisions of the Bonds are contained in the Indenture and are further described in the Official Statement relating to the Bonds, dated November __, 2015 (the "Official Statement"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Official Statement.

The Series 2015-A Bonds are being sold by MICLA pursuant to that Bond Purchase Agreement, dated November __, 2015 (the "Bond Purchase Agreement"), by and among the City, MICLA and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative of Jefferies LLC and Loop Capital Markets LLC (collectively, the "Underwriters").

In rendering this opinion, we have reviewed such records, documents, certificates and opinions, and made such other investigations of law and fact as we have deemed necessary or appropriate. This opinion is limited to matters governed by the federal securities law of the United States, and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction.

In our capacity as Disclosure Counsel, we have rendered certain assistance in connection with the preparation of the Official Statement. Rendering such assistance involved discussions and inquiries concerning certain matters, review of certain documents and proceedings, and participation

in meetings and telephone conferences with representatives of the City, the City Attorney, Bond Counsel, the Underwriters, Underwriters' Counsel and Public Resources Advisory Group, the City's Financial Advisor, during which meetings and telephone conferences the contents of the Official Statement and related matters were discussed. On the basis of the information made available to us in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Official Statement), no facts have come to the attention of the personnel in our firm directly involved in rendering legal advice and assistance in connection with the preparation of the Official Statement which cause us to believe that the Official Statement as of its date and as of the date hereof (excluding therefrom financial, engineering and statistical data; CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions; statements relating to The Depository Trust Company, Cede & Co. and the operation of the book-entry system; and the information in Appendices B, C, D and E to the Official Statement, as to all of which we express no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

During the period from the date of the Official Statement to the date of this opinion, we have not undertaken any procedures or taken any actions which were intended or likely to elicit information concerning the accuracy, completeness or fairness of any of the statements contained in the Official Statement.

We are furnishing this opinion to you, solely for your benefit. This opinion is rendered in connection with the transaction described herein, and may not be relied upon by you for any other purpose. The delivery of this opinion shall not create any attorney-client relationship between our firm and the addressees hereof, other than the City. This opinion shall not extend to, and may not be used, circulated, quoted, referred to, or relied upon by, any other person, firm, corporation or other entity without our prior written consent. Our engagement with respect to this matter terminates upon the delivery of this opinion to you at the time of the issuance of the Bonds, and we have no obligation to update this opinion.

Respectfully submitted,

EXHIBIT D

Maturity Schedule

$_____
Municipal Improvement Corporation of Los Angeles
Taxable Lease Revenue Refunding Bonds,
Series 2015-A
(Los Angeles Convention Center)

Maturity Date (May 1)	Principal Amount	Interest Rate	Yield	Price

*Priced to par call on May 1, 20__.

REDEMPTION

EXHIBIT E

Opinion of Counsel to MICLA

[Closing Date]

City of Los Angeles
Los Angeles, California

Merrill Lynch, Pierce, Fenner & Smith Incorporated,
as Representative of the Series 2015-A Bond Underwriters
Los Angeles, California

Re: Municipal Improvement Corporation of Los Angeles
$_____
TAXABLE LEASE REVENUE REFUNDING BONDS
SERIES 2015-A
(Los Angeles Convention Center)

Ladies and Gentlemen:

This office has served as counsel to the Municipal Improvement Corporation of Los Angeles ("MICLA") and has participated in the proceedings relating to the issuance and sale of the $_____ aggregate principal amount of the Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds"). The Series 2015-A Bonds are being issued pursuant to an Indenture, dated as of November 1, 2015 (the "Indenture"), by and among MICLA, the City of Los Angeles (the "City") and U.S. Bank National Association (the "Trustee"), as trustee.

Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

In the course of the proceedings relating to the issuance of the Series 2015-A Bonds and in connection with the delivery of the opinions stated in this letter, we have reviewed the following:

(a) A true and exact copy of the Assignment Agreement, dated as of November 1, 2015, by and between MICLA and the Trustee;

(b) A true and exact copy of the Series 2015-A Facility Lease Agreement and the Series Series 2015-A Site Lease;

(c) A true and exact copy of the Indenture;

(d) A true and exact copy of the Continuing Disclosure Certificate;

(e) A true and exact copy of the resolution of the Board of Directors of MICLA (the "Board") approving the issuance of the Series 2015-A Bonds (the "Resolution");

(f) The Official Statement dated November __, 2015 (the "Official Statement") prepared in connection with the issuance and sale of the Series 2015-A Bonds and of which a substantially final form was approved by the City Council on October __, 2015;

(g) A true and exact copy of the Bond Purchase Agreement, dated November __, 2015 (the "Series A Bond Purchase Agreement"), by and among the City, MICLA and, Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of itself and as representative (the "Representative") of Jefferies LLC and Loop Capital Markets LLC (collectively, the "Underwriters"); and

(i) True and exact copies of MICLA's Articles of Incorporation and Bylaws and a good standing certificate of MICLA issued by the Secretary of State of the State of California;

(j) The Certificate of MICLA, dated of even date herewith; and

(k) Such other documents as we deemed relevant and necessary in rendering the opinions set forth below.

The Series 2015-A Bonds, the Indenture, the Series 2015-A Facility Lease Agreement, the Series 2015-A Site Lease, the Assignment Agreement and the Bond Purchase Agreements are collectively referred to herein as the "Legal Documents."

From such examination, we are of the opinion that:

1. MICLA is a nonprofit public benefit corporation duly created and lawfully existing in good standing under the laws and Constitution of the State of California.

2. The Resolution was duly adopted at a meeting of the Board, which was called and held pursuant to the Articles of Incorporation and the Bylaws of MICLA and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

3. The Legal Documents have been authorized or acknowledged, as the case may be, by all necessary corporate action on the part of MICLA, have been duly executed and delivered by MICLA and, assuming due authorization, execution and delivery by the other parties thereto, the Legal Documents constitute legally valid and binding obligations of MICLA, enforceable against MICLA in accordance with their respective terms.

4. To the best of our knowledge after due inquiry, the execution and delivery or acknowledgment of the Legal Documents and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with any existing law, regulation, court order or consent decree to which MICLA is subject or constitute on the part of MICLA a breach of or default under any agreement or other instrument to which MICLA is a party or by which it is bound.

5. To the best of our knowledge after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against MICLA: (a) affecting the existence of MICLA or the titles of its Board members or its officers to their respective offices; (b) seeking to restrain or to enjoin the issuance or sale of the Series 2015-A Bonds; (c) in any way contesting or affecting the validity or enforceability

of the Resolution or the Legal Documents; or (d) in any way contesting or affecting any of the rights, powers, duties or obligations of MICLA with respect to the money or property pledged or to be pledged under the Indenture or the Series 2015-A Facility Lease Agreement.

6. All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by MICLA of its obligations under Legal Documents have been obtained and are in full force and effect.

This letter is for the sole benefit of the addressees and is not be used, circulated, quoted or otherwise referred to for any purpose. No other person may rely on this letter without our prior written consent. We do not undertake, and expressly disclaim, any obligation to amend or supplement this opinion as facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect such opinion. This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom.

Very truly yours,

[_____]

By: _____
[_____]

Exhibit B
Preliminary Official Statement

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HDW – 10/3/15 Draft

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 23, 2015

NEW ISSUE – FULL BOOK-ENTRY-ONLY

DAC

Fitch: __
Kroll: __
S&P: __
See "RATINGS" herein.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law Interest on the Series 2015-A Bonds is not excluded from gross income for federal income tax purposes. Nixon Peabody LLP, Bond Counsel, is of the opinion that, under existing law, interest on the Series 2015-A Bonds is exempt from personal income taxes of the State of California ("State") under present State law. See "TAX MATTERS" herein.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

$[Par Amount]*
TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

Dated: Date of Delivery **Due: November 1, as shown on the inside cover**

The Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds") will be issued pursuant to the Indenture, dated as of November 1, 2015 (the "Indenture"), by and among the Municipal Improvement Corporation of Los Angeles (the "Corporation"), the City of Los Angeles, California (the "City"), and U.S. Bank National Association, as trustee thereunder (the "Trustee"). The Series 2015-A Bonds are being issued to (i) refund certain lease revenue bonds issued by the Los Angeles Convention and Exhibition Center Authority, (ii) pay certain commercial paper of the Corporation, and (iii) pay costs of issuance of the Series 2015-A Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2015-A Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Interest on the Series 2015-A Bonds will be payable on May 1 and November 1 of each year, commencing May 1, 2016. The Trustee will make payments of the principal of and interest on the Series 2015-A Bonds directly to DTC, or its nominee. Disbursement of such payments to the Beneficial Owners of the Series 2015-A Bonds is the responsibility of DTC's Participants and Indirect Participants. See APPENDIX D – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Series 2015-A Bonds are payable from the Revenues pledged thereto under the Indenture. Such Revenues primarily consist of the Basic Lease Payments to be made by the City to the Corporation under the Facility Lease Agreement, dated as of November 1, 2015 (the "Lease Agreement"), by and between the City and the Corporation. Pursuant to the Lease Agreement, the City will lease the property therein described from the Corporation. The City is required under the Lease Agreement to make rental payments from any source of available funds in an amount sufficient to pay the principal of and interest on the Series 2015-A Bonds, which rental payments are subject to abatement. The Series 2015-A Bonds are secured solely by and payable solely from the Basic Lease Payments to be made by the City under the Lease Agreement, and the funds and accounts pledged under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015-A BONDS" and "RISK FACTORS" herein.

The Series 2015-A Bonds are subject to optional redemption prior to their stated maturity. See "THE SERIES 2015-A BONDS – Redemption" herein.

THE SERIES 2015-A BONDS ARE LIMITED OBLIGATIONS OF THE CORPORATION AND ARE PAYABLE SOLELY FROM THE REVENUES AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE. THE SERIES 2015-A BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE CITY OR OF THE STATE OF CALIFORNIA (THE "STATE") AND NEITHER THE FAITH AND CREDIT OF THE CITY OR OF THE STATE ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON SUCH SERIES 2015-A BONDS. NEITHER THE SERIES 2015-A BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASIC LEASE PAYMENTS OR ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

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

The Series 2015-A Bonds are offered for sale to the Underwriters subject to the final approving legal opinion of Nixon Peabody LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the City by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel. Certain additional legal matters will be passed upon for the City and the Corporation by Michael N. Feuer, City Attorney. Certain legal matters will be passed on for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation, as counsel for the Underwriters. Public Resources Advisory Group and Montague DeRose and Associates, LLC are serving as Co-Financial Advisors to the City. It is anticipated that the Series 2015-A Bonds will be available for delivery through the facilities of DTC in book-entry form on or about November 19, 2015.

* Preliminary, subject to change.

BofA Merrill Lynch

Loop Capital Markets

Jefferies

Dated: November __, 2015

MATURITY SCHEDULE

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

**$[Par Amount]*
TAXABLE LEASE REVENUE REFUNDING BONDS,
SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)**

(Base CUSIP Number: 544587)†

Maturity Date (November 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

* Preliminary, subject to change.

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CITY OF LOS ANGELES, CALIFORNIA

Mayor
Eric Garcetti

City Council

Gilbert Cedillo, *District 1*
Paul Krekorian, *District 2*
Bob Blumenfield, *District 3*
David E. Ryu, *District 4*
Paul Koretz, *District 5*
Nury Martinez, *District 6*
Felipe Fuentes, *District 7*
Marqueece Harris-Dawson, *District 8*
Curren D. Price, Jr., *District 9*
Herb J. Wesson, Jr., *District 10*
Mike Bonin, *District 11*
Mitchell Englander, *District 12*
Mitch O'Farrell, *District 13*
José Huizar, *District 14*
Joe Buscaino, *District 15*

OFFICIALS OF THE CITY OF LOS ANGELES

Michael N. Feuer, *City Attorney*
Ron Galperin, *City Controller*
Miguel A. Santana, *City Administrative Officer*
Holly L. Wolcott, *City Clerk*
Antoinette Christovale, *City Treasurer*

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

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

Board of Directors
Lily Y. Lee, *President*
Faye Washington, *Vice President*
Michael F. Keeley, *Secretary*
Royce A. Menkus, *Treasurer*
H. F. Boeckmann, II

PROFESSIONAL SERVICES

Bond Counsel
Nixon Peabody LLP
Los Angeles, California

Disclosure Counsel
Hawkins Delafield & Wood LLP
Los Angeles, California

Co-Financial Advisors
Public Resources Advisory Group
Los Angeles, California

Montague DeRose and Associates, LLC
Westlake Village, California

Trustee
U.S. Bank National Association
Los Angeles, California

Verification Agent
[Verification Agent]
[City, State]

No dealer, broker, salesperson or other person has been authorized by the Corporation or the City to give any information or to make any representations other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the Corporation or the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2015-A Bonds by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2015-A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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

The information in APPENDIX D – "DTC AND THE BOOK-ENTRY-ONLY SYSTEM" has been furnished by The Depository Trust Company and no representation has been made by the Corporation or the City or the Underwriters as to the accuracy or completeness of such information.

The information set forth herein has been obtained from the Corporation and the City and other sources which are believed to be reliable. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the City since the date thereof. This Official Statement is submitted with respect to the sale of the Series 2015-A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the Corporation and the City. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements attained to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Neither the Corporation nor the City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2015-A BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2015-A BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

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OFFICIAL STATEMENT

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

$[Par Amount]*
TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

INTRODUCTION

This introduction is not intended to be a complete statement of the terms and provisions of the Series 2015-A Bonds (defined herein) and is qualified by the more detailed information contained elsewhere in this Official Statement. This Official Statement, which includes the cover page, inside cover page, and appendices hereto (the "Official Statement"), is provided for the purpose of setting forth information concerning the issuance and sale by the Municipal Improvement Corporation of Los Angeles (the "Corporation") of its $[Par Amount]* Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds"). Capitalized terms not otherwise defined herein have the meanings given in the Indenture (hereinafter defined) and the Lease Agreement (hereinafter defined) relating to the Series 2015-A Bonds or in APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS."

Authority; Purpose for Issuance

The Series 2015-A Bonds are authorized under the Articles of Incorporation of the Corporation and the laws of the State of California (the "State"). The Series 2015-A Bonds are being issued pursuant to the Indenture, dated as of November 1, 2015 (the "Indenture"), by and among the Corporation, the City of Los Angeles, California (the "City") and U.S. Bank National Association, as trustee thereunder (the "Trustee"). The Series 2015-A Bonds are being issued to (i) refund certain lease revenue bonds issued by the Los Angeles Convention and Exhibition Center Authority, (ii) pay certain commercial paper of the Corporation, and (iii) pay costs of issuance of the Series 2015-A Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Lease Payments and the Series 2015-A Bonds

The City will lease certain real property, including the land, buildings and other improvements thereon, as further described herein (the "Property"), to the Corporation pursuant to the Site Lease, dated as of November 1, 2015 (the "Site Lease"), between the City and the Corporation, and the Corporation will sublease to the City the Property pursuant to the Facility Lease Agreement, dated as of November 1, 2015 (the "Lease Agreement"), by and between the City and the Corporation.

Pursuant to the Lease Agreement, the City may substitute for all or a portion of the Property other property of comparable value, of comparable essential nature to the City, and which has a remaining useful life not less than the remaining term of the Lease Agreement, subject to certain conditions. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015-A BONDS – Substitution or Addition of Property" herein.

Under the Lease Agreement, the City has agreed to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Property, the basic lease payments specified in the Lease Agreement from the City's General Fund, including any prepayments thereunder (collectively, the

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* Preliminary, subject to change.

"Basic Lease Payments"). Pursuant to the Lease Agreement, the City also agrees to pay "Additional Payments" consisting of: (i) all taxes, fees or assessments levied upon the Property or upon any interest therein of the Corporation or the Trustee; (ii) insurance premiums, if any, on insurance required under the Lease Agreement; (iii) all fees and expenses of the Trustee, and expenses of the Corporation required to comply with the Lease Agreement and the Indenture; and (iv) any other fee, costs or expenses incurred by the Corporation in connection with the execution, performance or enforcement of the Lease Agreement or the Indenture, including any amounts necessary to indemnify and defend the Corporation. The Basic Lease Payments and Additional Payments, collectively, constitute the "Lease Payments."

The Series 2015-A Bonds will be secured solely by a pledge of Revenues and amounts on deposit in the funds, accounts and subaccounts established under the Indenture. The Revenues consist of (i) the Basic Lease Payments made pursuant to the Lease Agreement and (ii) interest or profits from the investment of money in any fund, account or subaccount relating to the Series 2015-A Bonds held under the Indenture. The Basic Lease Payments in an amount sufficient to pay the principal of and interest on the Series of Bonds secured thereby will be transferred to the Trustee on each lease payment date (the "Lease Payment Date"), being the fifteenth day of April and October in each year during the Term of the Lease Agreement, commencing April 15, 2016, except that if the Principal Corporate Trust Office of the Trustee is not open for business on any such date, then that Lease Payment Date shall be the next day on which such office is open for business.

Under the Lease Agreement, the City covenants to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations for all such Lease Payments. The Lease Agreement provides that such covenants of the City shall be deemed to be and shall be construed to be ministerial duties imposed by law. The Series 2015-A Bonds are not secured by, and no Owners of any Series 2015-A Bonds will have any security interest in or mortgage on, the Property.

Further Information in this Official Statement

For important information regarding the budget and financial operations of the City, see the section captioned "BUDGET AND FINANCIAL OPERATIONS" in APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT." Certain other demographic, financial and other information with respect to or affecting the City is contained elsewhere in APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT" and in the City's Comprehensive Annual Financial Report For The Year Ended June 30, 2014 and Independent Auditor's Report, which are incorporated by reference therein. See also "BUDGET AND REVENUES – Financial Statements" in APPENDIX A.

Brief descriptions of the Series 2015-A Bonds, the Indenture, the Lease Agreement, the Site lease and other documents and information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to the forms thereof. See APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS" for further information regarding the City's obligations under the Lease Agreement. See "RISK FACTORS" herein for certain factors that may affect the payment of and security for the Series 2015-A Bonds.

THE SERIES 2015-A BONDS

General Terms

The Series 2015-A Bonds will be dated the date of their delivery and will bear interest at the rates per annum and mature in the amounts and on the dates shown on the inside cover page of this Official Statement. The Series 2015-A Bonds will be delivered in registered form, without coupons, initially

registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). See APPENDIX D – "DTC AND THE BOOK-ENTRY ONLY SYSTEM." Interest on the Series 2015-A Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2016 (each, an "Interest Payment Date"). So long as DTC, or its nominee, Cede & Co., is the registered owner of the Series 2015-A Bonds, all payments on the Series 2015-A Bonds and any notice with respect to any Series 2015-A Bond will be sent directly to DTC, and disbursement of such payments and delivery of such notices to the Beneficial Owners will be the responsibility of the DTC Participants as more fully described herein.

Payment of interest on the Series 2015-A Bonds shall be made to the person in whose name the Series 2015-A Bonds are registered, as of the record date (being the fifteenth day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day) (the "Record Date") preceding the applicable Interest Payment Date, on the registration books kept by the Trustee pursuant to the Indenture. Principal of the Series 2015-A Bonds is payable upon maturity or earlier redemption of the Series 2015-A Bonds upon surrender thereof at the corporate trust offices of the Trustee in Los Angeles, California.

Redemption

Optional Redemption.[*] The Series 2015-A Bonds are subject to optional redemption prior to their stated maturity dates, at the option of the Corporation, in whole or in part, on any date, at a redemption price equal to the greater of:

(1) 100 percent of the principal amount of the Series 2015-A Bonds to be redeemed; and

(2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2015-A Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus [12.5] basis points; plus in each case, accrued and unpaid interest on the Series 2015-A Bonds being redeemed to the date fixed for redemption.

For the purpose of determining the Treasury Rate, the following definitions will apply:

"Treasury Rate" means, with respect to any redemption date for a particular Series 2015-A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2015-A Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the applicable Series 2015-A Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2015-A Bonds to be redeemed.

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[*] Preliminary, subject to change.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2015-A Bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Corporation.

"Reference Treasury Dealer" means [_____] and its respective successors and three other firms, specified by the Corporation from time to time, that are primary U.S. Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Corporation shall substitute another Primary Treasury Dealer.

"Reference Treasury Deal Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2015-A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Extraordinary Mandatory Redemption. The Series 2015-A Bonds are subject to redemption prior to their respective maturity dates, in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"), upon notice as hereinafter described, on any date, as a whole or in part, from Net Proceeds of any policy of insurance, title insurance or condemnation award received by the Trustee arising from the damage, destruction, taking or other loss of or to the Property leased under the Lease Agreement, in accordance with the provisions of the Indenture and the Lease Agreement, at the principal amount thereof together with accrued interest to the date of redemption, without premium. If less than all Outstanding Series 2015-A Bonds are to be redeemed at any time as described in this paragraph, the Trustee shall use the net insurance proceeds or condemnation awards attributable to the portion of the Property destroyed, damaged, lost or taken, to redeem the Series 2015-A Bonds, by lot among all maturities of Series 2015-A Bonds, as directed in writing by the City. Subject to the foregoing, if less than all Outstanding Series 2015-A Bonds maturing by their terms on any one date are to be so redeemed at any one time, the Trustee shall select the Series 2015-A Bonds and maturity date to be redeemed in any manner that it deems appropriate.

Selection for Redemption. If less than all of the Series 2015-A Bonds of any maturity are to be redeemed prior to maturity, then (A) if the Series 2015-A Bonds are in book-entry form at the time of such redemption, the Trustee shall instruct DTC to instruct the DTC participants to select the specific Bonds for redemption pro rata among Owners, and neither the City nor the Trustee shall have any responsibility to ensure that DTC or the DTC participants properly select the Series 2015-A Bonds for redemption, and (B) if the Series 2015-A Bonds are not then in book-entry form at the time of such redemption, on each redemption date, the Trustee shall select the specific Bonds for redemption pro rata among Owners. The portion of any registered Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or any integral multiple thereof.

For so long as the Series 2015-A Bonds are registered in book-entry form and DTC or a successor securities depository is the sole registered owner of such Series 2015-A Bonds, if fewer than all of the Series 2015-A Bonds of the same maturity and bearing the same interest rate are to be redeemed, the

particular Series 2015-A Bonds to be redeemed will be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures; provided that, so long as the Series 2015-A Bonds are held in book-entry form, the selection for redemption of the Series 2015-A Bonds will 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, all Series 2015-A Bonds will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations. See APPENDIX D – "DTC AND THE BOOK-ENTRY SYSTEM."

In connection with any repayment of principal of the Series 2015-A Bonds, the Trustee will direct DTC to make a pass-through distribution of principal to the owners of the Series 2015-A Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Registrar that includes a table of factors reflecting the relevant scheduled redemption payments, which is subject to change upon certain optional redemptions, and DTC's currently applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, "pro rata" means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where (a) the numerator is equal to the amount due to the owners of the Series 2015-A Bonds on a payment date and (b) the denominator is equal to the total original par amount of the Series 2015-A Bonds.

It is the City's intent that redemption allocations made by DTC with respect to the Series 2015-A Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, none of the City, the Corporation or the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of these Bonds on such basis.

If the Series 2015-A Bonds are not registered in book-entry form and if fewer than all of the Series 2015-A Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2015-A Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis, provided that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

Notice of Redemption. Notice of redemption shall be mailed by the Trustee, not less than 30 nor more than 60 days prior to the redemption date, to (i) the respective Owners of the Series 2015-A Bonds designated for redemption at their addresses appearing on the registration books of the Trustee by first class mail and (ii) the Securities Depositories (if any). Each notice of redemption shall state the date of such notice, the redemption price, the name and appropriate address of the Trustee, the CUSIP number (if any) of the maturity or maturities within a Series, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2015-A Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the principal amount thereof and in the case of a Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that the Series 2015-A Bonds be then surrendered at the address of the Trustee specified in the redemption notice. The notice of redemption for any optional redemption pursuant to the provisions of the Indenture shall contain a statement to the effect that redemption of the Series 2015-A Bonds is conditioned upon the receipt by the Trustee of amounts equal to the redemption price of the Series 2015-A Bonds to be redeemed on or before the redemption date, and such optional redemption shall be so conditioned.

If notice of redemption has been duly given as described in the preceding paragraph and money for the payment of the redemption price of the Series 2015-A Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice the Series 2015-A Bonds shall become due and payable, and from and after the date so designated interest on the Series 2015-A Bonds so called for redemption shall cease to accrue, and the Owners of the Series 2015-A Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Failure by the Trustee to give notice pursuant to the redemption provisions of the Indenture to the Securities Depositories, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail or otherwise provide notice of redemption pursuant to the redemption provisions of the Indenture to any one or more of the respective Owners of any Series 2015-A Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was mailed.

DTC and the Book-Entry Only System

DTC will act as Securities Depositories for the Series 2015-A Bonds. The Series 2015-A Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee), and will be available to ultimate purchasers in Authorized Denominations under the book-entry system maintained by DTC. Ultimate purchasers of the Series 2015-A Bonds will not receive physical certificates representing their interest in the Series 2015-A Bonds. So long as the Series 2015-A Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners of the Series 2015-A Bonds shall mean Cede & Co., and shall not mean the ultimate purchasers of the Series 2015-A Bonds. Payments of the principal of and interest on the Series 2015-A Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Series 2015-A Bonds. Disbursements of such payments to DTC's Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of DTC's Participants and Indirect Participants. See APPENDIX D – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

PLAN OF FINANCE

The proceeds of the Series 2015-A Bonds, together with other available funds, will be applied to (i) refund all of the Los Angeles Convention and Exhibition Center Authority Taxable Lease Revenue Bonds, 1998 Series A (the "1998A Refunded Bonds") currently outstanding in the principal amount of 25,315,000 and the Los Angeles Convention and Exhibition Center Authority Lease Revenue Refunding Bonds, Series 2008A (the "2008A Refunded Bonds" and, together with the 1998A Refunded Bonds, the "Refunded Bonds") currently outstanding in the principal amount of 253,060,000, (ii) pay commercial paper of the Corporation currently outstanding in the principal amount of [$9,400,000], and (iii) pay costs of issuance of the Series 2015-A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The following table sets forth the Refunded Bonds to be defeased and refunded with proceeds of the Series 2015 Bonds.

Issue	Maturity Date (August 15)	Redemption Date	Redemption Price	Principal Amount to be Refunded	CUSIP
1998A Refunded Bonds	2018	November __, 2015	100%	$ 6,780,000	544399CC0
		November __, 2015	100	18,535,000	544399CJ5

(Table continued on following page.)

(Table continued from prior page.)

Issue	Maturity Date (August 15)	Redemption Date	Redemption Price	Principal Amount to be Refunded	CUSIP
2008A Refunded Bonds	2016	Non-Callable	N/A	$ 4,375,000	544399DG0
	2016	Non-Callable	N/A	31,070,000	544399DH8
	2017	Non-Callable	N/A	4,810,000	544399DJ4
	2017	Non-Callable	N/A	32,360,000	544399DK1
	2018	Non-Callable	N/A	18,935,000	544399DL9
	2018	Non-Callable	N/A	20,000,000	544399DM7
	2020	August 15, 2018	100%	83,795,000	544399DN5
	2022	August 15, 2018	100	57,715,000	544399DP0

A portion of the proceeds of the Series 2015-A Bonds[, together with other available funds,] will be deposited in the redemption account in the debt service fund for the 1998A Refunded Bonds and applied to the redemption of the 1998A Refunded Bonds on or about November __, 2015.

A portion of the proceeds of the Series 2015-A Bonds, together with other available funds, will be deposited pursuant to an escrow agreement, dated the date of issuance of the Series 2015-A Bonds (the "Escrow Agreement"), with U.S. Bank National Association, as escrow agent (the "Escrow Agent"), on the Closing Date to defease and redeem the 2008A Refunded Bonds. Amounts deposited with the Escrow Agent, together with interest thereon, will be applied to pay principal of and interest on the 2008A Refunded Bonds on August 15, 2018 and redeem the 2008A Refunded Bonds on such date. See "Verification of Mathematical Computations" herein.

A portion of the proceeds of the Series 2015-A Bonds will be transferred to [CP Paying Agent] (the "Commercial Paper Issuing and Paying Agent") to be applied, in accordance with written instructions from the City, to the retirement on November __, 2015 of [$9,400,000] aggregate principal amount of commercial paper notes issued by the Corporation to finance the acquisition of various items of capital equipment.

ESTIMATED SOURCES AND USES OF FUNDS

The sources of funds to be received from the sale of the Series 2015-A Bonds, along with other sources, and the proposed uses of the Series 2015-A Bond proceeds and such other funds are estimated to be in the amounts shown below.

Sources of Funds	$
Principal Amount	
Net Original Issue Premium	
Transfer from 1998A Refunded Bonds Funds	
Transfer from 2008A Refunded Bonds Funds	
Other Available Money	
Total Sources	$
Uses of Funds	
Retire Commercial Paper	$
Redeem 1998A Refunded Bonds	
Redeem 2008A Refunded Bonds	
Costs of Issuance[1]	
Underwriters' Discount	
Total Uses	$

[1] Includes fees for Trustee, legal counsel, Financial Advisor, verification agent, rating agencies, title insurance and other costs associated with the issuance of the Series 2015-A Bonds.

DEBT SERVICE SCHEDULE

The Lease Agreement requires the City to make the Basic Lease Payments on each April 15 and October 15, commencing on April 15, 2016, as rental for the use and occupancy of the Property during the Term of the Lease Agreement. The Indenture requires that the Basic Lease Payments received under the Lease Agreement be deposited in the Series 2015-A Bond Fund maintained by the Trustee. Pursuant to the Indenture, on May 1 and November 1 of each year, the Trustee will apply such amounts in the Series 2015-A Bond Funds as are necessary to make principal and interest payments on the Series 2015-A Bonds as such they become due and payable. The table on the following page sets forth the scheduled principal and interest payments on the Series 2015-A Bonds, which correspond to the Basic Lease Payments to be paid in each period by the City under the Lease Agreement. If the City defaults on its covenants in the Lease Agreement, including the covenant to include all Lease Payments payable thereunder in the annual budgets, the Trustee may exercise any remedies available pursuant to law or the Lease Agreement, including re-letting the Property leased thereunder and/or terminating the Lease Agreement; provided, that the Lease Payments cannot be accelerated. See "RISK FACTORS – Limitations on Default Remedies" herein.

THE OBLIGATIONS OF THE CITY TO MAKE BASIC LEASE PAYMENTS OR ADDITIONAL PAYMENTS DO NOT CONSTITUTE OBLIGATIONS FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE SERIES 2015-A BONDS NOR THE OBLIGATION OF THE CITY TO MAKE BASIC LEASE PAYMENTS OR ADDITIONAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

DEBT SERVICE SCHEDULE

Payment Date	Principal	Interest	Total Debt Service	Total Debt Service (Fiscal Year)
Total				

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015-A BONDS

General

The Series 2015-A Bonds will be secured solely by a pledge of Revenues and amounts on deposit in the funds, accounts and subaccounts established under the Indenture. The Revenues consist of (i) the Basic Lease Payments made pursuant to the Lease Agreement and (ii) interest or profits from the investment of money in any fund, account or subaccount relating to the Series 2015-A Bonds held under the Indenture.

The Basic Lease Payments will be paid by the City to the Trustee from the City's General Fund in an amount sufficient to pay the principal of and interest on the Series 2015-A Bonds secured thereby on each Lease Payment Date.

Pursuant to the Assignment Agreement, dated as of November 1, 2015, by and between the Corporation and the Trustee, the Corporation will assign to the Trustee for the benefit of the Series 2015-A Bond Owners the Corporation's rights under the Site lease and the Lease Agreement, including the right to receive Basic Lease Payments. On or before each Lease Payment Date (on April 15 and October 15, commencing April 15, 2016) during the Term of the Lease Agreement, the City is required to pay to the Trustee the Basic Lease Payments due on such date from the City's General Fund or from other legally available sources. The Trustee, as assignee of the Corporation, will receive the Basic Lease Payments for the benefit of the Owners of the Series 2015-A Bonds and credit such Basic Lease Payments to the Series 2015-A Bond Fund established pursuant to the Indenture. The Trustee will apply the Revenues held in the Series 2015-A Bond Fund on each Interest Payment Date to pay principal and interest due on such date on the Series 2015-A Bonds.

Lease Payments

The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Lease Payments due under such Lease Agreement in its annual budgets and to make the necessary annual appropriations for all such Lease Payments. The Lease Agreement also provides that, in so providing for the payment of Lease Payments in its annual budgets, the City may take into account moneys on deposit in the various funds and accounts under the Indenture that are properly available to make the respective Lease Payments. The Lease Agreement provides that such covenants on the part of the City are deemed to be and shall be construed to be ministerial duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in such Lease Agreement. For a discussion of financial and budgetary information relating to the City's General Fund, see APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT."

Under the Lease Agreement, the Lease Payments for the Property for each Rental Period shall constitute the total rental for the Property for such Rental Period, and shall be paid by the City in each Rental Period for and in consideration of the right of the use of, and the continued quiet use and enjoyment of, the Property during such Rental Period. "Rental Period" means each twelve month period during the Term of the Lease Agreement commencing on November 1 in any year and ending on October 31 in the next succeeding year; except that the first Rental Period during the term of the Lease Agreement will commence on the Closing Date and end on October 31, 2016. The City and Corporation have determined that the total of all Lease Payments for the Property is not greater than the total fair rental value of such Property and the Lease Payments for the Property for each Rental Period do not exceed the fair rental value of the Property for such Rental Period. In making such determination, consideration has

been given to the appraised or market value of the Property, the insured value of the Property, the cost of improvements made or to be made to the Property, the current and future value of rent paid by tenants of the Property other than the City, other obligations of the City and the Corporation, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

Abatement of Lease Payments

Pursuant to the Lease Agreement, Lease Payments shall be abated during any period in which, by reason of damage, destruction or otherwise (other than by condemnation or eminent domain, which is provided for separately in the Lease Agreement), there is substantial interference with the use and occupancy by the City of the Property, so that the remaining Lease Payments then due for use of such Property that was not affected are not greater than the fair rental value for use of the unaffected Property. Such abatement shall continue for the period commencing with such interruption of use and ending with the substantial completion of the work of repair or reconstruction. In the event of any such interruption of use, the applicable Lease Agreement shall continue in full force and effect and the Lease Payments shall not be subject to abatement under such Lease Agreement to the extent that the proceeds of rental interruption insurance or otherwise in the Series 2015-A Bond Fund are available to pay Lease Payments which would otherwise be abated; such proceeds and amounts constitute special funds for the payment of the Lease Payments. The City has covenanted in the Lease Agreement to procure and maintain, commencing upon its possession of the Property pursuant to the Lease Agreement, and throughout the term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property for a period of 24 months during the term of the Lease Agreement as a result of any of the hazards specified in the Lease Agreement, in an amount to insure against loss of substantial use and possession of the Property. Net Proceeds of such insurance or self-insurance may be applied to redeem the Series 2015-A Bonds in the event of loss of use of the Property. See "THE SERIES 2015-A BONDS – Redemption" herein and APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS" and the provisions described under the captions under the captions "THE LEASE AGREEMENT – Damage, Destruction and Eminent Domain; Use of Net Proceeds" and the subcaptions "– Prepayment of Lease Payments" and "– Abatement" thereunder.

Additional Bonds

The Indenture provides that the Corporation and the City may, at any time, determine to issue and deliver Additional Bonds, without the consent of the Owners of any Series 2015-A Bonds, payable from the Revenues pledged to the Series 2015-A Bonds as provided therein and secured by a pledge of the Revenues as provided therein equal to the pledge securing the Outstanding Series 2015-A Bonds theretofore issued pursuant to the Indenture, but only subject to certain terms and conditions set forth in the Indenture and which are made conditions precedent to the issuance of any such Additional Bonds.

The Indenture sets forth the conditions to, and the procedures for, the issuance of Additional Bonds. See APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS – THE INDENTURE – Issuance of Additional Bonds." See also "RISK FACTORS – No Limitation on Incurring Additional Obligations" herein.

Repair and Maintenance; Taxes and Assessments; Insurance

During the respective Term of the Lease Agreement, all improvement of the Property and repair and maintenance of the Property shall be the responsibility of the City. The City shall, at its own expense, during the Term of the Lease Agreement maintain the Property; *provided,* that the City shall not be required to repair or replace any such portion of a Property as described herein if there shall be applied

to the prepayment of Basic Lease Payments insurance proceeds or condemnation awards or other legally available funds sufficient to prepay (i) all of the Series 2015-A Bonds Outstanding or (ii) any portion thereof relating to the Property or such portion thereof, and the Basic Lease Payments allocable to the remaining portion of the Property will be sufficient to pay principal of and interest on the Series 2015-A Bonds Outstanding of such Series after such prepayment. Pursuant to the Lease Agreement, the City shall provide or cause to be provided all security service, custodial service, janitorial service, and other services necessary for the proper upkeep and maintenance of the Property.

Pursuant to the Lease Agreement, the City shall keep the Property free and clear of all liens, charges and encumbrances, subject only to Permitted Encumbrances, and pay or cause to be paid all taxes, charges, fees and assessments of any type or nature, if any, charged to the Corporation or the City affecting the Property or their respective interests therein. The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility (in connection with the Property) and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, subject to certain limitations set forth in the Lease Agreement.

Fire, Collision and Extended Coverage Insurance

The Lease Agreement requires the City to procure and maintain, or cause to be procured and maintained, commencing upon its possession of the Property, and thereafter throughout the Term of the Lease Agreement, insurance against loss or damage from fire and lightning to any structures or equipment constituting any part of the Property, with extended coverage and vandalism and malicious mischief insurance, which coverage may exclude earthquake insurance. The extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance does not cover loss or damage from acts of terrorism, earthquake or flood. Such insurance shall be in an amount equal to the lesser of the Outstanding principal amount of the Series 2015-A Bonds and 100% of the replacement cost of the related Property (including all improvements thereon) (it being understood and agreed in the Lease Agreement that in the event of the loss of the Property and the redemption of the Series 2015-A Bonds from the Net Proceeds of such insurance, that the remaining Property and improvements will have a fair rental value equal to or exceeding the remaining Lease Payments). The Lease Agreement provides that such insurance may be subject to deductible clauses not to exceed $100,000 for any one loss. The Lease Agreement permits such insurance to be satisfied by a combination of commercial insurance, risk pooling under a joint powers authority or similar statutory provision, self-funded loss reserves and, to the extent permitted by law, risk retention programs, all in such proportions as are deemed appropriate by professional risk management personnel or independent consultants. The City will include in its annual budget an item to provide funds for commercial insurance covering physical property damage to the Property. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL OPERATIONS – Risk Retention Program."

In the event of any uninsured loss to the Property resulting from earthquake, (a) the City shall apply for and use its best efforts to obtain financial assistance from the United States of America to be used for the repair, reconstruction or replacement of such Property, and (b) the City shall repair or replace the Property or defease the outstanding Series 2015-A Bonds from moneys, if any, legally available therefor.

Pursuant to the Lease Agreement, the City covenants that it will use such budgeted funds and the proceeds of any purchased insurance to accomplish one of the following purposes, in the event of the loss or destruction of, or unrepaired damage to, any portion of the Property which would otherwise result in abatement of all or a portion of the Basic Lease Payments payable under the Lease Agreement:

(1) to acquire, construct or repair diligently (at the City's cost) replacement property having a useful life not less than the remaining Lease Term of the related Property so destroyed or damaged to be and become subject to the Lease Agreement at a cost such that the fair market rental value of the Property leased pursuant to such Lease Agreement (including such replacement property) for each remaining Rental Period are not less than the Lease Payments for each Rental Period over the remaining term of the Lease Agreement;

(2) to deposit with the Trustee, as assignee of the Corporation, in a special account to be held in trust by the Trustee, an amount (not less than $50,000) sufficient, under the Lease Agreement, to purchase the portion of the related Property so destroyed or irreparably damaged, and to instruct the Trustee at the time of said deposit that said amount is to be used as a special fund for prepayment of Basic Lease Payments pertaining to the related Property destroyed or irreparably damaged; or

(3) to apply such funds as provided in such Lease Agreement and the Indenture to redeem Bonds so that the Basic Lease Payments to be made on the remaining Property under the Lease Agreement will be sufficient to pay principal of and interest on the Series 2015-A Bonds that remain Outstanding and will not exceed the fair market rental value for each Rental Period over the remaining term of the Lease Agreement.

See "RISK FACTORS – Insurance" herein for further information regarding the manner in which the City maintains its insurance coverages, including (in some cases) self-insurance, and certain limitations and risks related to losses which could affect the Property.

Rental Interruption Insurance

The Lease Agreement requires that the City procure and maintain, commencing upon its possession of the Property and thereafter throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property for a period of 24 months during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by the provisions of the Lease Agreement, in an amount to insure against loss of substantial use and possession of the Property. The provider of such insurance shall be rated at least "A" by A.M. Best & Company. The Trustee shall be the beneficiary under such policy and any amounts received thereunder shall be credited towards the Lease Payments in the order in which such Lease Payments come due and payable. See "RISK FACTORS – Earthquake and Seismic Conditions" herein.

Title Insurance

The Lease Agreement provides that the City shall obtain, at its own expense, on or before commencement of the Term of such Lease Agreement, a California Land Title Association ("CLTA") title insurance policy in the amount equal to the aggregate principal amount of the Series 2015-A Bonds or the appraised value of the Property, whichever is greater, insuring the Corporation's leasehold estate in the Property, as applicable, subject only to Permitted Encumbrances. All Net Proceeds, if any, received under the policy shall be deposited with the Trustee and shall be credited towards the prepayment of the remaining Lease Payments as further provided in such Lease Agreement.

Maintenance of Insurance Coverages

The Lease Agreement provides that each fire and extended coverage policy of insurance and each rental interruption policy of insurance required thereby shall name the Trustee as a loss payee as its interests may appear and shall provide that all proceeds thereunder be payable to the Trustee. The City

shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement, and shall promptly furnish or cause to be furnished to the Trustee on or before September 1 annually a certificate of a City Representative stating that such payments have been made and that the insurance policies required by the Lease Agreement are in force and effect. For further discussion of these matters, see APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS – THE LEASE AGREEMENT – Maintenance; Taxes; Insurance; and Other Matters."

Substitution or Addition of Property

Pursuant to the Lease Agreement, the City shall, at any time, have the right to substitute for all or a portion of the Property leased thereunder other property of then current comparable value, and of a comparable essential nature to the City, and having a remaining useful life not less than the useful life of the portion of Property substituted for, by providing the Trustee and the Rating Agencies with a written certificate describing both the new Property and the Property for which it is to be substituted, and stating that such portion of Property is of comparable value and has a useful life not less than the remaining term of the Lease Agreement for which it is being substituted, executed amendments to the Lease Agreement and an executed and acknowledged memorandum of lease for the new Property.

Prior to any such substitution of the Property described in the Lease Agreement, the City must obtain confirmation from the Rating Agencies that such substitution shall not result in a downgrading or suspension of the ratings on the Series 2015-A Bonds. All costs and expenses incurred in connection with such substitution of Property under the Lease Agreement, including without limitation the cost of acquiring such Property, shall be borne by the City. In the event of such substitution, the Property substituted for the original Property shall become fully subject to the terms of the Lease Agreement, and the City shall obtain, in the case of new real property to be substituted for the Property, a policy of CLTA title insurance insuring the Corporation's leasehold estate in the new real property so that the combined policies of CLTA title insurance on all of the leasehold estate(s) in the Property subject to the Lease Agreement will be not less than the aggregate principal amount of Outstanding Series 2015-A Bonds. Such substituted Property may consist of a remaining portion of the Property currently subject to the applicable Lease Agreement after release of a portion of such Property and in the case of the exclusive release of a portion of the Property, no new title insurance shall be required. Notwithstanding any substitution or release of Property pursuant to the Lease Agreement, (1) the Basic Lease Payments due from the City under such Lease Agreement shall remain the same as set forth in such Lease Agreement and (2) the Basic Lease Payments under such Lease Agreement shall not exceed fair rental value of the substituted or remaining Property for each Rental Period.

THE LEASED PROPERTY

The City will lease the Property described below from the Corporation pursuant to the Lease Agreement. The Series 2015-A Bonds are not secured by and the Owners have no security interest in or mortgage on the Property.

[Description of South Hall of Convention Center to Come]

For additional information regarding insurance on the Property, maintenance, replacement and substitution of Property and similar matters, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015-A BONDS" herein and APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS – THE LEASE AGREEMENT – Maintenance; Taxes; Insurance; and Other Matters."

THE CITY

The City was incorporated in 1781. The original Charter of the City was adopted in 1850, and most recently amended in 1999, with an effective date of July 1, 2000. The governing body of the City consists of a Mayor and City Council, comprised of fifteen members. The City is the second most populous city in the United States with an estimated 2015 population of 3.96 million persons. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT."

THE CORPORATION

The Municipal Improvement Corporation of Los Angeles is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), for the purpose of providing financial assistance to the City by acquiring, constructing, improving, and developing certain equipment and real property, together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The Corporation was formed at the request of the City in 1984. The directors of the Corporation receive no compensation. The City indemnifies the directors of the Corporation for any liabilities occurring in connection with the performance of their duties.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the risks inherent in the purchase of the Series 2015-A Bonds.

Limited Obligations

The City has covenanted in the Lease Agreement to take such actions as may be necessary to include the Basic Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor. However, the Series 2015-A Bonds are limited obligations of the Corporation and are payable solely from the revenues and amounts on deposit in the funds and accounts established under the Indenture with respect to the Series 2015-A Bonds. The Series 2015-A Bonds do not constitute a debt or liability of the City or of the State and neither the faith and credit of the City or of the State are pledged to the payment of the principal of or interest on the Series 2015-A Bonds. Neither the Series 2015-A Bonds nor the obligation of the City to make Basic Lease Payments or Additional Payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Abatement

Lease Payments shall be abated during any period in which by reason of damage, destruction or otherwise (other than by condemnation or eminent domain which is provided) there is substantial interference with the use and possession or occupancy by the City of the Property, so that the remaining Lease Payments then due for use of the Property that was not affected are not greater than the fair rental value for use of the unaffected Property. Notwithstanding: (i) the provisions of the Lease Agreement specifying the extent of such abatement and (ii) the City's covenants to maintain certain rental interruption insurance and to insure against certain other risk of loss, the resulting Basic Lease Payments (and such other funds) may not be sufficient to pay all of the remaining principal and interest due with respect to the Series 2015-A Bonds. The City has no rental interruption insurance for damage caused by earthquake. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015-A BONDS – Abatement of Lease Payments" herein and APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS –

THE LEASE AGREEMENT – Damage, Destruction and Eminent Domain; Use of Net Proceeds – Abatement of Rent."

Financial Condition of the City

In the recent past, the City has experienced financial pressure due to national and regional economic conditions. For certain information regarding the operations and finances of the City, see APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT."

No Limitation on Incurring Additional Obligations

Neither the Lease Agreement nor the Indenture contains any legal limitations on the ability of the City to enter into other obligations that may constitute additional charges against its General Fund revenues. To the extent that the City incurs additional obligations, the funds available to make Basic Lease Payments may be decreased. The City is currently liable on other obligations payable from General Fund revenues and is currently contemplating entering into other such obligations. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT – Bonded and Other Indebtedness."

Earthquake and Seismic Conditions

The City is subject to unpredictable and significant seismic activity. A number of known faults run through the City, and the City lies near the San Andreas Fault, which is the boundary between the Pacific and North American tectonic plates. The complex Los Angeles fault system interacts with the alluvial soils and other geologic conditions in the hills and basins. This interaction appears to pose a potential seismic threat for every part of the City, regardless of the underlying geologic and soils conditions. In addition, there are likely to be unmapped faults throughout the City. The most recent major earthquake, the Northridge earthquake in 1994, occurred along a previously unmapped blind thrust fault.

It is probable that a major earthquake will occur during the term of the Series 2015-A Bonds. A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund to make Lease Payments would be likely to occur.

Seismic activity may also affect the use and occupancy of the Property. The City generally does not maintain earthquake insurance coverage against loss or damage to City property. Instead, the City relies on its general reserves as well as the expectation that some disaster relief funds, which could be minimal amounts in comparison to the losses, will be available from the Federal Emergency Management Agency ("FEMA") to address any resulting damage from seismic activity. The City has received a waiver from the requirement under federal law that it acquire earthquake insurance on facilities that were the beneficiaries of prior FEMA grants. There is no assurance that, in the event of an earthquake, sufficient City reserves or FEMA assistance would be available for the repair or replacement of any Property. The Lease Agreement does not require the City to maintain insurance coverage insuring against loss or damage due to earthquakes and the City does not intend to purchase such insurance coverage during the Term of the Lease Agreement. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT – ECONOMIC AND DEMOGRAPHIC INFORMATION – Seismic Considerations." The Lease Agreement provides that, in the event of any uninsured loss to the Property resulting from earthquake (a) the City shall apply for and use its best efforts to obtain financial assistance from the United States of America to be used for the repair, reconstruction or replacement of such Property, and (b) the City shall repair or replace the Property or defease the outstanding Bonds from

moneys, if any, legally available therefor. Commercial rental interruption or use and occupancy insurance can only be obtained with respect to hazards insured against under a commercial property insurance policy. The City does not have commercial property insurance coverage for damage caused by earthquake. Thus in the event of damage to the Property caused by earthquake resulting in an abatement of Basic Lease Payments, no rental interruption or use and occupancy insurance proceeds will be available.

Constitutional and Statutory Limitations on Increase of Revenues

Article XIII A (limitation on *ad valorem* tax), Article XIII B (government spending limitation), Article XIII C (voter approval for local tax levies) and Article XIII D (assessment and property related fee reform) of the Constitution of the State of California were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures may be adopted, which may affect the City's revenues and its ability to expend said revenues. The above mentioned measures and any future measures could restrict the City's ability to raise additional funds for its General Fund. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT – LIMITATIONS ON TAXES AND APPROPRIATIONS."

Limitations on Default Remedies

In the event of nonpayment by the City of the Lease Payments, or other default by the City under the Lease Agreement, the enforcement of any remedies provided in the Indenture and in the Lease Agreement by or on behalf of Owners of the Series 2015 A Bonds could prove expensive and time consuming, or legally impeded. Although the Indenture and the Lease Agreement provide that if there is a default by the City under the Lease Agreement, the Trustee may terminate the Lease Agreement and re-let the Property, such Property may not be easily re-leased, and any re-letting of the Property could result in lease payments that would be substantially less than the Lease Payments payable by the City under the Lease Agreement. Furthermore, due to the essential nature of the governmental function of the Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to any or all of the Property. The Trustee may exercise any and all remedies available pursuant to law or the Lease Agreement, but the Lease Agreement provides that there shall be no right under any circumstances to accelerate the Lease Payments not then in default to be immediately due and payable. In addition, under the United States Bankruptcy Code, a bankruptcy case may be filed by the Corporation or by the City. In general, the filing of any such bankruptcy petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party, and in the bankruptcy process, executory contracts such as the Indenture, and unexpired leases such as the Lease Agreement, may be subject to assumption or rejection by the bankrupt party. In the event of any such rejection, the non-rejecting party or its assigns may become an unsecured claimant of the rejecting party. The various legal opinions to be delivered concurrently with the Series 2015 A Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion. As a result of the commencement of a bankruptcy case by either the City or the Corporation, Owners of the Series 2015-A Bonds could experience delays in receiving Bond payments, as well as partial or total losses of their investments in the 2015 Bonds.

Treatment of Leases in Bankruptcy

A bankruptcy petition may be filed by the City under Chapter 9 ("Chapter 9") of Title 11 of the United States Code (the "Bankruptcy Code"). The various legal opinions to be delivered concurrently with the Series 2015-A Bonds (including Bond Counsel's approving opinion) will be qualified as subject

to the governing provisions of the Bankruptcy Code, which may affect the rights and obligations of all parties, impact the enforceability of certain provisions of various legal instruments between the parties and impact the amount of a claim of an owner of a Series 2015-A Bond. If the City were to become a municipal debtor under Chapter 9 of the Bankruptcy Code, the City would be entitled to all of the protections afforded a municipal debtor under the Bankruptcy Code, and an owner of a Series 2015-A Bond would be treated as a creditor. Possible adverse effects of a municipal bankruptcy include, but are not limited to: (a) the application of the automatic stay provisions of the Bankruptcy Code which, absent court approval, generally prohibit the commencement of any judicial or other action in non-bankruptcy court to recover a pre-petition claim against the City, any act to collect on a pre-petition claim, or any act to obtain possession of the municipal debtor's property; (b) the avoidance of preferential transfers occurring during the relevant period prior to the commencement of the bankruptcy case; (c) the existence of secured and/or unsecured creditors with allowed claims that may have priority over any claims of Owners of Series 2015-A Bonds; and (d) the possibility of the bankruptcy court's confirmation of a plan of adjustment of the City's debts, which may restructure, delay, compromise or reduce the amount of the claim of the Owners. In addition, under the Bankruptcy Code, certain provisions of the Lease Agreement that are based on the bankruptcy, insolvency or financial condition of the City may be rendered unenforceable.

Under the Indenture, the Trustee has a security interest in the Revenues, including Base Rental Payments, for the benefit of the Owners of the Series 2015-A Bonds, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event a bankruptcy court determines that the Lease Agreement is an unexpired lease for purposes of the Bankruptcy Code, certain provisions of the Bankruptcy Code could impact the rights and remedies of the parties, and would allow the City to reject the Lease Agreement, which would give rise to the Trustee's unsecured claim for unpaid rent, affect the enforceability of certain provisions of the Lease Agreement, and have an adverse effect on the liquidity and market value of the Series 2015-A Bonds.

Insurance

The Property is subject to a variety of risks of loss. The City directly assumes many insurable risks without procuring commercial insurance policies. The City administers, adjusts, settles, defends and pays claims from budgeted resources. It is self-insured for workers' compensation as permitted under State law. Funds are budgeted annually to provide for claims and other liabilities based both on the City's historical record of payments and an evaluation of known or anticipated claims. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT – Risk Retention Program" and APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS – THE LEASE AGREEMENT – Maintenance; Taxes; Insurance and Other Matters." The Lease Agreement permits the City to insure by a combination of commercial insurance, risk pooling under a joint powers authority or similar statutory provision, self-funded loss reserves and risk retention programs in such proportions as are deemed appropriate and actuarially sound by professional risk management personnel or independent consultants. The Lease Agreement requires that the City maintain insurance against loss or damage to any equipment and structures constituting any part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Such insurance does not cover acts of terrorism or certain other casualties. Rental or business interruption insurance shall be maintained commencing upon possession of the Property by the City; however, some rental or business interruption insurance policies may require that the insured, such as the City, elect to rebuild a damaged property in order for such rental interruption insurance to be payable under the policy. See APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS – THE LEASE AGREEMENT – Maintenance; Taxes; Insurance; and Other Matters." The Property could be damaged or destroyed due to earthquake or other casualty for which the Property is

uninsured. The Lease Agreement does not require that the City either insure against or self-insure against every potential risk of loss, and there is a risk that damage or destruction of the Property could occur for which no insurance or City funds will be available. Under these circumstances, an abatement of Basic Lease Payments could occur and could continue indefinitely. There can be no assurance that the insurance providers will pay claims under the respective policies promptly or at all, should a claim be made by the City in connection with loss or damage to a Property under such policies. It is possible that an insurance provider will refuse to pay a claim, especially if it is substantial, and force the City to sue to collect on or settle the insurance claim. Further, there can be no assurances that amounts received as proceeds from insurance will be sufficient to redeem the Series 2015-A Bonds or to pay principal of and interest on the Series 2015-A Bonds as and when due.

The City believes that the insurance arrangements provided in the Lease Agreement will be adequate to reasonably protect the City from the various liabilities that arise from use of the Property and to provide for the payment of Basic Lease Payments in the event that the City loses beneficial use of the Property due to risks for which fire and extended coverage insurance has been obtained. However, no assurance can be given that such insurance arrangements will cover all events causing damage or will be adequate to cover the payment of Basic Lease Payments in all circumstances.

CONTINUING DISCLOSURE

Pursuant to the Indenture and a Continuing Disclosure Certificate, the City has covenanted for the benefit of Bond Owners to provide certain financial information and operating data relating to the City by not later than June 30th of each year, commencing on June 30, 2016, for Fiscal Year 2014-15, in the form of an annual report (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") site at *http://emma.msrb.org*. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain other terms of the City's continuing disclosure obligations are summarized in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule").

The City and its related entities issue a variety of bonds, notes and obligations ("Obligations"), including Obligations issued through its proprietary enterprise programs and for its housing program and other conduit borrowers, as well as Obligations secured by special taxes and special assessments. The representations made by the City in this section regarding its previous continuing disclosure undertakings relate only to those Obligations which are managed by the City Administrative Officer and its staff, including Obligations secured by the City's general fund (including the City's Judgment Obligation Bonds and the Series 2015-A Bonds and notes issued through the Los Angeles Convention and Exhibition Center Authority and the Municipal Improvement Corporation of Los Angeles), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, Solid Waste Revenue Bonds, and Landscape and Lighting District 96-1 Bonds. The City's Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into continuing disclosure undertakings in connection with the Series 2015-A Bonds and notes that are secured and payable from their respective enterprise revenues.

In April 2010, Moody's and Fitch downgraded their ratings on certain of the Obligations. In addition, between December 2007 and February 2010, Moody's, Fitch and S&P downgraded the ratings on several issues of certain of the Obligations based on downgrades or withdrawals of bond insurers, including AMBAC Assurance Corp., Assured Guaranty Municipal Corp., Financial Guaranty Insurance

Company, MBIA Inc., and ACA Financial Guaranty Corporation. Notices of all of these rating changes were filed on the EMMA website in May 2013.

TAX MATTERS

General

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2015-A Bonds. The summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses the Series 2015-A Bonds held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series 2015-A Bonds as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers that acquire the Series 2015-A Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2015-A Bonds should consult their own tax advisors in determining the federal, state, local, foreign and other tax consequences to them of the purchase, holding and disposition of the Series 2015-A Bonds.

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

U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of the Series 2015-A Bonds that is (a) an individual citizen or resident of the United States for federal income tax purposes, (b) a corporation, including an entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any State thereof (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding clause (d) of the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to that date that elect to continue to be treated as United States persons also will be U.S. Holders. In addition, if a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) holds the Series 2015-A Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If a U.S. Holder is a partner in a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) that holds the Series 2015-A Bonds, the U.S. Holder is urged to consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and dispositions of the Series 2015-A Bonds.

Federal Income Taxes

Interest on the Series 2015-A Bonds is not excluded from gross income for federal income tax purposes under Code section 103 and so will be fully subject to federal income taxation. Purchasers (other than those who purchase the Series 2015-A Bonds in the initial offering at their principal amounts) will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2015-A Bonds. In general, interest paid on the Series 2015-A Bonds and recovery of any accrued original issue discount and market discount will be treated as ordinary income to a Bondholder, and after adjustment for the foregoing, principal payments will be treated as a return of capital to the extent of the U.S. Holder's adjusted tax basis in the Series 2015-A Bonds and capital gain to the extent of any excess received over such basis.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2015-A Bonds issued with original issue discount ("Discount Bonds"). A Series 2015-A Bonds will be treated as having been issued at an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2015-A Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Series 2015-A Bonds' stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2015-A Bond's "stated redemption price at maturity" is the total of all payments provided by the Series 2015-A Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount Bond is the sum of the "daily portions" of original issue discount with respect to such Series 2015-A Bond for each day during the taxable year in which such holder held such Series 2015-A Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Series 2015-A Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Series 2015-A Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Series 2015-A Bonds that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis

original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on the Series 2015-A Bonds by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

Any owner who purchases a Series 2015-A Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner in excess of a prescribed de minimis amount) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2015-A Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

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

An owner of a Series 2015-A Bond who acquires such Series 2015-A Bond at a market discount also may be required to defer, until the maturity date of such Series 2015-A Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2015-A Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Series 2015-A Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2015-A Bond for the days during the taxable year on which the owner held the Series 2015-A Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2015-A Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Bondholder elects to include such market discount in income currently as described above.

Bond Premium

A purchaser of a Series 2015-A Bond who purchases such Series 2015-A Bond at a cost greater than its remaining redemption amount will have amortizable bond premium. If the holder elects to amortize this premium under Section 171 of the Code (which election will apply to all Series 2015-A Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2015-A Bonds thereafter acquired by the holder), such a holder must amortize the premium using constant yield principles based on the holder's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Series 2015-A Bonds who acquire such Series 2015-A Bonds at a premium should consult with their own tax advisors with respect to state and local tax consequences of owning such Series 2015-A Bonds.

Surtax on Unearned Income

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

Sale or Redemption of Bonds

A Bondholder's adjusted tax basis for a Series 2015-A Bond is the price such owner pays for the Series 2015-A Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series 2015-A Bond, measured by the difference between the amount realized and the Bondholder's tax basis as so adjusted, will generally give rise to capital gain or loss if the Series 2015-A Bond is held as a capital asset (except in the case of Series 2015-A Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of the Series 2015-A Bonds are materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. The defeasance of the Series 2015-A Bonds may also result in a deemed sale or exchange of such Series 2015-A Bonds under certain circumstances.

EACH POTENTIAL HOLDER OF THE SERIES 2015-A BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE OR REDEMPTION OF THE SERIES 2015-A BONDS, AND (2) THE CIRCUMSTANCES IN WHICH SERIES 2015-A BONDS WOULD BE DEEMED REISSUED AND THE LIKELY EFFECTS, IF ANY, OF SUCH REISSUANCE.

Non-U.S. Holders

The following is a general discussion of certain United States federal income tax consequences resulting from the beneficial ownership of the Series 2015-A Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

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

2015-A Bonds must certify to the Corporation or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2015-A Bond held by such holder is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (subject to a reduced rate under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2015-A Bond will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States federal withholding tax.

Generally, any capital gain realized on the sale, exchange, retirement or other disposition of a Series 2015-A Bond by a Non-U.S. Holder will not be subject to United States federal income or withholding taxes if (1) the gain is not effectively connected with a United States trade or business of the Non-U.S. Holder, and (2) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

For newly issued or reissued obligations, such as the Series 2015-A Bonds, FATCA imposes U.S. withholding tax on interest payments made to certain Non-U.S. Holders after June 30, 2014 and proceeds of the sale of interest-bearing obligations for amounts paid after December 31, 2016 to certain foreign financial institutions and non-financial foreign entities if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. The Corporation will not be obligated to pay any additional amounts to "gross up" payments to the Bondholders or beneficial owners of the Series 2015-A Bonds as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2015-A Bonds.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2015-A Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2015-A Bonds are outstanding, the Corporation, its agents or paying agents or a broker is required to provide the IRS with certain information, including a

holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the Corporation, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Series 2015-A Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

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

Payments of the proceeds from the sale of a Series 2015-A Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following:

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

Payment of the proceeds from a sale of a Series 2015-A Bond to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

The preceding federal income tax discussion is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2015-A Bonds, including the tax consequences under federal, state, local, foreign and other tax laws and the possible effects of changes in those tax laws.

State Taxes

Bond Counsel is also of the opinion that interest on the Series 2015-A Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no

opinion as to other state or local tax consequences arising with respect to the Series 2015-A Bonds nor as to the taxability of the Series 2015-A Bonds or the income therefrom under the laws of any state other than the State.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2015-A BONDS.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Series 2015-A Bonds are subject to the approving legal opinion of Nixon Peabody LLP, Los Angeles, California, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City and Corporation. The proposed form of the opinion of Bond Counsel is attached hereto as APPENDIX C. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Series 2015-A Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Nixon Peabody LLP has, at the request of the City and the Corporation, reviewed the information under the headings "THE SERIES 2015-A BONDS" (other than the information relating to The Depository Trust Company and the book-entry only system), "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2015-A BONDS" and "TAX MATTERS" and in APPENDIX B. This review was undertaken solely at the request and for the benefit of the City and Corporation and did not include any obligation to establish or confirm factual matters set forth herein. Certain legal matters will be passed on for the City and the Corporation by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and by Michael N. Feuer, City Attorney. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, a Professional Corporation. Bond Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the Series 2015-A Bonds.

LITIGATION

There is no controversy of any nature now pending against the City or the Corporation or, to the knowledge of their respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2015-A Bonds or in any way contesting or affecting the validity of the Series 2015-A Bonds or any proceedings of the City or the Corporation taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Series 2015-A Bonds or the use of the Series 2015-A Bond proceeds.

There are no pending lawsuits which in the opinion of the City Attorney challenge the validity of the Series 2015-A Bonds, the corporate existence of the City or the Corporation, or the title of the officers thereof to their respective offices. See APPENDIX A – "CITY OF LOS ANGELES INFORMATION STATEMENT." Included as part of Appendix A is a list prepared by the Office of the City Attorney of pending matters or cases relating to the City which involve potential liability in excess of $5,000,000 liability each.

RATINGS

Fitch Ratings, Kroll Bond Rating Agency ("Kroll") and Standard & Poor's have assigned the ratings of "__," "__" and "__," respectively, to the Series 2015-A Bonds. The ratings provided by each of

the rating agencies reflect only the views of such organizations and an explanation of the significance of such ratings may only be obtained from the respective agencies at the following website addresses: Fitch Ratings, at *www.fitchratings.com*; Kroll, at *www.krollbondratings.com*; and Standard & Poor's, at *www.standardandpoors.com*. No information from such websites is incorporated by reference herein. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revisions or withdrawals of such ratings may have an adverse effect on the market price of the Series 2015-A Bonds or a Series of the Series 2015-A Bonds. The City undertakes no responsibility to maintain any rating on the Series 2015-A Bonds or to take any action, except as may be required by the Continuing Disclosure Certificate, in the event of a lowered rating, suspension or withdrawal.

AVAILABILITY OF DOCUMENTS

Copies of the Official Statement, the Lease Agreement, the Site Lease, the Indenture and the Continuing Disclosure Certificate will be available, upon written request, from the Office of the City Administrative Officer, Debt Management Group, 200 North Main Street, City Hall East, Room 1500, Los Angeles, California 90012, Telephone: (213) 473-7500.

FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014 (the "Financial Statements") and the Independent Auditor's Report regarding the Financial Statements are available on EMMA website at *http://emma.msrb.org/*_____, and is incorporated by reference into this Official Statement. No other information from the EMMA website is incorporated by reference into this Official Statement. The Financial Statements have been audited by Macias Gini & O'Connell LLP, independent certified public accountants, as stated in the Independent Auditor's Report. Macias Gini & O'Connell LLP has not consented to the inclusion by reference of its report in this Official Statement and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias Gini & O'Connell LLP with respect to any event subsequent to the date of the Independent Auditor's Report.

UNDERWRITING

Pursuant to the terms and conditions of the Bond Purchase Agreement (the "Bond Purchase Agreement"), among the City, the Corporation and the Underwriters set forth on the cover of this Official Statement, the Underwriters have agreed to purchase the Series 2015-A Bonds from the City and the Corporation at an aggregate purchase price of $_____, being the aggregate principal amount of the Series 2015-A Bonds, plus net original issue premium of $_____, less an Underwriters' discount of $_____. The Bond Purchase Agreement provides, among other things, that the obligations of the Underwriters are subject to certain terms, conditions and precedents, and that the Underwriters will be obligated to purchase all of the Series 2015-A Bonds offered under the applicable Bond Purchase Agreement, if any of the Series 2015-A Bonds offered thereunder are purchased.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2015-A Bonds to the public. The Underwriters may offer and sell the Series 2015-A Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallot any such discounts on sales to other dealers. After the initial public offering, the public offering prices of the Series 2015-A Bonds may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City, for which they received or will receive customary fees and expenses.

The City intends to use a portion of the proceeds from this offering to pay, prepay or refund certain obligations. To the extent an Underwriter or an affiliate thereof is an owner of such obligations, such Underwriter or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Series 2015-A Bonds contemplated herein in connection with such obligations being redeemed by the City.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

[Loop Capital Markets LLC, one of the Underwriters for the Series 2015 Bonds, has provided the following sentences for inclusion: Loop Capital Markets LLC has entered into distribution agreements (each a "Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Distribution Agreement (if applicable to this transaction), each of UBSFS and DBS will purchase Series 2015-A Bonds from Loop Capital Markets LLC at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2015-A Bonds that such firm sells.]

CO-FINANCIAL ADVISORS

Public Resources Advisory Group and Montague DeRose and Associates, LLC (the "Co-Financial Advisors") have acted as an independent registered municipal advisors to the City in conjunction with the issuance of the Series 2015-A Bonds. The Co-Financial Advisors have assisted the City in preparation of this Official Statement and in other matters related to the planning, structuring, execution and delivery of the Series 2015-A Bonds. The Co-Financial Advisors will receive compensation contingent upon the sale and delivery of the Series 2015-A Bonds.

The Co-Financial Advisor have not audited, authenticated or otherwise independently verified the information set forth in the Official Statement, or any other information related to the City with respect to the accuracy or completeness of disclosure of such information. Because of this limited participation, the Co-Financial Advisors make no guaranty, warranty or other representation respecting the accuracy or completeness of this Official Statement or any other matter related to this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Series 2015-A Bonds, [Verification Agent], independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the federal securities and the interest thereon to pay the principal of, and premium, if any, and interest on, the 2008A Refunded Bonds on their respective payment and redemption dates. See "PLAN OF FINANCE" herein.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the Corporation and the purchasers or Owners of any of the Series 2015-A Bonds.

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

CITY OF LOS ANGELES, CALIFORNIA

By: _____
Assistant City Administrative Officer

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APPENDIX A
CITY OF LOS ANGELES
INFORMATION STATEMENT

Certain statements included or incorporated by reference in this Appendix A constitute "forward-looking statements." Such forward-looking statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet City forecasts in any way, regardless of the level of optimism communicated in the information. The City has no plans to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, occur, do not occur, or change. In addition, in some cases numbers in tables do not sum to the total due to rounding.

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INTRODUCTION

This Introduction is an introduction to certain recent developments and the City's current financial condition; it is not a summary of this Official Statement, and is qualified by the more complete and detailed information contained in this entire Official Statement and the documents summarized or described in this Official Statement. Prospective investors must review this entire Official Statement, including the cover page and appendices, before they make an investment decision.

Beginning with the downturn in the housing market in 2007, and continuing through the collapse of the financial markets in 2008, the City of Los Angeles, California (the "City") experienced its most challenging budgetary pressures since the Great Depression. Declines in revenues, combined with increasing retirement contributions due to investment losses, rising costs of other employee benefits such as health care, and negotiated compensation increases, resulted in continuing budgetary pressures and a structural deficit. At one point, in November 2009, the City projected an accumulated General Fund budgetary deficit as high as $1 billion in Fiscal Year 2013-14, assuming that a number of expenditure factors were left unchanged over the intervening years. As a result of the City's action in implementing numerous fiscal reforms, as well as improved economic conditions and growth in a number of economically-sensitive revenues, the City has made progress in reducing its structural deficit. The City's most recent Budget Outlook, based on the Fiscal Year 2015-16 Adopted Budget, now projects a surplus in Fiscal Year 2018-19, which increases in 2019-20. See **"BUDGET AND FINANCIAL OPERATIONS—General Fund Budget Outlook,"** herein.

The City recently completed negotiations with 19 bargaining units (the "Coalition of LA City Unions"). Impacts to the Fiscal Year 2015-16 Budget are anticipated to be minimal and within the amounts allocated to the Unappropriated Balance. Beginning in Fiscal Year 2016-17, expenditures will likely increase above the amounts currently assumed in the Budget Outlook. Concurrent with these negotiations, the City and the Coalition of LA City Unions engaged in mediation on pension reform litigation matters. The outcome of this mediation will result in a revised civilian pension tier for new employees hired after the implementing ordinance is approved by the City Council. The immediate impact to the City's budget is expected to be minimal. An actuarial analysis will determine the long-term impact to the City.

As part of the Fiscal Year 2015-16 Adopted Budget, the City met its major financial policies:

- By funding the Reserve Fund at 5.8%, the City is exceeding its Reserve Fund Policy threshold of 5% of the General Fund Budget.
- The City is appropriating at least 1% of its General Fund to capital improvements.
- After accounting for its capital improvements investments, the City is depositing General Fund tax revenues beyond a 3.4% growth rate to the Budget Stabilization Fund, increasing its balance to $91.9 million.
- The City is using one-time revenue for one-time expenses, allocating all $138 million in one-time revenues towards $169 million in one-time expenditures.

Revenues are projected to grow in the Fiscal Year 2015-16 Adopted Budget by 5.3% when compared to the Fiscal Year 2014-15 Adopted Budget. This growth takes into account the reduced revenues that will result from the City's business tax reform, which is projected to

reduce business tax receipts by a total of $45 million over three years. (See "**MAJOR GENERAL FUND REVENUE SOURCES—Business Tax,**" herein.) This rate reduction is expected to be fully offset by natural growth in Business Tax in Fiscal Year 2015-16, and then revenue is expected to decrease slightly in the following years. The City's revenue growth also takes into account challenges that have risen due to the implementation of a new utility billing system by the Department of Water and Power, which has delayed receipt of utility users' taxes and revenue to the City's wastewater and solid waste enterprise funds, as well as accounts for projected one-time revenue as these delayed remittances are made current. Additionally, sales tax revenues include a one-time boost in revenue from the end of the Triple Flip. (See **"MAJOR GENERAL FUND REVENUE SOURCES—Sales Tax,"** herein.) The transient occupancy tax revenue projection assumes $5 million in additional revenue from the collection of the tax on short-term rentals, assuming completion of negotiated tax collection agreements with short-term rental website platforms such as Airbnb. (See **"MAJOR GENERAL FUND REVENUE SOURCES—Transient Occupancy Tax,"** herein.)

The Fiscal Year 2015-16 Adopted Budget shows the City making progress in a number of significant areas. Consistent with the City's [expected] settlement of the Willits litigation (see "**LITIGATION**," herein) the City will begin to invest $1.4 billion ($930 million unadjusted for inflation) in the City's sidewalks and other walkways over the next 30 fiscal years; $31 million is appropriated from a variety of sources in 2015-16. The budget also fully funds the City's pavement preservation program to achieve 2,400 lane miles of street resurfacing and repair a year. Funding is also increased to pay the cost of police overtime to reduce the amount of banked time-off, as well as other investments in public safety such as for new technology and to address recent underfunding for Fire Department staffing.

There are a number of legal challenges that may adversely impact the City's financial condition and will need to be addressed over the next several years; see "**LITIGATION**," herein. With regard to one major case, the Ardon litigation involving utility users' taxes on telecommunication services, the City has settled with the plaintiffs and [will] provide refunds for overpayment of telephone utility taxes. Funding to support this settlement has been appropriated within the Unappropriated Balance Reserve for Liability Resolution account. [Update]

Litigation has also been filed challenging the long-standing practice of transferring a portion of surplus power revenues to the City's General Fund as a violation of new restrictions on taxation imposed by Proposition 26 in 2010. This revenue source constitutes about 5% of General Fund revenues, and the City continues to receive such transfers. (See **"MAJOR GENERAL FUND REVENUE SOURCES—Power Transfers to General Fund,"** herein.)

In addition to litigation-related expenditures and liabilities, a number of large infrastructure projects the City has considered pursuing could result in major long-term investments. The City has a large backload of needed street repairs, estimated at over $3 billion. The City has sought funding from the Army Corp of Engineers for restoration of the Los Angeles River, which could cost in excess of $1.5 billion and require substantial matching funds from the City. The City is also considering major improvements to its civic center, with estimates ranging from $300 million to $500 million, and expanding its Convention Center at a currently estimated cost of $470 million. These expenditures are considered long-term projects that would be pursued only if a funding framework is first established.

In addition, various Council motions and a request from the Mayor's Office are instructing the CAO to identify funds for enhanced services to the homeless. One of these

motions asked the CAO to identify up to $100 million in one-time funds to initiate this enhanced effort by January 1, 2016. In addition, the Mayor announced that he isseeking $100 million in annual homeless expenditures, which will be considered as a priority in the context of the usual budgeting process. [As a result, the City may utilized reserves and General Fund revenues to address these initiatives.]

HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION

The City is the second most populous city in the United States with an estimated 2015 population of 3.96 million persons. Los Angeles is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

Founded in 1781, Los Angeles was for its first century a provincial outpost under successive Spanish, Mexican and American rule. The City experienced a population boom following its linkage by rail with San Francisco in 1876. Los Angeles was selected as the Southern California rail terminus because its natural harbor seemed to offer little challenge to San Francisco, home of the railroad barons. But what the region lacked in commerce and industry, it made up in temperate climate and available real estate, and soon tens and then hundreds of thousands of people living in the Northeastern and Midwestern United States migrated to new homes in the region. Agricultural and oil production, followed by the creation of a deep water port, the opening of the Panama Canal, and the completion of the City-financed Owens Valley Aqueduct to provide additional water, all contributed to an expanding economic base. The City's population climbed to 50,000 persons in 1890, and then swelled to 1.5 million persons by 1940. During this same period, the motor car became the principal mode of American transportation, and the City developed as the first major city of the automotive age. Following World War II, the City became the focus of a new wave of migration, with its population reaching 2.4 million persons by 1960.

The City and its surrounding metropolitan region have continued to experience growth in population and in economic diversity. The City's 470 square miles contain 11.5% of the area and about 39% of the population of the County of Los Angeles, California (the "County"). Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture and television production), and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical, digital information technology, and environmental technology. The County is a top-ranked county in manufacturing in the nation. Important components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal, and food. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined are the busiest container ports in the nation. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

The City recently commissioned a report by the UCLA Anderson Forecast to study recent economic trends, provide a comparative analysis, and to assist in the City's short-term revenue forecast. This report, "City of Los Angeles: A Comparative Analysis and Economic Forecast," dated as of May, 2015, is not incorporated by reference, but can be found on the City's web site at http://cao.lacity.org/debt/index.htm.

Although the economic and demographic information provided below has been collected from sources that the City considers to be reliable, the City has made no independent verification of the information provided by non-City sources and the City takes no responsibility for the completeness or accuracy thereof. The information and data in this Appendix A are believed to be the latest data available to the City; however, the current state of the economy of the City, State of California and the United States of America may not be reflected in the data discussed

below, because more up-to-date publicly available information is not available. This information is provided as general background.

Population

The table below summarizes City, County, and State of California (the "State") population, estimated as of January 1 of each year. The population estimates for 2005 and later incorporate 2010 U.S. Census counts as the benchmark and, as a result, are noticeably lower than previously published estimates.

Table 1
CITY, COUNTY AND STATE POPULATION STATISTICS

	City of Los Angeles	Annual Growth Rate[1]	County of Los Angeles	Annual Growth Rate[1]	State of California	Annual Growth Rate[1]
1980	2,968,579	-	7,477,421	-	23,667,836	-
1985	3,216,900	1.62%	8,121,000	1.67%	26,113,000	1.99%
1990	3,476,000	1.56	8,832,500	1.69	29,558,000	2.51
1995	3,544,966	0.39	9,103,896	0.61	31,617,770	1.36
2000	3,679,600	0.75	9,477,651	0.81	33,721,583	1.30
2005	3,769,131	0.48	9,816,153	0.70	35,869,173	1.24
2010	3,792,621	0.12	9,818,605	0.00	37,253,956	0.76
2011	3,806,865	0.38	9,847,712	0.30	37,427,946	0.47
2012	3,835,724	0.76	9,908,030	0.61	37,680,593	0.68
2013	3,875,207	1.03	9,980,432	0.73	38,030,609	0.93
2014	3,914,359	1.01	10,054,852	0.75	38,357,121	0.86
2015	3,957,022	1.09	10,136,559	0.81	38,714,725	0.93

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

Sources: State of California, Department of Finance, Report 84 E-4 Population Estimates for California Counties and Cities, January 1, 1976 through January 1, 1980; Report 90 E-4 Population Estimates for California State and Counties January 1, 1981 to January 1, 1990; E-4 Historical Population Estimates for City, County and the State, 1991-2000, with 1990 and 2000 Census Counts. E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012. State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2015, with 2010 Census Benchmark. Sacramento, California, May 2015. State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2014 and 2015. Sacramento, California, May 2015.

Industry and Employment

The following table summarizes the average number of employed and unemployed residents of the City and the County, based on the annual "benchmark," an annual revision process in which monthly labor force and payroll employment data, which are based on estimates, are updated based on detailed tax records. The "benchmark" data is typically released in March for the prior calendar year.

The California Employment Development Department has reported preliminary unemployment figures for July 2015 of 6.5% statewide, 7.5% for Los Angeles County, and 7.9% for the City (not seasonally adjusted).

Table 2
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF RESIDENT LABOR FORCE [1]

Civilian Labor Force	2010	2011	2012	2013	2014
City of Los Angeles					
Employed	1,660,200	1,671,300	1,680,100	1,728,500	1,835,200
Unemployed	267,100	261,200	230,900	211,700	175,700
Total	1,927,300	1,932,600	1,911,000	1,940,200	2,010,900
County of Los Angeles					
Employed	4,302,300	4,326,100	4,378,800	4,495,700	4,610,800
Unemployed	615,100	603,400	535,800	486,600	415,100
Total	4,917,400	4,929,500	4,914,500	4,982,300	5,025,900
Unemployment Rates					
City	13.9%	13.5%	12.1%	10.9%	8.7%
County	12.5	12.2	10.9	9.8	8.3%
State	12.4	11.7	10.5	8.5	7.5%
United States	9.6	8.9	8.1	7.4	6.2%

[1] March 2014 Benchmark report as of March 23, 2015; not seasonally adjusted.

Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in Table 3. Items may not add to totals due to rounding.

Sources: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S.

The table below summarizes the California Employment Development Department's estimated average annual employment for the County, which includes full-time and part-time workers who receive wages, salaries, commissions, tips, payment in kind, or piece rates. Separate figures for the City are not maintained. Percentages indicate the percentage of the total employment for each type of employment for the given year. For purposes of comparison, the most recent employment data for the State is also summarized.

The Trade, Transportation and Utilities sector was the largest employment sector in the County in 2014, employing 18.9% of wage and salary workers. Educational and Health Services, at 17.7%, was the second highest employment sector in the County, followed by Professional and Business Services, which employed 14.4% of wage and salary workers.

Table 3
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE[1]

	County				State of California	
	2000	% of Total	2014	% of Total	2014	% of Total
Agricultural	7,700	0.2%	5,300	0.1%	417,200	2.6%
Natural Resources and Mining	3,400	0.1	4,700	0.1	31,300	0.2
Construction	131,800	3.2	120,200	2.8	675,400	4.2
Manufacturing	615,200	14.9	364,900	8.6	1,269,600	7.9
Trade, Transportation and Utilities	784,900	19.0	800,700	18.9	2,871,100	17.9
Information	244,300	5.9	195,900	4.6	457,900	2.9
Financial Activities	223,400	5.4	209,700	5.0	784,300	4.9
Professional and Business Services	590,700	14.3	609,400	14.4	2,433,400	15.1
Educational and Health Services	463,100	11.2	748,000	17.7	2,414,400	15.0
Leisure and Hospitality	345,000	8.4	464,600	11.0	1,757,100	10.9
Other Services	140,200	3.4	151,700	3.6	539,800	3.4
Government	581,400	14.1	556,711	13.2	2,411,000	15.0
Total[2]	4,130,900	100.0%	4,231,700	100.0%	16,062,300	100.0%

(1) The California Economic Development Department has converted employer records from the Standard Industrial Classification coding system to the North American Industry Classification System.
(2) Totals may not equal sum of parts due to independent rounding.

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table 2.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2014 Benchmark report released March 20, 2015.

Major Employers

The top 25 major non-governmental employers in the County are listed in the table below. The employees of these non-governmental employers represent approximately 6.6% of the labor force (based on total employment in 2014). In addition, government employment represents approximately 13.2% of the labor force (see Table 3 – Estimated Industry Employment and Labor Force).

Table 4
LOS ANGELES COUNTY
2015 MAJOR NON-GOVERNMENTAL EMPLOYERS

Employer	Product/Service	Employees
Kaiser Permanente	Nonprofit health care plan	35,771
University of Southern California	Private university	18,629
Northrop Grumman Corp.	Defense contractor	17,000
Target Corp.	Retailer	15,000
Ralphs/Food 4 Less (Kroger Co. Division)	Grocery retailer	13,500
Bank of America Corp	Banking and financial services	13,000[1]
Providence Health & Services Southern California	Health care	13,000
AT&T Inc.	Telecommunications	11,700
UPS	Transportation and freight	10,768
Home Depot	Home improvement specialty retailer	10,600[1]
Boeing Co.	Integrated aerospace and defense systems	10,500[1]
Cedars-Sinai Medical Center	Medical center	10,250
Albertsons/Vons/Pavilions	Retail grocer	10,200[1]
Walt Disney Co.	Entertainment	10,200[2]
Wells Fargo	Diversified financial services	10,000
ABM Industries Inc.	Facilities services, energy solutions, commercial cleaning, maintenance and repair	8,500[1]
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,100
FedEx Corp.	Shipping and logistics	7,700[1]
Edison International	Electric utility	7,650
Warner Bros. Entertainment Inc.	Entertainment	7,400[2]
Universal Services of America	Security professionals	6,554
Dignity Health	Health care	6,100
American Apparel Inc.	Apparel manufacturer and retailer	6,000
Costco Wholesale	Membership chain of warehouse stores	5,800
SoCalGas	Natural gas utility	5,600

(1) Business Journal estimate.
(2) Information provided by City of Burbank.

Source: Los Angeles Business Journal, Weekly Lists, originally published August 31, 2015.

Table 5
LOS ANGELES COUNTY
2015 LARGEST PUBLIC SECTOR EMPLOYERS

Employers	Employees
Los Angeles County	105,503
Los Angeles Unified School District	59,563
US Government - Federal Executive Board[1]	47,500
University of California, Los Angeles	44,744
City of Los Angeles[2]	31,875
State of California[3]	28,900
Los Angeles County Metropolitan Transportation Authority	9,281
Los Angeles Department of Water and Power	9,147
Los Angeles Community College District	6,819
Long Beach Unified School District	6,515
California State University, Northridge	6,047
City of Long Beach	5,133
California State University, Long Beach	4,202
Los Angeles World Airport	3,491
Montebellow Unified School District	3,400
Pomona Unified School District	2,802
Cal Poly Pomona	2,612
City of Santa Monica	2,177
California State University, Los Angeles	2,177
City of Pasadena	2,172
Compton Unified School District	2,007
Santa Monica Community College District	1,904
Mt. San Antonio Community College District	1,895
Glendale Unified School District	1,830
Metropolitan Water District of Southern California	1,830

(1) Excludes education employees.
(2) Excludes proprietary departments (LADWP, LAWA, Port of LA).
(3) Excludes education employees.

Source: Los Angeles Business Journal, Weekly Lists, originally published August 31, 2015.

Personal Income

The U.S. Census Bureau defines personal income as the income received by all persons from all sources, and is the sum of "net earnings," rental income, dividend income, interest income, and transfer receipts. "Net earnings" is defined as wages and salaries, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance, before deduction of personal income and other taxes.

The following table summarizes the latest available estimate of personal income for the County, State and United States.

Table 6
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	Personal Income (thousands of dollars)	Per Capita Personal Income[1] (dollars)
2010		
County	$ 404,473,004	$41,163
State	1,578,553,439	42,282
United States	12,417,659,000	40,144
2011		
County	$ 425,673,042	$43,062
State	1,685,635,498	44,749
United States	13,189,935,000	42,332
2012		
County	$ 455,788,782	$45,800
State	1,805,193,769	47,505
United States	13,873,161,000	44,200
2013		
County	$ 466,098,988	$46,530
State	1,856,614,186	48,434
United States	14,151,427,000	44,765
2014		
County	N/A[3]	N/A
State[2]	$ 1,944,369,223	$50,109
United States[2]	14,708,582,165	46,129

(1) Per capita personal income was computed using Census Bureau midyear population estimates. Per capita personal income is total personal income divided by total midyear population. Estimates for 2010 to 2013 reflect State population estimates released in December 2013, while 2014 estimates reflect the December 2014 release.
(2) Last updated: March 25, 2015 – new estimates for 2014. In 2014 details may not add to totals because of rounding.
(3) Estimated release date – November 19, 2015; subject to revision.

Source: U.S. Bureau of Economic Analysis, "Table SA1 Personal Income Summary," (accessed September 10, 2015).

Retail Sales

As the largest city in the County, the City accounted for $41.7 billion (or 29.8%) of the total $140.0 billion in County taxable sales for 2013. The following table sets forth a history of taxable sales for the City for calendar years 2009 through 2013, 2013 being the last full year for which data is currently available. A five year series of this information is presented, as the State changed its reporting categories beginning with the 2009 report.

The City experienced a 5.2% increase in sales tax receipts during Fiscal Year 2013-14, estimates 4.4% growth in Fiscal Year 2014-15 and projects 4.4% growth in taxable sales for the Fiscal Year 2015-16 Adopted Budget. See **"MAJOR GENERAL FUND REVENUE SOURCES — Sales Tax,"** herein.

Table 7
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	2009	2010	2011	2012	2013
Motor Vehicle and Parts Dealers	$ 2,760,647	$ 2,865,868	$ 3,224,150	$ 3,662,657	$ 3,983,625
Home Furnishings and Appliance Stores	1,566,716	1,590,667	1,609,905	1,676,926	1,683,805
Bldg. Materials and Garden Equip. and Supplies	1,700,820	1,711,735	1,834,117	1,942,915	2,086,608
Food and Beverage Stores	2,126,677	2,123,626	2,199,481	2,322,695	2,444,701
Gasoline Stations	3,621,498	4,114,016	4,952,984	5,090,496	4,954,380
Clothing and Clothing Accessories Stores	2,404,735	2,551,905	2,715,953	2,884,984	3,032,886
General Merchandise Stores	2,448,694	2,534,482	2,660,830	2,759,578	2,873,530
Food Services and Drinking Places	5,437,781	5,637,405	6,049,187	6,564,652	6,946,625
Other Retail Group	3,425,579	3,451,919	3,599,674	3,716,658	3,943,616
Total Retail and Food Services	25,493,148	26,581,623	28,846,283	30,621,561	31,949,776
All Other Outlets	8,098,716	8,233,833	9,011,361	9,502,364	9,806,938
TOTAL ALL OUTLETS[1]	$33,591,864	$34,815,457	$37,857,643	$40,123,926	$41,756,714

[1] Items may not add to totals due to rounding.

Source: California State Board of Equalization, Research and Statistics Division.

Increase in Local Minimum Wage

A Ordinance was adopted by the City Council on June 10, 2015, establishing a Citywide minimum wage. The ordinance would require employers to pay employees working within the City a minimum wage of $10.50 starting on July 1, 2016 and increasing each year until July 1, 2020, when the minimum wage will be $15.00. Starting in 2022, the wage rate would be adjusted by the applicable Consumer Price Index to be effective the first of each July.

Land Use

The following table, derived from data maintained by the Los Angeles County Assessor, indicates various land uses within the City based on assessed valuation and the number of parcels.

Table 8
CITY OF LOS ANGELES
ASSESSED VALUATION AND PARCELS BY LAND USE

Non-Residential	2014-15 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial Office	$ 67,219,901,752	14.97%	35,619	4.59%
Vacant Commercial	1,980,607,102	0.44	1,219	0.16
Industrial	35,306,732,762	7.86	20,129	2.59
Vacant Industrial	1,693,987,578	0.38	4,015	0.52
Recreational	1,728,210,793	0.38	762	0.10
Government/Social/Institutional	3,185,291,491	0.71	3,784	0.49
Miscellaneous	381,425,691	0.08	2,784	0.36
Subtotal Non-Residential	$111,496,157,169	24.84%	68,312	8.80%
Residential				
Single Family Residence	$ 227,578,657,077	50.69%	488,464	62.94%
Condominium/Townhouse	31,970,422,930	7.12	85,994	11.08
Mobile Homes and Lots	105,172,091	0.02	3,319	0.43
Mobile Home Park	161,901,999	0.04	92	0.01
2-4 Residential Units	25,048,870,620	5.58	74,221	9.56
5+ Residential Units/Apartments	49,739,982,848	11.08	34,729	4.47
Vacant Residential	2,826,940,897	0.63	20,994	2.70
Subtotal Residential	$337,431,948,462	75.16%	707,813	91.20%
Total	$448,928,105,631	100.00%	776,125	100.00%

[1] Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Residential Value and Construction Activity

The following table indicates the array of assessed valuation for single family residential properties in the City.

Table 9
CITY OF LOS ANGELES
PER PARCEL 2014-15 ASSESSED VALUATION OF SINGLE FAMILY RESIDENTIAL PROPERTIES

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential Properties	488,464	$227,578,657,077	$465,907	$289,145

2014-15 Assessed Valuation	No. of Residential Parcels [1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	13,181	2.698%	2.698%	$ 481,291,034	0.211%	0.211%
$50,000 - $99,999	42,411	8.683	11.381	3,185,150,922	1.400	1.611
$100,000 - $149,999	34,400	7.042	18.423	4,364,534,400	1.918	3.529
$150,000 - $199,999	43,567	8.919	27.343	7,669,796,082	3.370	6.899
$200,000 - $249,999	49,892	10.214	37.557	11,282,676,664	4.958	11.857
$250,000 - $299,999	46,011	9.420	46.976	12,659,742,606	5.563	17.420
$300,000 - $349,999	46,148	9.448	56.424	15,029,526,788	6.604	24.024
$350,000 - $399,999	40,582	8.308	64.732	15,182,740,750	6.671	30.695
$400,000 - $449,999	28,443	5.823	70.555	12,097,746,519	5.316	36.011
$450,000 - $499,999	21,551	4.412	74.967	10,275,538,351	4.515	40.526
$500,000 - $549,999	15,663	3.207	78.173	8,213,191,647	3.609	44.135
$550,000 - $599,999	13,310	2.725	80.898	7,685,779,640	3.377	47.512
$600,000 - $649,999	12,054	2.468	83.366	7,538,764,464	3.313	50.825
$650,000 - $699,999	10,202	2.089	85.455	6,881,504,050	3.024	53.849
$700,000 - $749,999	7,642	1.564	87.079	5,544,271,000	2.436	56.285
$750,000 - $799,999	7,476	1.531	88.550	5,807,738,076	2.552	58.837
$800,000 - $849,999	5,927	1.213	89.763	4,885,365,312	2.147	60.983
$850,000 - $899,999	5,363	1.098	90.861	4,716,871,123	2.073	63.056
$900,000 - $949,999	4,603	0.942	91.803	4,258,350,375	1.871	64.927
$950,000 - $999,999	3,792	0.776	92.580	3,701,803,488	1.627	66.554
$1,000,000 and greater	36,246	7.420	100.000	76,116,273,786	33.446	100.000
Total	488,464	100.000%		$227,578,657,077	100.000%	

[1] Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

The table below provides a summary of building permits issued by the City by calendar year.

Table 10
CITY OF LOS ANGELES
BUILDING PERMIT VALUATIONS AND NEW DWELLING UNITS

	2010	2011	2012	2013	2014
Total Valuation[1] ($ in millions)	$3,328	$3,386	$3,671	$4,246	$6,416
Residential [2]	878	1,131	1,407	1,732	2,668
Miscellaneous [3]	15	26	17	48	18
Number of Units:					
Single family [4]	772	726	1,059	1,254	1,852
Multi-family [5]	3,374	5,258	5,615	7,136	9,607
Subtotal Residential	4,146	5,984	6,674	8,390	11,459
Miscellaneous [6]	370	390	477	536	274
Total Units	4,516	6,374	7,151	8,926	11,733

(1) Represents the total valuation of all construction work for which building permits were issued.
(2) Valuation of permits issued for Single-Family Dwellings, Duplexes, Apartment Buildings, Hotel/Motels, and Condominiums.
(3) Valuation of permits issued for "Addition Creating New Units – Residential" and "Alterations Creating New Units – Residential."
(4) Number of dwelling units permitted for Single-Family Dwellings and Duplexes.
(5) Number of dwelling units permitted for new Apartment Buildings, Hotel/Motels, and Condominiums.
(6) Number of dwelling units added includes "Addition Creating New Units – Residential" and "Alterations Creating New Units - Residential."

Source: City of Los Angeles, Department of Building and Safety.

Commercial Real Estate Markets in Los Angeles

The following table shows the most recent information available regarding vacancy rates for non-residential space in downtown Los Angeles and the remainder of the Los Angeles Metropolitan Area.

Table 11
LOS ANGELES METROPOLITAN AREA
NON-RESIDENTIAL VACANCY RATES

Year[1]	Downtown	Suburban	Metropolitan	Industrial Availability
2009	14.9%	14.7%	14.8%	7.7%
2010	17.6	16.7	16.9	7.7
2011	18.1	17.5	17.6	7.4
2012	18.3	16.5	16.8	6.8
2013	18.9	16.1	16.5	6.7

[1] Second quarter of each year.

Source: California Department of Finance, California Economic Indicators.

Seismic Considerations

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

Education

The Los Angeles Unified School District ("LAUSD") administers public instruction for kindergarten through 12th grade ("K-12"), adult, and occupational schools in the City and all or significant portions of a number of smaller neighboring cities and unincorporated areas. The LAUSD, which now encompasses approximately 710 square miles (making it significantly larger than the City at 470 square miles), was formed in 1854 as the Common Schools for the City of Los Angeles, and became a unified school district in 1960. The LAUSD is governed by a seven-member Board of Education, elected by district to serve alternating four-year terms.

There are many public and private colleges and universities located in the City. Major colleges and universities located within the City include the University of California at Los Angeles, the University of Southern California, California State University at Los Angeles, California State University at Northridge, Occidental College and Loyola Marymount University. There are seven community colleges located within the City operated by the Los Angeles Community College District.

MUNICIPAL GOVERNMENT

Under the State Constitution, charter cities are generally independent of the State Legislature in matters relating to municipal affairs. Charter cities, however, are subject to State Constitutional restrictions; see **"LIMITATIONS ON TAXES AND APPROPRIATIONS"** herein. The City is a charter city originally incorporated in 1850. The most recent charter was adopted in 1999, became effective July 1, 2000, and has been amended a number of times by voter approval.

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

The Council, the legislative body of the City, is a full time council and enacts ordinances subject to the approval of the Mayor. If the Mayor vetoes, the Council may override the veto of the Mayor by a two-thirds vote. The Council orders elections, levies taxes, authorizes public improvements, approves contracts, adopts zoning and other land use controls, and adopts traffic regulations. The Council adopts or modifies the budget proposed by the Mayor. It authorizes the number of employees in budgetary departments, creates positions and fixes salaries. The Council consists of 15 members elected by district for staggered four-year terms.

The other two elective offices of the City are the Controller and the City Attorney, both elected for four-year terms. The Controller is the chief accounting officer for the City. The current Controller, Ron Galperin, assumed office on July 1, 2013.

The City Attorney is attorney and legal advisor to the City and to all City boards, departments, officers, and entities, and prosecutes misdemeanors and violations of the Charter and City ordinances. Mike Feuer assumed the office on July 1, 2013.

All citywide elected officials of the City are subject to term limits of two four-year terms, while Councilmembers are subject to terms limits of three four year terms.

The City Administrative Officer ("CAO") is the chief fiscal advisor to the Mayor and Council and reports directly to both. The CAO is appointed by the Mayor, subject to Council confirmation. Miguel A. Santana has been serving as CAO since August 2009.

The City Treasurer (the "Treasurer") receives, invests and is the custodian of the City's funds and those of affiliated entities. The Treasurer also serves as the City's Investment Officer. The Treasurer is appointed by the Mayor and confirmed by the Council. On July 1, 2011, the Office of the Treasurer was consolidated into the Office of Finance. Antoinette Christovale, the Director of Finance, also serves as the City Treasurer.

The City has 36 departments and bureaus for which operating funds are annually budgeted by the Council. In addition, four departments (the Department of Water and Power

("DWP"), the Harbor Department, the Department of Airports, and the Housing Authority of the City) are under the control of boards appointed by the Mayor and confirmed by the Council. The City obtains water and electricity from DWP, the largest municipally-owned utility in the nation. Two departments, the Los Angeles City Employees' Retirement System and the Fire and Police Pension System, are under the control of boards whose membership is comprised of Mayoral appointees and representatives elected by system members.

Public services provided by the City include police; fire and paramedics; residential refuse collection and disposal, wastewater collection and treatment, street maintenance, traffic management, storm water pollution abatement, and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries; recreation and parks; community development; housing and aging services; and planning.

BUDGET AND FINANCIAL OPERATIONS

Fiscal Year 2013-14 Results

The City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014 reported a growth in the City's total General Fund fund balance of approximately $173.5 million. See the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014 and Financial Statements available on the City Controller's website at *http://controller.lacity.org* and the Electronic Municipal Market Access site at *http://emma.msrb.org*.

The following two tables summarize financial information for the General Fund contained in the City's audited Basic Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") for the periods indicated.

Table 12
BALANCE SHEETS FOR THE GENERAL FUND
For Fiscal Years Ending June 30
($ in thousands)

	2010	2011	2012	2013	2014
Assets					
Cash and Pooled Investments[1]	$ 561,249	$ 966,168	$ 1,235,260	$ 791,293	$1,014,481
Other Investments	181	-	-	-	-
Taxes Receivable	543,519	488,977	536,069	533,711	479,482
Accounts Receivable	201,314	176,233	184,312	187,230	128,136
Special Assessments Receivable	4,125	4,319	4,598	4,816	4,518
Investment Income Receivable	3,405	6,091	6,122	5,401	4,815
Intergovernmental Receivable	40,449	50,124	47,152	54,548	155,448
Due from Other Funds	54,899	48,388	44,229	86,632	43,625
Inventories	17,281	16,585	19,815	17,875	18,643
Prepaid Items and Other Assets	-	-	-	17,051	14,569
Advances to Other Funds	12,490	9,714	11,319	8,189	9,934
Total Assets	$1,438,912	$1,766,599	$2,088,876	$1,706,746	$1,873,651
Liabilities and Fund Equity					
Liabilities:					
Accounts, Contracts and Retainage Payable	$ 70,853	$ 61,744	$ 56,764	$ 54,078	$ 63,347
Obligations Under Securities Lending Transactions[2]	36,072	123,592	-	6,879	2,580
Accrued Wages and Overtime Payable	84,161	95,287	121,845	130,168	122,028
Accrued Compensated Absences Payable	2,842	5,678	10,124	15,433	17,182
Accrued Retirement Benefits Payable	77,022	39,358	-	-	35,015
Estimated Claims and Judgments Payable	20,026	24,102	28,189	30,269	353
Intergovernmental Payable	27	814	776	12	98,113
Due to Other Funds	31,665	31,005	47,967	71,740	24
Deposits and Advances	20,346	20,444	24,007	23,316	23,612
Deferred Revenue and Other Credits	587,836	516,356	528,669	576,749	-
Advances from Other Funds	50,282	41,441	35,728	29,852	22,436
Notes Payable	-	-	601,541	-	-
Other Liabilities[3]	20,600	286,720	61,582	45,634	43,843
Total Liabilities	$1,001,732	$1,246,541	$1,517,192	$ 984,130	$ 428,533
Deferred Inflows of Resources					
Unavailable Real Estate Tax	-	-	-	-	$ 29,884
Taxes Other than Real Estate	-	-	-	-	269,310
Receivables from Other Government Agencies	-	-	-	-	154,739
Other Deferred Inflows of Resources	-	-	-	-	95,114
Total Deferred Inflows of Resources	-	-	-	-	$ 549,047
Fund Balance[4]:					
Reserved for Encumbrances	$ 134,623	-	-	-	
Reserved for Assets Not Available for Appropriation	29,771	-	-	-	
Reserved for Special Purposes	791	-	-	-	
Designated for Special Purposes	157,068	-	-	-	
Unreserved and Undesignated	114,927	-	-	-	
Nonspendable	-	$ 26,299	$ 31,134	$ 43,115	$ 43,146
Restricted	-	-	-	69,712	-
Committed	-	-	-	-	-
Assigned	-	239,877	267,645	242,643	230,717
Unassigned	-	253,882	272,905	367,146	622,208
Total Fund Balances	$ 437,180	$ 520,058	$ 571,684	$ 722,616	$896,071
Total Liabilities and Fund Equity	$1,438,912	$1,766,599	$2,088,876	$1,706,746	$1,873,651

(1) Includes securities held under securities lending transactions, offset by the Liability "Obligations Under Securities Lending Transactions." Fiscal Year 2010-11 includes securities for which settlement was made after the end of the fiscal year, offset by the liability of Obligations Under Securities Lending Transactions. Fiscal Year 2011-12 also includes funds set-aside for repayment of TRANS maturing in the subsequent fiscal year, offset by the liability of Notes Payable.

(2) The City temporarily suspended its securities lending program in November 2008, due to the volatility in the financial markets and heightened concerns with counterparty risks; the program was resumed in April 2010. The program was halted again in Fiscal Year 2011-12, until the contract for agent was renewed in December 2012.

(3) Increase in Fiscal Year 2010-11 includes $262 million owed for certain securities acquired at the end of the fiscal year for which payment was made after June 30, 2011; as such, it offsets a portion of the increase in "Cash and Pooled Investments."

(4) Beginning with the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2010-11, the City implemented GASB Statement No. 54, which provided new direction in classifying components of the fund balance of governmental funds. See "**Budget and Revenues—GAAP-Based Fund Balance**, below."

Table 12
BALANCE SHEETS FOR THE GENERAL FUND
For Fiscal Years Ending June 30
($ in thousands)

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

Table 13
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE GENERAL FUND
For Fiscal Years Ending June 30
($ in thousands)

	2010	2011	2012	2013	2014
Revenues:					
Property Taxes	$1,455,081	$1,436,707	$1,470,799	$1,565,457	$1,662,364
Sales Taxes	281,186	299,624	328,059	343,628	357,255
Utility Users' Taxes	628,484	618,307	634,629	623,794	631,492
Business Taxes	412,287	424,762	438,969	447,983	476,908
Other Taxes	345,618	359,434	392,686	451,304	522,341
Licenses and Permits	20,849	20,229	26,241	23,909	22,417
Intergovernmental	21,926	33,704	7,182	11,939	11,640
Charges for Services	541,306	496,551	510,401	532,512	543,882
Services to Enterprise Funds	255,949	248,263	245,853	252,178	253,414
Fines	139,788	145,731	147,780	162,930	167,474
Special Assessments	2,142	2,332	1,922	1,732	2,441
Investment Earnings	26,504	18,149	21,456	16,710	19,059
Change in Fair Value of Investments[1]				(18,002)	
Other	54,313	75,498	91,357	104,973	118,571
Total Revenues	$4,185,433	$4,179,291	$4,317,334	$4,521,047	$4,789,258
Expenditures:					
Current:					
General Government	$1,329,982	$1,224,681	$1,257,198	$1,219,179	$1,263,431
Protection of Persons and Property	2,231,156	2,182,116	2,279,987	2,403,195	2,562,058
Public Works	189,430	158,050	165,025	176,240	180,714
Health and Sanitation	135,422	137,829	146,270	145,768	146,422
Transportation	111,293	113,632	107,803	98,446	106,494
Cultural and Recreational Services	75,984	46,239	46,592	51,991	50,943
Community Development	45,302	32,204	30,544	32,303	36,758
Capital Outlay	25,795	17,203	17,751	25,395	27,025
Debt Service: Cost of Issuance	1,333	1,090	2,092	3,017	2,846
Total Expenditures	$4,145,697	$3,913,044	$4,053,262	$4,155,534	$4,376,691
Excess (Deficiency) of Revenues Over Expenditures	39,736	266,247	264,072	365,513	412,567
Other Financing Sources (Uses)					
Operating Transfers In	$ 332,521	$ 299,510	$ 270,660	$ 307,458	$ 294,383
Operating Transfer Out	(471,401)	(482,183)	(486,336)	(520,098)	(534,263)
Issuance of Long-Term Debt [2]	50,875	-	-	-	0
Premium on Issuance of Long-Term Debt	2,922	-	-	-	0
Total Other Financing Sources (Uses)	(85,083)	(182,673)	(215,676)	(212,640)	(239,880)
Net Change in Fund Balance	(45,347)	83,574	48,396	152,873	172,687
Fund Balances, July 1	483,451	437,180	520,058	571,683	722,616
(Decrease) Increase in Reserve for Inventories	(924)	(696)	3,230	(1,940)	768
Fund Balances, June 30	$ 437,180	$ 520,058	$ 571,684	$ 722,616	$ 896,071

(1) Typically, any losses due to fair market valuation is netted out of interest earnings. Losses were reported separately in Fiscal Year 2012-13 so as to avoid reporting negative investment earnings.
(2) Represents judgment obligation bonds.

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

City's Budgetary Process

The City's fiscal year extends from July 1 through June 30. Under the City Charter, the Mayor is required each year to submit to the Council a Proposed Budget by April 20. The Proposed Budget is based on the Mayor's budget priorities, and includes estimates of receipts from the City's various revenue sources.

The Mayor's Proposed Budget is reviewed by the Council's Budget and Finance Committee, which reports its recommendations to the full Council. The Council is required by City Charter to adopt the Mayor's Proposed Budget, as modified by the Council, by June 1. The Mayor has five working days after adoption to approve or veto any items modified by the Council. The Council then has five working days to override by a two-thirds vote any items vetoed by the Mayor. The City is not aware that it has ever failed to meet these City Charter deadlines.

The City is required by law to maintain a balanced budget; however, in recent years expenditure growth has consistently outpaced revenue growth, creating a structural imbalance that was addressed on a year-by-year basis through both ongoing and one-time solutions. While the City's budget balancing attempted to address structural deficits through position elimination and increased employee retirement contributions, it also relied heavily on one-time solutions to close budget gaps. These one-time solutions have included the receipt of revenues earmarked for specific purposes over a short period of time (e.g. grants), expenditure deferrals for capital improvements, the use of one-time revenues for ongoing programs, hiring freezes, and furloughs. Furthermore, even structural solutions such as the elimination of positions were not always based on a strategic plan that took into consideration the needs of departments and whether the impacted services were core services of the City. Rather, vacant positions were targeted for elimination to achieve the highest savings possible with the least layoff impact.

The Adopted Budget is subject to revision throughout the fiscal year to reflect any changes in revenue and expenditure projections. During the fiscal year, the City monitors its revenues, expenditures and reserve estimates. As instructed by the Mayor and Council, the City Administrative Officer issues interim financial status reports as deemed necessary, which recommend budgetary adjustments throughout the year. The fourth financial status report for Fiscal Year 2014-15, also referred to as the Year-End report, was released May 28, 2015. Additional information concerning the City's financial condition may be found on the website of the City Administrative Officer at http://cao.lacity.org/fin_rpts/; such information is not incorporated as part of this Official Statement.

The table below summarizes the gaps that were identified as part of the Mayor's Proposed Budget for the past five years, which were addressed in the balancing of the Adopted Budget, and gaps subsequently identified as part of the City's interim reporting process, which were addressed by various actions throughout the year. Some of these interim actions were required to adjust for measures taken in the Adopted Budget that failed to generate projected savings; therefore, the two columns should not be totaled.

Table 14
BUDGET DEFICITS ADDRESSED IN BUDGET AND THROUGH INTERIM ACTIONS
($ in millions)

Fiscal Year	Addressed in Adopted Budget[1]	Addressed Through Mid-Year Adjustments[2]
2011-12	$336	$ 72
2012-13	238	7
2013-14	216	37
2014-15	433	72
2015-16	468	NA

(1) As identified in the Mayor's Proposed Budget for each respective fiscal year.
(2) As of the date of the Mid-Year Financial Status Report for each respective fiscal year.

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

Fiscal Year 2014-15 Adopted Budget

The 2014-15 Adopted Budget, including the General Fund and most special revenue funds, totaled $8.1 billion, a $437 million (5.7%) increase from the Fiscal Year 2013-14 Adopted Budget. General Fund revenues for Fiscal Year 2014-15 were estimated at $5.14 billion, a net increase of $271 million (5.6%) from the Fiscal Year 2013-14 Adopted Budget, and a net increase of $220 million (4.3%) from the Fiscal Year 2012-13 actual revenues.

Fiscal Year 2014-15 Preliminary Financial Results

On October 6, 2015, the Controller released his Preliminary Financial Report on financial operations for the City of Los Angeles for the fiscal year-ended June 30, 2015. This report traditionally provides the first review of the City's finances following the close of the fiscal year. In Fiscal Year 2014-15, General Fund revenues exceeded General Fund expenditures and encumbrances on a budget basis by $191 million. The beginning adjusted Reserve Fund balance at July 1, 2015 was $442.5 million or 8.18% of General Fund receipts anticipated in the 2015-16 Adopted Budget. See "**BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies,**" herein.

Fiscal Year 2015-16 Adopted Budget

By Charter, the Mayor presents and the Council adopts a balanced budget with no deficit. The table below illustrates how the assumptions that comprised an original projected deficit of $165 million were subsequently adjusted to reflect actual budgeted expenditures and revenues in developing and balancing the Fiscal Year 2015-16 Adopted Budget. This deficit reflected the difference between anticipated Fiscal Year 2015-16 expenditures and projected Fiscal Year 2015-16 revenues, adjusted to eliminate all one-time revenues from the prior year. This table also illustrates how the gap between the Fiscal Year 2014-15 base revenue level and the Fiscal Year 2015-16 Adopted Budget expenditure level was closed through a combination of ongoing and one-time revenues and expenditure reductions. In short, of the solutions to close this gap, 69% are ongoing and 31% are one-time in nature.

Table 15
CLOSING THE FISCAL YEAR 2015-16 BUDGET GAP
($ in millions)

	From Prior 2014-15 Outlook	Fiscal Year 2015-16 Adopted Budget
Revenue		
2014-15 Revenue Budget	$5,138	$5,138
Less one-time 2014-15 Revenue	186	186
2014-15 Base Revenue Budget	**$4,952**	**$4,952**
Expenses		
2014-15 Base Expenses	$5,138	$5,138
Obligatory 2015-16 Adjustments to 2014-15 Base Expenses	61	58
Add 2015-16 New Ongoing Expenses	94	55
Add 2015-16 One-time Expenses	-	169
2015-16 Total Expenses	**$5,293**	**$5,420**
Total 2015-16 Expense Above Base 2014-15 Revenue	**$ 340**	**$ 468**
Solutions		
Add 2015-16 Projected Ongoing Growth	$ 175	$ 320
Add One-time 2015-16 Revenue	-	138
Less Ongoing Reductions/Efficiencies	-	3
Less One-time Reductions	-	7
Solutions Identified	**$ 175**	**$ 468**
Solutions to be Determined (Gap)	**$ 165**	**$ -**
Ongoing Solutions	51%	69%
One-time Solutions	0%	31%
Unspecified Solutions	49%	0%
	100%	100%

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

While the Fiscal Year 2015-16 Adopted Budget is balanced, there are some known risks that may require mid-year adjustments. As described in the Introduction to this Appendix A, the outcome of the City's negotiations with the Coalition of LA City Unions may require minimal adjustments to the City's budget. Additionally, a settlement of the Ardon case (see **"LITIGATION,"** herein) has been reached. In anticipation of some of the risks that may need to be addressed during Fiscal Year 2015-16, the Adopted Budget includes additional funding of $67 million in the Unappropriated Balance, $50 million as a Reserve for Liability Resolution and $17 million as a Reserve for Mid-Year Adjustments. See "**BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies**," herein.

Funding shortfalls that required mid-year adjustments in Fiscal Year 2014-15 and in prior years have been largely addressed in the Fiscal Year 2015-16 Adopted Budget. Most significantly, funding for police overtime has been increased to fully fund the anticipated Fiscal Year 2015-16 need. The City, however, continues to maintain a police overtime liability of $113 million (as of May 2, 2015) accumulated in prior years as a result of underfunding this account and increasing the amount that could be banked by police officers for future pay-out or compensated time off. The specific timing of paying down this liability is undetermined, but the Fiscal Year 2015-16 Adopted Budget includes $5 million for this purpose.

On May 26, 2015 the City Council adopted the Mayor's proposed budget with modifications totaling $19 million. On May 27, 2015 the Mayor signed the 2015-16 Adopted Budget as modified by the City Council. The following table presents the Fiscal Year 2015-16 Adopted Budget and the adopted budgets for the preceding fiscal years. These budgets include the General Fund and most special revenue funds, but exclude those operations not under the direct control of the Council (i.e., Airports, Harbor, Water and Power departments, and the Los Angeles City Employees' Retirement and Fire and Police Pensions systems).

Table 16
CITY OF LOS ANGELES ADOPTED BUDGET
(ALL BUDGETED FUND TYPES)

Revenues	Adopted Budget 2012-13	Adopted Budget 2013-14	Adopted Budget 2014-15	Adopted Budget 2015-16
General Fund				
Property Taxes [1]	$ 1,457,022,000	$ 1,549,568,000	$ 1,644,811,000	$1,765,230,000
Property Tax – Ex-CRA Tax Increment	48,600,000	55,434,000	48,023,000	52,580,000
Other Taxes [2]	1,764,726,000	1,896,692,000	1,958,030,000	2,080,875,000
Licenses, Permits, Fees and Fines [3]	970,757,118	1,033,987,064	1,040,330,401	1,077,604,212
Intergovernmental [4]	249,100,000	253,000,000	261,000,000	275,300,000
Other General Fund [5]	49,777,000	63,590,260	172,604,670	141,191,911
Interest	10,510,000	14,621,000	13,491,000	17,600,000
Total General Fund Revenue	$4,550,492,118	$4,866,892,324	$5,138,290,071	$5,410,381,123
Special Purpose Funds				
Charges For Services and Operations [6]	$ 1,173,478,896	$ 1,217,506,209	$ 1,291,885,009	$1,312,020,696
Transportation Funds [7]	325,540,467	322,539,834	335,198,972	331,549,770
Intergovernmental [8]	82,150,321	82,637,744	80,068,557	82,564,920
Special Assessments [9]	91,856,801	81,894,536	85,018,351	98,396,818
Other Special Funds	447,339,632	425,437,766	460,786,211	464,886,212
Available Balances	410,782,495	527,905,446	582,806,097	745,236,659
Total Special Fund Revenue	$2,531,148,612	$2,657,921,535	$2,835,763,197	$3,034,655,075
City Levy for Bond Redemption and Interest	$ 164,475,921	$ 160,695,451	$ 148,889,669	137,526,468
Total Receipts	$7,246,116,651	$7,685,509,310	$8,122,942,937	$8,582,562,666
Appropriations by Funding Source				
General Fund				
Fire Department	$ 34,972,700	$ 36,672,192	$ 37,379,713	$ 37,298,797
Police Department	1,221,043,234	1,266,367,842	1,293,469,105	1,388,767,435
Other Budgetary Departments	1,383,640,397	1,455,605,552	1,560,073,548	1,676,323,072
Tax and Revenue Anticipation Notes [10]	860,620,300	955,905,263	1,047,447,674	1,077,985,098
Capital Finance Administration [11]	201,111,784	213,368,640	218,722,586	214,208,074
Human Resources Benefits	592,508,153	600,430,000	615,138,916	611,491,371
Other General Fund Appropriations	256,595,550	338,542,835	366,058,529	404,307,276
Total General Fund	$4,550,492,118	$4,866,892,324	$5,138,290,071	$5,410,381,123
Special Purpose Funds				
Budgetary Departments	$ 869,794,129	$ 922,678,331	$ 908,106,365	$ 962,208,445
Appropriations to Proprietary Departments	77,718,048	83,472,204	93,818,332	102,643,144
Capital Improvement Expenditure Program	167,280,201	176,855,922	199,725,825	266,516,882
Wastewater Special Purpose Fund	448,973,671	464,477,897	463,170,037	464,501,463
Appropriations to Special Purpose Funds	967,382,563	1,010,437,181	1,170,942,638	1,238,785,141
Total Special Funds	$2,531,148,612	$2,657,921,535	$2,835,763,197	$3,034,655,075
Bond Redemption and Interest Funds				
General City Bonds	$ 164,475,921	$ 160,695,451	$ 148,889,669	$ 137,526,468
Total (All Purposes)	$7,246,116,651	$7,685,509,310	$8,122,942,937	$8,582,562,666

[1] Property taxes include all categories of the City allocation of one percent property tax collections such as secured, unsecured, State replacement, redemptions and penalties, supplemental receipts and other adjustments and is net of refunds and County charges. Also included are property taxes remitted to the City as replacement revenue for both State Vehicle License Fees and sales and use taxes. See "MAJOR GENERAL FUND REVENUE SOURCES" for a discussion of the State reallocation of revenues known as the "triple flip."

[2] Other taxes include Utility Users' Tax, Business Tax, Sales Tax, Transient Occupancy Tax, Documentary Transfer Tax, Parking Users' Tax, and Residential Development Tax.

[3] Also includes State Vehicle License Fees, Parking Fines and Franchise Income.

[4] Intergovernmental revenues include proprietary department transfers.

[5] Other General Fund receipts include grant receipts, tobacco settlement, transfers from the Special Parking Revenue Fund, Telecommunications Development Account Fund, Reserve Fund, and the Budget Stabilization Fund.

[6] Major revenue sources include the Sewer Construction and Maintenance Fund, the Convention Center Revenue Fund, the Special Parking Revenue Fund, the Zoo Enterprise Fund, the Building and Safety Fund, and refuse collection fee revenues.

[7] Revenue sources include the Special Gas Tax Street Improvement Fund, the Proposition A Local Transit Improvement Fund, and the Proposition C Anti-Gridlock Transit Improvement Fund.

[8] Intergovernmental receipts include the Community Development Block Grant, the Local Public Safety Fund, and the Workforce Development Trust Fund.

[9] Includes the Street Lighting Maintenance Assessment Fund and the Stormwater Pollution Abatement Fund.

[10] A significant portion of the City's TRAN proceeds are used to prepay the annual contribution to the City Employees' Retirement System and Fire and Police Pension System. The budget line item for TRAN repayment is primarily for principal for this portion of the program, and is made in lieu of direct appropriations for contributions to the two retirement systems. See "FINANCIAL OPERATIONS – Retirement and Pension Systems," herein. Interest due on the TRAN is also included in this line item.

[11] This fund is used to make lease payments on various lease revenue bonds, certificates of participation and commercial paper notes.

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

Fiscal Year 2015-16 Financial Status Reports

[To come upon release]

General Fund Budget Outlook

As part of its budget planning, the CAO prepares a multi-year Budget Outlook, based on the existing budget, known major future expenditure commitments and projections of other revenues and expenditures, to identify future budget challenges, including whether a budget gap is likely to occur. This planning tool helps the City identify potential budgetary pressures and allows for earlier implementation of budget adjustments, either through the annual budget process or through interim action. The Budget Outlook is updated in connection with the City's budget process and, at times, with its periodic financial status reports.

The City's most recent Budget Outlook, prepared in connection with the Fiscal Year 2015-16 Adopted Budget, shows that the City would face a budget gap of $90 million in Fiscal Year 2016-17 and $51 million in Fiscal Year 2017-18 without corrective action. Based on the assumptions of the Budget Outlook, this deficit would be eliminated by 2018-19.

Included in these assumptions are the following: the size of the workforce will remain flat after 2014-15, with no major increases to City services; no further salary increases will be agreed to in the pending labor negotiations; all employees will contribute 10% of the cost of their health care premiums on an ongoing basis; and each year's shortfall will be solved by ongoing rather than one-time solutions. Potential expenditures tied to the outcome of recent labor negotiations or major litigation (see "**INTRODUCTION**" and "**LITIGATION,**" herein) were not incorporated in this Budget Outlook.

The Budget Outlook is constantly changing, and does not include all potential revenues and expenditures. Even though budget deficits are currently projected, as they have been in prior years, these budgets must be balanced when enacted, as required by the City's Charter. The City generally accomplishes such balancing through a combination of revenue increases, expenditure reductions and transfers from reserves.

Table 17
GENERAL FUND BUDGET OUTLOOK
($ in millions)

	Adopted Budget 2015-16	2016-17	2017-18	2018-19	2019-20
Estimated General Fund Revenue:					
General Fund Base [1]	$5,138.3	$5,410.4	$5,424.5	$5,567.5	$5,730.0
Revenue Growth [2]					
Property Related Taxes [3]	133.8	(47.3)	75.0	77.2	79.0
Sales and Business Taxes[4]	83.5	106.1	11.7	22.0	22.5
Utility Users' Tax[5]	(1.6)	7.2	10.4	16.5	11.1
License, Permits and Fees[6]	42.4	26.2	27.0	27.8	28.6
Other Fees, Taxes and Transfers [7]	45.3	15.2	18.8	19.1	17.2
SPRF Transfer [8]	25.9	(33.0)	-	-	-
Transfer from the Budget Stabilization Fund[9]	-	-	-	-	-
Transfer from Reserve Fund[10]	(57.2)	(60.3)	-	-	-
Total Revenue	**$5,410.4**	**$5,424.5**	**$5,567.5**	**$5,730.0**	**$5,888.4**
General Fund Revenue Increase (Decrease) %	*5.3%*	*0.3%*	*2.6%*	*2.9%*	*2.8%*
General Fund Revenue Increase (Decrease) $	*$ 272.1*	*$ 14.1*	*$ 143.0*	*$ 162.5*	*$ 158.4*
Estimated Expenditures:					
General Fund Base [11]	$5,138.3	$5,410.4	$5,514.3	$5,618.5	$5,693.6
Incremental Changes to Base: [12]					
Employee Compensation Adjustments [13]	105.1	75.9	68.2	59.5	68.7
Other Sworn Compensation Adjustments [14]	38.9	-	-	-	-
Police Sworn Overtime [15]	70.0	5.0	10.0	-	-
City Employees Retirement System [16]	23.1	10.3	(13.3)	(11.5)	(7.7)
Fire and Police Pensions [16]	(1.6)	15.5	10.9	(22.8)	11.9
Workers Compensation Benefits [17]	(6.5)	13.3	4.9	7.8	11.4
Health, Dental and Other Benefits [18]	(0.2)	26.2	39.9	43.4	46.9
Debt Service [19]	(4.5)	(5.6)	(2.9)	(4.6)	(14.0)
Delete Resolution Authorities [20]	(25.5)	-	-	-	-
Add New and Continued Resolution Authorities [20]	26.6	-	-	-	-
Delete One-Time Costs[21]	(91.5)	-	-	-	-
Add One-Time Costs[21]	62.0	-	-	-	-
Unappropriated Balance [22]	(13.5)	(89.8)	-	-	-
New Facilities [23]	4.0	(4.0)	-	-	-
City Elections [24]	(16.7)	16.7	(16.7)	-	10.0
CIEP – Municipal Facilities [25]	2.6	(3.7)	-	-	-
CIEP – Sidewalks [26]	10.2	15.0	-	-	-
CIEP – Pavement Preservation [27]	6.8	29.3	3.2	3.3	-
Appropriation to the Reserve Fund[28]	-	-	-	-	-
Appropriation to the Budget Stabilization Fund [29]	-	-	-	-	-
Net - Other Additions and Deletions[30]	82.7	-	-	-	-
Subtotal Expenditures	**$5,410.4**	**$5,514.3**	**$5,618.5**	**$5,693.6**	**$5,820.9**
Expenditure Growth (Reduction) %	*5.3%*	*1.9%*	*1.9%*	*1.3%*	*2.2%*
Expenditure Growth (Reduction) $	*272.1*	*104.0*	*104.1*	*75.2*	*127.2*
TOTAL BUDGET GAP[31]	**$ -**	**$ (89.8)**	**$ (51.0)**	**$ 36.4**	**$ 67.5**
Incremental Increase(Decrease) % in Gap			*(43.3)%*	*(171.4)%*	*85.7%*
Incremental Increase(Decrease) $ in Gap		*(89.8)*	*38.9*	*87.3*	*31.2*

Revenue:

[1] General Fund (GF) Base: The revenue base for each year represents the prior year's estimated revenues.

[2] Revenue Growth: Revenue projections reflect the consensus of economists consulted by the City that economic recovery will continue and individual economically-sensitive revenues may grow up to eight percent. The amounts represent projected incremental change to the base. Any one-time receipts are deducted from the estimated revenue growth for the following fiscal year.
The total projected revenue assumes above-average growth in 2015-16 attributed to one-time transfers and average growth thereafter.

[3] Property tax revenue is projected to grow as a result of a 5.88 percent increase in Assessed Valuation for 2015-16. The year over year growth in revenue tapers off to 3.5 percent average growth for subsequent fiscal years. A decrease is expected in 2016-17 with the discontinued disbursement of sales tax replacement revenue with the conclusion of the state "triple flip" methodology. Although some sales tax replacement revenue will likely be received as a "clean up" payment in 2016-17, this amount is not known and is not included in the

Table 17
GENERAL FUND BUDGET OUTLOOK
($ in millions)

forecast. Documentary Transfer and Residential Development Taxes are volatile revenues and have realized large increases in recent years following large declines. Moderate growth for outgoing years is assumed with the projected improvement in the local real estate market.

(4) Business tax is projected to experience average growth tempered by the phased in reduction to the top business tax rate from 2015-16 through 2017-18. Sales tax growth through 2016-17 is based on available economic forecasts. Outgoing years reflect average growth. The impact of the restoration of the full one percent sales tax rate as a result of the end to the state "triple flip" methodology will straddle two fiscal years. As sales tax replacement revenue will also continue for the first fiscal year of the restoration, a $37.1 million one-time boost to sales tax receipts will be realized in 2015-16 Fiscal Year. Fiscal Year 2016-17 will be the first full year of restored sales tax revenue.

(5) Electric users' tax assumes increased growth consistent with prior history, as well as receipt of approximately $2.9 million in one-time revenue from past-due billings in 2015-16. Growth in gas users' tax revenue is based on natural gas prices determined by the futures market. The decline in communication users' tax revenue is projected to slow with the implementation of AB1717 in 2016-17 which is expected to recover lost CUT revenue from the prepaid wireless market. Additional revenue will be realized in 2018-19 with the conclusion of a settlement credits provided to a telecom company.

(6) The projected revenue growth in this category is dependent on policy decisions to increase departmental fees and collect full overhead cost reimbursements. The assumed three percent growth is within range of the historical average. For 2015-16, reimbursements to the General Fund are based on the most recent Cost Allocation Plan published by the Controller.

(7) Increases in 2015-16 reflect growth in the Transient Occupancy Tax, Parking Users Tax, and the Power Revenue Transfer. The Power Revenue Transfer is budgeted at $275 million for 2015-16 with no anticipated growth thereafter. In outgoing years, modest growth is assumed in the tax revenues.

(8) Revenue from the Special Parking Revenue Fund (SPRF) represents the projected surplus that may be available to transfer to the General Fund after accounting for debt service and other expenditures associated with the maintenance, upgrades, and repairs of parking structures, meters and related assets. A base-level surplus of about $23.5 million is projected in 2015-16 which reflects a $3 million increase from the previously assumed base-level of $20.5 million. Any amounts above this are considered one-time receipts and deducted from the estimated revenue growth for the following fiscal year.

(9) Transfers from the Budget Stabilization Fund (BSF) are subject to an available balance in the BSF and to restrictions set forth in the BSF ordinance. BSF transfers are considered one-time receipts and are deducted from the estimated revenue growth for the following fiscal year. No transfers from the BSF are assumed.

(10) The transfer from the Reserve Fund in 2015-16 of $60.3 million is a reduction of $57.2 million from the transfer included in the 2014-15 Budget. The 2015-16 Reserve Fund balance is 5.79 percent after the transfer.

Estimated General Fund Expenditures:

(11) Estimated Expenditure General Fund Base: Using the 2014-15 General Fund budget as the baseline year, the General Fund base is the "Total Obligatory and Potential Expenditures" carried over to the following fiscal year.

(12) The 2015-16 incremental changes reflect funding adjustments to the prior fiscal year General Fund budget. The Four-Year Outlook expenditures included for subsequent years are limited to those obligatory and major expenses known at this time and are subject to change. Amounts represent projected incremental changes to the base.

(13) Employee Compensation Adjustments: This line includes salary step adjustments and full funding for partially financed positions from the prior year. The Four-Year Outlook reflects existing labor agreements, Memoranda of Understanding ("MOUs"), with City bargaining units.

(14) Other Sworn Compensation Adjustment: This line includes increases of $38.9 million in costs for Fire Overtime Constant Staffing in 2015-16, which are considered to be ongoing.

(15) Police Sworn Overtime: For 2015-16, it is assumed that the City will fund Police Sworn Overtime at $85 million, increase to $90 million in 2016-17, and further increase to $100 million by 2017-18. The forecast assumes that these expenditures will be ongoing.

(16) City Employment Retirement System ("LACERS") and Fire & Police Pensions ("Pensions"): The contributions are based on information commissioned or requested by the CAO from the departments' actuaries and include the employee compensation adjustment assumptions noted above. The LACERS contribution rate is a combination of the Tier 1 and Tier 2 rates, and Tier 2 payroll assumptions. The amounts reflected in the Four-Year Outlook represent incremental changes.

Table 1
LACERS and Pensions

Assumptions		2015-16	2016-17	2017-18	2018-19	2019-20
LACERS						
6/30th Investment Returns		7.50%	7.50%	7.50%	7.50%	7.50%
Combined Contribution Rate		28.26%	27.49%	26.24%	25.03%	23.92%
Pensions						
6/30th Investment Returns		7.50%	7.50%	7.50%	7.50%	7.50%
Combined Contribution Rate		46.51%	45.56%	44.60%	41.85%	41.46%

(17) Workers' Compensation Benefits (WC): The projection is based on a March 2015 actuarial analysis that projects annual medical inflation of seven percent and a two percent annual cost increase in permanent disability costs. The analysis projects no impact of SB863 legislation on future costs. The State Assessment Fee of $7.5 million is not projected to decrease. A small decrease is assumed in 2015-16 based on recent trends. Projections for 2016-17 and beyond are based solely on actuarial analysis.

(18) Health and Dental Benefits: The projection assumes that all civilian employees will contribute ten percent towards the cost of the City-sponsored health plan on January 1, 2016 and that these savings will be ongoing. Police and Fire health benefits are historically higher due to

Table 17
GENERAL FUND BUDGET OUTLOOK
($ in millions)

subsidy increases and the type and level of coverage elected by sworn employees. Civilian enrollment projections are based on zero percent growth after 2015-16. Police and Fire enrollment projections are based on one percent growth. It is anticipated that federal health care reform laws will continue to impact health plan costs and it is projected that the Cadillac Tax provision will increase costs by $624,000 in 2017-2018 with costs increasing to $3.3 million by 2019-20. Projections for 2016-17 and beyond are based solely on actuarial analysis.

(19) Debt Service: The debt service amounts include Capital Finance and Judgment Obligation Bond budgets.

(20) Resolution Authorities: The deletion line reflects the practice of deleting positions that are limited-term and temporary in nature each year. Funding for these positions is reviewed on a case-by-case basis and renewed if appropriate. Continued or new resolution positions are included in the "Add New and Continued Resolution Authorities" line. Funding is continued in subsequent years to provide a placeholder for continuation of resolution authority positions for various programs and incorporated into the beginning General Fund base of subsequent years.

(21) One-time Costs: The deletion line reflects the practice of deleting programs and costs that are limited-term and temporary in nature each year. Funding for these programs and expenses is reviewed on a case-by-case basis and continued if appropriate. Continued and new funding is included in the "Add One-Time Costs" line. Funding is continued in subsequent years to provide a placeholder for continuation of equipment and other one-time expenses incurred annually and incorporated into the beginning General Fund base of subsequent years.

(22) Unappropriated Balance (UB): One-time UB items are eliminated and ongoing items are continued the following year to provide a placeholder for various ongoing and/or contingency requirements in the future. Included in the UB for 2015-16 is a reserve for liability resolution ($50 million) and a reserve for mid-year adjustments ($17 million).

(23) New Facilities: Funding projections are based on preliminary departmental estimates for ongoing staffing and expenses. Cost increases in 2015-16 are attributed to the opening of the new Metro Division, Northeast Area Station, and Training Division facilities.

(24) Elections: Funding for elections is provided bi-annually. Effective 2020, Charter Amendment 1 changed the City's election dates from March and May of odd-numbered years to June and November of even-numbered years, to make City election dates align with Federal and State elections. No elections will be held in 2018-19. The amount estimated for 2019-20 includes the estimated cost for a June 2020 primary election only. The November 2020 general election will be budgeted separately in the following fiscal year.

(25) Capital Improvement Expenditure Program (CIEP): The 2015-16 Proposed Budget increases funding for municipal facilities related capital projects by $2.6 million from the prior year for a total of $12.23 million. Some of these project expenditures are one-time and deleted in 2016-17.

(26) CIEP-Sidewalk: Pursuant to the pending settlement in the case of Willits v. City of Los Angeles, the City is responsible to invest $31 million annually for sidewalk improvements for the next 30 years, with adjustments of 15.3 percent every 5 years to account for inflation and material price increases. The $10.2 million in 2015-16 is the General Fund appropriation required to meet the full $31 million investment. The 2016-17 increase of $15 million reflects the assumption that the General Fund portion will be $25.2 million annually beginning in 2016-17 and through the end of this Outlook, with the balance of the investment covered by other sources of funds.

(27) CIEP-Pavement Preservation Program: Total Pavement Preservation Program funding in 2015-16 is $157 million from various sources of funds to repair 2,400 lane miles. Funding for 2015-16 is included in the departments' budgets and $12 million is set aside in the UB. The $6.8 million increase shown for 2015-16 is attributed to Department of Transportation expenses. It is assumed that the program will be continued through 2019-20 at 2,400 lane miles per year. To meet this level in 2016-17, an additional $29.3 million will be required. This shortfall will increase by approximately $3 million annually in subsequent years.

(28) Appropriation to the Reserve Fund: In certain years, a General Fund appropriation to the Reserve Fund has been budgeted to strengthen the status of the Reserve Fund. The CAO recommends increasing the combined balances of the Reserve Fund and the Budget Stabilization Fund to ten percent of budgeted General Fund revenues.

(29) Appropriation to the Budget Stabilization Fund (BSF): Per the policy, if the combined annual growth for seven General Fund tax revenue sources exceeds 3.4 percent for a given year, the excess shall be deposited into the BSF. The appropriation may be reduced (1) to maintain the Reserve Fund at five percent; (2) to comply with the City's CIEP policy; (3) if a fiscal emergency is declared; or (4) the policy is suspended by the City Council and the Mayor. For 2015-16, an appropriation to the BSF of $77.32 million is required. However, to comply with the CIEP policy, the appropriation to the BSF for 2015-16 was reduced to a $26.9 million direct transfer from the Reserve Fund.

(30) Net - Other Additions and Deletions: The 2015-16 amount includes ongoing changes and new regular positions added to the base budget. Among the significant increases are appropriations of $25.83 million to General City Purposes, $5 million to the Affordable Housing Trust Fund (an additional $5 million one-time appropriation is included in the Add One-Time Costs line), $1.7 million to the Art and Cultural Facilities Fund, $8.8 million to the Recreation and Parks Fund, $8.2 million to the Library Fund, and $6 million to Liability Claims. The remaining balance reflects new and increased ongoing costs to a variety of departmental programs.

(31) Total Budget Gap: The Total Budget Gap reflects the projected Surplus (Deficit) in each fiscal year included in the Outlook.

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

GAAP-Based Fund Balance

The Government Accounting Standards Board ("GASB") provided new guidance for the presentation of fund balance in the General Fund and other governmental funds, effective with financial statements for periods beginning after June 15, 2010. GASB Statement No. 54 provided a new hierarchy of fund balance classifications. A description of the new classifications appears

in "Note 1 (E) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity," in the City's CAFR for the Fiscal Year Ended June 30, 2014. The table below restates the historical fund balances for the General Fund for Fiscal Year 2009-10 under this new hierarchy. A restatement beginning in Fiscal Year 2004-05 can be found in the Statistical Section of the CAFR.

Table 18
GASB 54 GENERAL FUND BALANCE
For Fiscal Years Ending June 30
($ in thousands)

	2010	2011	2012	2013	2014
Nonspendable[1]	$ 29,771	$ 26,299	$ 31,134	$ 43,115	$ 43,146
Restricted[2]	-	-	-	69,712	-
Assigned[3]	182,835	239,877	267,645	242,643	230,717
Unassigned[4]	224,574	253,882	272,905	367,146	622,208
Total Fund Balance	$437,180	$520,058	$571,684	$722,616	$896,071

(1) Includes inventories and certain advances to other funds.
(2) In Fiscal Year ending June 30, 2013, this represents the City's Budget Stabilization Fund. This fund was reported as part of the Unassigned Fund Balance in all other years.
(3) Includes encumbrances, various revolving funds, and certain net receivables.
(4) Primarily consists of the City's reserve fund and, except for FY 2013, the Budget Stabilization Fund.

Source: City of Los Angeles, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

Budgetary Reserves and Contingencies

The City maintains a Reserve Fund, which was created by the Charter. The City may transfer moneys from the Reserve Fund as part of the Adopted Budget or throughout the fiscal year for appropriation, or may transfer funds from the Reserve Fund as a loan to other funds. The City also transfers moneys to the Reserve Fund from time to time throughout the year. All unencumbered cash amounts in the General Fund revert to the Reserve Fund at the end of the fiscal year; some of those funds will be reappropriated at the beginning of the following fiscal year (primarily for General Fund capital projects).

In March, 2011, voters approved a provision in the City's Charter to formalize financial policies previously adopted by the Mayor and Council and established a minimum balance equal to 2.75% of General Fund revenue that must be kept in reserves for emergencies. The measure amended Section 302 of the Charter to require the Reserve Fund accounts described below.

The Reserve Fund is composed of two accounts—a Contingency Reserve Account and an Emergency Reserve Account. Amounts in the Emergency Reserve Account, representing 2.75% of General Fund revenues, are restricted for funding an "urgent economic necessity" upon a finding by the Mayor and Council of such necessity and to be replenished in the subsequent fiscal year except in the case of a catastrophe. The balance of the available Reserve Fund is allocated to the Contingency Reserve Account, and is available to address unexpected expenditures relating to existing programs or revenue shortfalls upon authorization by the Mayor and City Council. The Reserve Fund was reported as part of the Unreserved General Fund fund balance in the City's Financial Statements through Fiscal Year 2009-10. Beginning with Fiscal Year 2010-11 and the implementation of GASB 54, the Reserve Fund is reported as part of the

Unassigned Fund Balance. See **"BUDGET AND FINANCIAL OPERATIONS—GAAP-Based Fund Balance,"** above.

In addition, the City budgets a number of other funds that can be used to finance contingencies as they arise, the most important of which are the Budget Stabilization Fund and the Unappropriated Balance.

The City created the Budget Stabilization Fund for the purpose of setting aside money during periods of robust economic growth or when revenue projections are exceeded, to help smooth out years when revenue is stagnant or is in decline. According to the ordinance creating the fund, revenue growth in excess of 3.4% of the total of seven economically sensitive general fund tax revenue sources (property, utility users', business, sales, transient occupancy, documentary transfer, and parking users') is to be deposited into the fund. For Fiscal Year 2015-16, this amount was calculated to be $77.3 million. Of that amount, $55 million is appropriated instead for streets, sidewalks, and other infrastructure needs capital projects, which is consistent with the Fund ordinance. The balance in the fund as of July 1, 2015 is projected to be $91.9 million.

The Unappropriated Balance was created by the Charter, which requires that an amount be included in the Budget to be available for appropriations later in the fiscal year to meet contingencies as they arise. The following table summarizes allocations to and from this fund over the past five years.

Table 19
UNAPPROPRIATED BALANCE
Historical Use for Fiscal Years Ending June 30
($ in thousands)

	2011-12	2012-13	2013-14	Estimated 2014-15	Adopted Budget 2015-16
Appropriated in Adopted Budget	$ 21,679	$ 27,482	$ 83,940	$ 117,269	$103,623
Reappropriations and Transfers In	110,934	13,862	15,688	34,695	-
Total Available	$ 132,613	$ 41,344	$ 99,628	$ 151,964	$103,623
Transfer Out	(110,412)	(21,495)	(89,402)	(137,405)	
Ending Balance	$ 22,202	$ 19,850	$ 10,227	$ 14,558	

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

The following table summarizes the allocations to the Unappropriated Balance made in the Fiscal Year 2015-16 Adopted Budget.

Table 20
UNAPPROPRIATED BALANCE
Fiscal Year 2015-16 Adopted Budget
($ in thousands)

Appropriations	
Equipment, Expenses & Improvements	$ 3,644
Body Worn Video Cameras	4,550
Firefighter Hiring	4,500
Pavement Preservation	12,000
Reserve for Liability Resolution	50,000
Reserve for Mid-Year Adjustments	17,000
Other	11,929
Total	$103,623
Sources of Funds	
General Fund	$100,509
Other	3,114
Total	$103,623

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

The table below contains a five-year history of the City's Reserve Fund balances, as well as the balance in the Budget Stabilization Fund and the certain accounts related to contingencies in the Unappropriated Balance as of July 1. This balance is reported as of the beginning of the fiscal year in order to avoid overstating the balance as a result of year-end reversions, many of which are reappropriated as of July 1, and to account for any transfers made as part of an Adopted Budget. The Controller prepares an annual Preliminary Financial Report on the City's financial operations, which includes an update on the Reserve Fund balance as of the beginning of the fiscal year. See "**BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2014-15 Preliminary Financial Results,**" herein.

Table 21
BUDGETARY RESERVES
As of July 1st of the Fiscal Year
($ in millions)

	2011-12	2012-13	2013-14	2014-15	Adopted Budget 2015-16	Preliminary Actual 2015-16[1]
Emergency Reserve	$ 120.6	$ 125.1	$ 133.8	$ 141.3	$ 148.8	$148.8
Contingency Reserve	80.1	108.0	192.9	241.7	164.6	293.7
Total Reserve Fund	$ 200.7	$ 233.1	$ 326.7	$ 383.0	$ 313.4	$442.5
Budget Stabilization Fund	0.5	0.5	61.5	64.1	91.9	91.9
Reserve for Layoff Avoidance[2]	0	8.0	0	0	0	0
Reserve for Economic Uncertainties[2]	0	0	21.0	20.7	0	0
Reserve for Liability Resolution[2]	0	0	0	0	50.0	50.0
Reserve for Mid-Year Adjustments [2]	0	0	0	0	17.0	17.0
Total Budgetary Reserves	$201.2	$241.6	$409.2	$467.8	$472.3	$601.4
Budgeted General Fund Revenues	$4,385.7	$4,550.5	$4,866.9	$5,138.3	$5,410.4	$5,410.4
% of General Fund Revenues	4.6%	5.3%	8.4%	9.1%	8.73%	11.2%

(1) As reported in the Controller's Preliminary Financial Report.
(2) Budget account within the Unappropriated Balance.

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

Financial Management Policies

The City has adopted comprehensive "Financial Policies for the City of Los Angeles." These include a Reserve Fund policy setting forth the goal that the City maintain a budget-based Reserve Fund of 5% of General Fund revenues. The City's Reserve Fund policy addresses budget-based reserves, and does not set specific goals for GAAP-based year-end fund balances.

Other fiscal policies govern the use of the City's Budget Stabilization Fund, and require that one-time revenues only be used for one-time expenditures. The Fiscal Year 2015-16 Adopted Budget exceeds this one-to-one ratio by allocating all one-time revenues totaling $138 million towards one-time expenditures of $169 million. The largest contributors to the list of one-time revenues are a transfer from the Reserve Fund Transfer ($59 million), a surplus transfer from the Special Parking Revenue Fund in excess of the normal annual transfer ($33 million), and an infusion of sales tax tied to the elimination of the State's "triple flip" methodology for allocating sales and property taxes ($37 million). (See "**MAJOR GENERAL FUND REVENUE SOURCES —Property Taxes**," below.)

The Financial Policies also call for the City to annually budget 1% of General Fund revenue to fund capital or infrastructure improvements. The Fiscal Year 2015-16 Adopted Budget includes $74.7 million in appropriations for infrastructure, representing 1.38%.

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

Risk Retention Program

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

The City's CAFR provides estimates of potential liabilities. As of June 30, 2014, as reported in the City's CAFR (Note 4 (O): Risk Management—Estimated Claims and Judgments Payable), the City estimated the amount of tort and non-tort liabilities to be probable of occurring as of June 30, 2014 at approximately $956.1 million. Of this amount, approximately $131.5 million was estimated to be payable in Fiscal Year 2014-15 out of General and special funds. In addition the City Attorney estimated that certain pending lawsuits and claims have a reasonable possibility of resulting in additional General Fund liability totaling $505.8 million. See "**LITIGATION**" herein for an update on certain litigation as of the date of the Official Statement.

The City generally does not maintain earthquake insurance coverage. Instead, the City relies on its general reserves as well as the expectation that funds will be available from the Federal Emergency Management Agency ("FEMA") to manage earthquake and other major natural disaster risk. The City has received a waiver from the requirement under federal law that it acquire earthquake insurance on facilities that were the beneficiaries of prior FEMA grants. There is no guarantee that sufficient City reserves or FEMA assistance would be available in the event of a natural disaster. See **"HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION—Seismic Considerations,"** herein.

Funds are budgeted annually to provide for claims and other liabilities based both on the City's historical record of payments and an evaluation of known or anticipated claims. The Fiscal Year 2015-16 Adopted Budget allocates additional funding in the Unappropriated Balance for this purpose. (See "**BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies**," above.) From time to time, the City may issue judgment obligation bonds to finance larger judgments or settlements, as it did in Fiscal Year 2008-09 and Fiscal Year 2009-10. See "**BONDED AND OTHER OBLIGATIONS—Judgment Obligation Bonds**," herein.

The City's recent General Fund claims payment experience is listed in the table below.

Table 22
LIABILITY CLAIMS PAID [1]
($ in millions)

Fiscal Year	Budget	Claims Paid
2011-12	$47.9	$49.1
2012-13	47.9	55.6
2013-14	47.9	55.6
2014-15	47.9	69.2[2]
2015-16 (Adopted Budget)	53.9	NA

(1) Does not include Workers' Compensation claims paid by the City; see Table 34. Also does not include claims paid in connection with Fair Labor Standards Act disputes and other labor matters, which are paid out of departmental operating budgets.
(2) Estimated.

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

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

The City appropriates funds to a Human Resources Benefits Fund to account for various programs to provide benefits to its employees, in addition to retirement and other post-employment benefits as described below. The Fund is administered by the Personnel Department, and does not account for retirement or other post-employment benefits. Total benefits expenditures are shown in the following table.

Table 23
HUMAN RESOURCES BENEFITS[1]
($ in thousands)

	2011-12	2012-13	2013-14	Estimated 2014-15	Adopted Budget 2015-16
Workers' Compensation/Rehabilitation	$157,802	$156,033	$149,886	$161,500	$165,000
Contractual Services	14,242	20,690	21,730	26,480	26,480
Civilian FLEX Program[2]	199,042	209,450	225,135	227,017	228,393
Supplemental Civilian Union Benefits	4,177	4,249	3,940	4,094	4,016
Police Health and Welfare Program	117,732	122,850	124,360	129,359	134,412
Fire Health and Welfare Program	42,977	43,900	45,180	46,437	47,830
Unemployment Insurance	6,499	4,040	4,678	5,000	4,000
Employee Assistance Program	1,089	1,386	1,193	1,250	1,361
Total[3]	$543,560	$562,598	$576,102	$601,137	$611,492

(1) Cash basis.
(2) Reflects all civilian health, dental, union supplemental benefit and life insurance subsidies.
(3) Totals may not add due to rounding.

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

Labor Relations

In 1971, the City adopted an employee relations ordinance under the provisions of the Meyers-Milias-Brown Act ("MMBA"). Under the MMBA, management must bargain with recognized employee organizations on terms and conditions of employment, including wages, hours, and other working conditions. The CAO is the formal management representative on employee relations matters, representing the Mayor and Council in negotiations with bargaining units. The CAO receives direction from the Executive Employee Relations Committee ("EERC"), consisting of the Mayor, the President of the Council, the President Pro-Tempore of the Council and the chairpersons of the Council's Budget and Finance and Personnel and Animal Welfare Committees. Formal Memoranda of Understanding ("MOUs") are executed between the City and the bargaining units incorporating the negotiated wages and working conditions.

There are 41 individual MOUs, representing about 35,000 full-time City employees (these bargaining units include employees of the Airport and Harbor departments, but exclude DWP employees). The 41 MOUs are represented by 22 labor unions/employee associations and about 800 employees are not represented. Employees that are members of the Los Angeles City Employees' Retirement System ("LACERS") are considered to be "civilian" employees. Employees that are members of the City of Los Angeles Fire and Police Pension Plan ("FPPP") are considered to be "sworn" or "safety" employees.

Between Fiscal Years 2007-08 and 2014-15, the CAO, at the direction of the EERC, worked with labor unions to reduce the City's labor expenses to address short-term financial concerns and to create a more sustainable, long-term workforce. The City's adopted authorized staffing level for Fiscal Year 2014-15 was 31,875, well below its peak of 37,173 in Fiscal Year 2007-08. The City remains committed to maintaining sustainable labor expenses. As the financial health of the City improves, the process of making targeted investments in restoring City services and personnel has begun. The Fiscal Year 2015-16 Adopted Budget calls for a staffing level of 32,576, representing a 2.2% increase.

Among the measures taken to control employee related costs were changing active civilian employee healthcare benefits. To offset the increasing costs associated with health insurance for active employees, several bargaining units have agreed to have their members pay a portion of their monthly health care premium. Effective January 2016 , a total of 14 bargaining units will be contributing 10% of the health care premium. These bargaining units represent about a quarter of the City's workforce.

The City is also pursuing long-term savings in employment costs through pension reform. In Fiscal Year 2012-13, the City Council adopted a new civilian retirement tier, which applies to all civilian employees hired on or after July 1, 2013. The new tier was designed to reduce the City's future pension costs through a series of plan design changes, including increasing the normal retirement age, reducing future cost of living adjustments, and modifying the salary base for pension calculation, as well as other minor changes. On July 28, 2014, the City Employee Relations Board ruled that the City's action in creating the new civilian retirement tier was illegal because the City did not meet and confer with labor representatives on the matter. The Board ordered that the City rescind the implementation of the new retirement tier. The City subsequently filed an appeal of the ruling in State court and, at this time, the new tier remains in effect. While neither party has abandoned their fundamental positions on the legal issues associated with changes to pension plans, a framework for settlement has been reached which will bring permanent resolution to this issue, and ensure long term structural cost savings.

In 2014-15, multi-year agreements were reached with the Los Angeles Police Protective League, representing approximately 9,718 sworn employees, and with the United Firefighters of Los Angeles City, representing 3,085 sworn employees. Those agreements provided salary increases as shown on the table below.

The following table summarizes the membership and status of the largest unions and employee associations. For expired contracts, the terms continue to be observed during negotiations of a new contract, unless a provision has a specific termination date.

Table 24
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS
(As of October 1, 2015)

Organization	Authorized Number of Full-Time Employees Represented[1]	Number of Bargaining Units	Status of Memorandum of Understanding	Cost of Living Adjustment[2]
Los Angeles Police Protective League	9,732	1	Contract expires 6/30/18	4% on 7/1/16 2% on 1/1/17 2% on 7/1/18
United Firefighters of Los Angeles City	3,120	1	Contract expires 6/30/16	2% on 6/28/15
Coalition of Los Angeles City Unions[3]	13,020	16	Contracts expire 6/30/18	2% on 7/9/17 2.75% step on 1/7/18 Salaries restructured
Engineers and Architects Association	4,402	4	Contracts expire 7/1/16	0% for term of contract Salaries restructured
Service Employees International Union – Units 8 & 17	1,755	2	Contracts expire 6/30/18	2.75% step on 11/15/15 2.75% step on 1/10/16 2.75% step on 6/26/16 2% on 6/26/16 2.75% step on 1/7/18 Salaries restructured
Municipal Construction Inspectors Association (MCIA)	797	1	Contract expired 6/30/14	2% on 7/3/11 1.5% first full pay period January 2013 1.5% first full pay period January 2014

(1) Total authorized employees in all departments except DWP.
(2) Adjustments for the term covered by the specific MOU.
(3) Includes Service Employees International Union, Local 721, American Federation of State, County and Municipal Employees, Laborers' International Union of North America Local 777, Los Angeles/Orange County Building & Construction Trades Council, IUOE Local 501, and the Teamsters, Local 911.

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

The table below shows total authorized City staffing for all departments except the City's three proprietary departments: Airports, Harbor, and DWP. The Police Department represents the single largest department in terms of authorized positions.

Table 25
AUTHORIZED CITY STAFFING[1]

	2011-12	2012-13	2013-14	Estimated 2014-15	Adopted Budget 2015-16
Sworn					
Police	10,480	10,480	10,480	10,480	10,522
Fire	3,218	3,222	3,234	3,232	3,292
Subtotal Sworn	13,698	13,702	13,714	13,712	13,814
Civilian					
Police	3,197	3,167	3,226	3,227	3,313
Fire	319	315	310	342	342
All Others	15,060	14,633	14,643	14,594	15,107
Subtotal Civilian	18,576	18,115	18,179	18,163	18,762
Total	32,274	31,817	31,893	31,875	32,576

[1] Includes permanent ("regular") positions and excludes temporary personnel (also referred to as "resolution authority positions"), which total 1,427 for Fiscal Year 2015-16. Also excludes personnel of the Departments of Airports, Harbor, and DWP.

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

Retirement and Pension Systems

General

The City contributes to three single-employer defined benefit pension plans created by the City Charter: the Los Angeles City Employees' Retirement System ("LACERS"), the City of Los Angeles Fire and Police Pension Plan ("FPPP") and, for employees of DWP, the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (the "Water and Power Plan").

Both LACERS and FPPP (collectively, the "Pension Systems") provide retirement, disability, death benefits, post-employment healthcare and annual cost-of-living adjustments to plan members and beneficiaries. Both systems are funded primarily from the City's General Fund. As required by the City Charter, the actuarial valuations for both Pension Systems are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. When approved by the respective boards of administration of the Pension Systems, these become the City's contribution rates for such years. The City generally makes its actuarially determined Annual Required Contribution ("ARC"), although phasing-in of assumption changes has resulted in a small net pension obligation for fiscal years ended June 30, 2004 and 2005.

The Pension Systems' annual valuations determine the amount needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability ("UAAL"). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant

economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the accrued costs attributable to currently active, vested former members and retired employees and their beneficiaries. In addition, various actuarial assumptions are used in the valuation process, including the assumed rate of earnings on the assets of the plan in the future, the assumed rates of general inflation, salary inflation, inflation in health care costs, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries. As plan experience differs from adopted assumptions, the actual liabilities will be more or less than the liabilities calculated based on the assumptions. The contribution rates in the following year's valuations are adjusted to take into account actual performance in the current and prior years. In addition, each plan performs an experience study every three years and further adjusts its assumptions accordingly.

The valuations incorporate a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. When measuring the value of assets for determining the UAAL, many pension plans, including the Pension Systems, "smooth" market value gains and losses over a period of years to reduce volatility. These smoothing methodologies result in an actuarial value of assets that are lower or higher than the market value of assets. As discussed below, both systems amended their smoothing methodologies to address extraordinary losses or gains in the market value of assets.

Both Pension Systems have adopted asset allocation plans to guide their investments in stocks, bonds, real estate, alternatives and cash equivalents over a three- to five-year period. The asset allocations of the Pension Systems are summarized further below. Market value investment returns for the past 10 fiscal years are shown in the table below. Any return below the actuarial assumed rate of return (currently 7.5% for both LACERS and FPPP) represents an actuarial investment loss, while any return above the assumed rate of return represents an actuarial investment gain.

Table 26
LOS ANGELES PENSION SYSTEMS
HISTORICAL MARKET VALUE INVESTMENT RETURNS

Fiscal Year	LACERS[1]	FPPP[2]
2004-05	10.0%	10.1%
2005-06	12.4	12.5
2006-07	19.5	18.5
2007-08	(5.7)	(4.7)
2008-09	(19.5)	(20.0)
2009-10	12.9	13.7
2010-11	22.6	22.1
2011-12	1.1	1.9
2012-13	14.3	13.0
2013-14	18.4	17.9

(1) As of June 30, 2014, the 20-year annualized average rate of return for LACERS was 8.7%. The 30-year average was 10.2%.
(2) As of June 30, 2014, the 20-year annualized average rate of return for FPPP was 8.7%. The 30-year average was 10.1%.

Source: City of Los Angeles, the respective Pension Systems.

The City has never issued pension obligation bonds to fund either of its Pension Systems. The City does pre-pay its annual contributions out of the proceeds of its annual issuance of tax and revenue anticipation notes.

This section, "**Retirement and Pension Systems**," and the following section, "**Other Post-Employment Benefits**," contain certain information relating to LACERS and FPPP. The information contained in these sections is primarily derived from information produced by LACERS and FPPP and their independent accountants and their actuaries. The City has not independently verified the information provided by LACERS and FPPP. The comprehensive annual financial reports, actuarial valuations for retirement and health benefits, and other information concerning LACERS and FPPP are available on their websites, at www.lacers.org/aboutlacers/reports/index.html and https://www.lafpp.com/about/financial-reports, respectively. Information set forth on such websites is not incorporated by reference herein. For additional information regarding the Pension Systems, see also Note 5 in the "Notes to the City's Basic Financial Statements" in the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

Investors are cautioned that, in considering information on the Pension Systems, including the amount of the UAAL for retirement and other benefits, the funded ratio, the calculations of normal cost, and the resulting amounts of required contributions by the City, this is "forward looking" information. Such "forward looking" information reflects the judgment of the boards of the respective Pension Systems and their respective actuaries as to the value of future benefits over the lives of the currently active employees, vested terminated employees, and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

Los Angeles City Employees' Retirement System ("LACERS")

LACERS, established in 1937 under the Charter, is a contributory plan covering most City employees except uniformed fire and police personnel and employees of the Department of Water and Power. As of June 30, 2014, the date of its most recent actuarial valuation, LACERS had 24,009 active members, 17,532 retired members and beneficiaries, and 6,031 inactive members. The number of retired members was significantly increased, and the number of active members significantly decreased, as a result of the City's Early Retirement Incentive Program in Fiscal Year 2009-10. LACERS is funded pursuant to the Entry Age Normal Cost Method, which is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e., level percent of payroll).

A number of assumptions are made in calculating the actuarial valuation of retirement benefits. The following are some of the key assumptions used by LACERS' actuary, The Segal Company, in preparing LACERS' actuarial report as of June 30, 2014.

Table 27
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
ACTUARIAL ASSUMPTIONS
As of June 30, 2014

Investment rate of return	7.50%
Inflation rate	3.25%
Real across-the-board salary increase	0.75%
Projected salary increases	Ranges from 4.4% to 10.5%, based on service
Cost of living adjustments for pensioners	3.00% for Tier 1; 2.00% for Tier 2

Source: Los Angeles City Employees' Retirement System Actuarial Valuation and Review of Retirement and Health Benefits as of June 30, 2014.

Based on the results of its most recent triennial experience study dated October 8, 2014 for the three-year period from July 1, 2011 through June 30, 2014, LACERS adopted new actuarial assumptions, including reducing the assumed investment return from 7.75% to 7.50% and reducing the inflation rate from 3.50% to 3.25%.

Over the past several years, the LACERS' Board took several actions to change its asset smoothing method. LACERS, like a number of pension systems, maintains a policy that whenever market value falls outside a certain range or "corridor" relative to actuarial value, the excess portion must be recognized in that year's valuation. Previously, losses that resulted in the calculated actuarial value being greater than 120% of the market value, or gains resulting in market values being less than 80% of actuarial values, had to be recognized immediately. Because of investment losses for Fiscal Year 2008-09 of approximately 20%, LACERS' actuary estimated that the actuarial value would be greater than 120% of the market value of assets. Application of this corridor meant that losses would be recognized more quickly than would occur under normal smoothing. LACERS' Board adopted a wider corridor, effective June 30, 2009, requiring immediate recognition of the losses or gains of assets whose actuarial value was greater than 150% of the market value or less than 50% of the market value. The effect of this action was to defer the actuarial recognition of extraordinary market losses; however, the unrecognized losses will have to be paid in future years. LACERS again, as of June 30, 2010, revised its market corridor, narrowing it to 60%-140%, when the smoothing period was extended from five to seven years. Under seven-year asset smoothing, only 1/7 of annual market gains or losses are recognized in the actuarial value of assets each year. The remaining gains or losses are spread equally over the next six years.

As of June 30, 2013, there was a total unrecognized net loss of $81.6 million, reflecting six years of fairly large annual market gains and losses from a volatile market. In order to limit future fluctuations in asset values, the LACERS Board adopted a one-time adjustment to its current asset smoothing policy by combining the unrecognized gains and losses of the prior years into one layer and spreading it evenly over six years. The following table shows the original market gains and losses, and the unrecognized gains and losses as of June 30, 2014. As of the valuation date of June 30, 2014, approximately $1 billion of net investment gains are being deferred. These deferred gains will be reflected in future valuations and will reduce the City's contribution in the future, unless offset by other unfavorable plan experience.

Table 28
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CALCULATION OF UNRECOGNIZED RETURN DUE TO ASSET SMOOTHING
As of June 30, 2014

Year Ended June 30	Original Market Gain (Loss)	Percent Not Yet Recognized	Amount Not Recognized
2014	$ 1,246,285,581	85.71%	$1,068,244,784
2013	683,838,549	83.33[1]	(67,976,184)[1]
2012	(770,325,267)	NA	NA
2011	1,208,621,516	NA	NA
2010	392,956,483	NA	NA
2009	(2,964,832,484)	NA	NA
Total unrecognized return (loss)			**$1,000,268,600**

(1) Valuation as of June 30, 2014 recognizes 1/6 of $81,571,421 net total unrecognized loss as of June 30, 2013 (or $13,595,237), with the balance to be recognized over the next five years.

Source: Los Angeles City Employees' Retirement System Actuarial Valuation and Review of Retirement and Health Benefits as of June 30, 2014.

LACERS amortizes components that contribute to its UAAL over various periods of time, depending on how the unfunded liability arose, layering separate, fixed amortization periods. Under current funding policy, actuarial losses and gains are amortized over fixed 15-year periods. Liabilities or surpluses due to assumption changes are funded or credited over 15 or 20 years for retiree health care benefits and retirement benefits, respectively. Liabilities caused by future early retirement incentives will be funded over five years; other benefit changes will be amortized over 15 years. Effective for the June 30, 2012 valuation, most existing liabilities on or before June 30, 2012 were combined under one layer and amortized over 30 years. The LACERS Board implemented this revised amortization policy to mitigate the impact of the change in funding policy from the Projected Unit Credit cost method to Entry Age Normal cost method.

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

Table 29
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL[2]	Funded Ratio[3]	Covered Payroll[4]	Unfunded AAL as a Percentage Of Covered Payroll[5]
2005	$ 7,193,142	$ 9,321,525	$ 2,128,383	77.2%	$ 1,589,306	133.9%
2006	7,674,999	9,870,662	2,195,663	77.8	1,733,340	126.7
2007	8,599,700[6]	10,526,874	1,927,174	81.7	1,896,609	101.6
2008	9,438,318	11,186,404	1,748,085	84.4	1,977,645	88.4
2009	9,577,747	12,041,984	2,464,237	79.5	1,816,171	135.7
2010	9,554,027	12,595,025	3,040,998	75.9	1,817,662	167.3
2011	9,691,011	13,391,704	3,700,693	72.4	1,833,392	201.9
2012	9,934,959	14,393,959	4,458,999	69.0	1,819,270	245.1
2013	10,223,961	14,881,663	4,657,702	68.7	1,846,970	252.2
2014	10,944,751	16,248,853	5,304,103	67.4	1,898,064	279.5

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100%.
(3) Actuarial value of assets divided by actuarial accrued liability.
(4) Annual payroll for members of LACERS.
(5) UAAL divided by covered payroll.
(6) Valuation value of assets is after excluding $5,269,481 of discounted Harbor Port Police assets transferred to FPPP in October 2007.

Source: Los Angeles City Employees' Retirement System Actuarial Valuation and Review of Retirement and Health Benefits as of June 30, 2014.

The actuarial value of assets is different from the market value of assets as gains and losses are smoothed over a number of years. The following table shows the funding progress of LACERS based on the market value of the portion of system assets allocated to retirement benefits.

Table 30
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	Market Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Liability[2]	Funded Ratio (Market Value)[3]	Covered Payroll[4]	Unfunded Liability as a Percentage Of Covered Payroll (Market Value)[5]
2005	$ 7,393,707	$ 9,321,525	$ 1,927,818	79.3%	$ 1,589,306	121.3%
2006	8,204,603	9,870,662	1,666,059	83.1	1,733,340	96.1
2007	9,708,718	10,526,874	818,156	92.2	1,896,609	43.1
2008	9,059,551	11,186,404	2,126,853	81.0	1,977,645	107.5
2009	7,122,911	12,041,984	4,919,073	59.2	1,816,171	270.9
2010	7,804,223	12,595,025	4,790,802	62.0	1,817,662	263.6
2011	9,186,697	13,391,704	4,205,007	68.6	1,833,392	229.4
2012	9,058,839	14,393,959	5,335,120	62.9	1,819,270	293.3
2013	10,154,486	14,881,663	4,727,177	68.2	1,846,970	255.9
2014	11,791,079	16,248,853	4,457,774	72.6	1,898,064	234.9

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a funded ratio less than 100%.
(3) Market value of assets divided by actuarial accrued liability.
(4) Annual payroll for members of LACERS.
(5) Unfunded liability divided by covered payroll.

Source: Los Angeles City Employees' Retirement System Actuarial Valuation reports.

The table below summarizes the City's payments to LACERS over the past five years. This table includes costs for retirement, as well as for retiree health care (see **"BUDGET AND FINANCIAL OPERATIONS —Other Post-Employment Benefits"**), and other miscellaneous benefits.

Table 31
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)[1]

	2011-12	2012-13 [2]	2013-14	2014-15	Adopted Budget 2015-16
Sources of Contributions					
Contributions for Council-controlled Departments	$351,734	$342,188	$367,772	$411,509	$434,640
Airport, Harbor Departments, LACERS, LAFPP	72,781	77,917	83,759	94,209	102,171
Total	$424,515	$420,105	$451,531	$505,718	$536,811
Percent of payroll – Tier 1	24.71%	24.14%	25.33%	26.56%	28.75%
Percent of payroll – Tier 2			18.32%	19.63%	22.62%
Uses of Contributions					
Current Service Liability (Normal cost)	$186,487	$184,202	$185,217	$193,769	$190,446
UAAL	237,262	234,896	265,081	305,891	363,312
Adjustments[3][4][5]	766	1,007	1,233	6,058	(16,947)
Total	$424,515	$420,105	$451,531	$505,718	$536,811

[1] Includes funding for OPEB.
[2] A $3.7 million credit from 2011-12 was applied to 2012-13. The actual amount paid for Council-controlled departments, Airports, and Harbor to LACERS subsequent to this credit was $416.4 million.
[3] Includes the excess benefit plan, the family death benefit plan, and the limited term plan fund. Beginning with the 2014-15 payment, the true-up obligation for the prior year is also reflected in this line item.
[4] Payment for a 2013-14 true-up in the amount of $5,191,511 (all agencies) will be made in 2014-15.
[5] Adjustments for 2015-16 include the 2014-15 true-up which consists of an $18,052,498 credit (all agencies) which is partially offset by $1,105,000 in excess benefit, family death and limited term plan costs.

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

In late 2012, the City Council adopted a new civilian retirement tier, which applies to all employees hired on or after July 1, 2013. Prior to the adoption of the new tier, the City successfully negotiated and/or implemented various savings measures, including increasing active member pension contributions from 7% to 11% to help defray the costs of retiree healthcare, freezing retiree health care subsidies for noncontributing employees, deferring cost-of-living adjustments, reducing the size of the civilian workforce by 5,300 positions, implementing a new pension tier for sworn personnel, and lowering the new hire salary for police officers by 20%, which it later reversed in August 2014.

Although such measures were significant in helping to ameliorate the City's fiscal difficulties, implementation of a new civilian retirement tier was necessary to further bridge the gap. The new tier was designed to reduce the City's future pension costs by increasing the normal retirement age from 55 to 65, decreasing the maximum retirement factor from 2.16% to 2.00% per year of service, capping the maximum retirement allowance at 75% of an employees' final compensation (compared to the current 100%), setting an employees' pension on a 3-year salary average (as opposed to one year), modifying disability retirement benefits to avoid spikes

in the number of disability retirements, eliminating the current 50% survivor continuance benefit, capping future retiree annual cost-of-living adjustments to 2% with the option for the employee to purchase up to 3%, requiring that employees pay the actuarial cost of purchasing service credit, limiting the number of years purchasable to four years maximum, and controlling retiree healthcare costs by limiting the benefit to retirees only. The new tier also contains a cost sharing element, which requires employees to contribute a portion of their salary at 75% of the normal cost of the pension benefits plus 50% of any amortized unfunded liabilities.

On July 28, 2014, the City Employee Relations Board ruled that the City's action in creating the new civilian retirement tier was illegal because the City did not meet and confer with labor representatives on the matter. The Board ordered that the City rescind the implementation of the new retirement tier. The City subsequently filed an appeal of the ruling in State court and at this time the new tier remains in effect. The litigation is currently in the mandatory settlement conference phase of the litigation process. While neither party has abandoned their fundamental positions on the legal issues associated with changes to pension plans, a framework for settlement will result in a revised civilian pension tier for new employees. Given the uncertainty created by litigation over the City's Tier II implementation, this new tier will bring permanent resolution to this issue, and ensure long-term structural cost savings when compared to the City's existing Tier I pension plan, although at a lower amount. An actuarial study of the proposed new tier is underway.

The City contribution is determined annually based on the estimated payroll for the coming fiscal year for LACERS-covered employees (as adopted through the City budget process), multiplied by an actuarially determined contribution percentage needed to fund the retirement and retiree healthcare benefits (as adopted by the LACERS Board). If the estimated covered payroll is less than the actual payroll amount, an actuarial loss will occur as the actual contribution is less than what is expected. Conversely an actuarial gain will occur if the estimated covered payroll is higher than the actual payroll amount. These annual experience gains/losses are added to the UAAL and amortized over 15 years. The City's future contributions will increase or decrease in the next 15 years to compensate for the contribution shortfall or surplus of a given year. Therefore, from the plan funding perspective, the inexactness in estimated covered payroll does not affect a pension plan's long-term funding goal.

However, beginning July 1, 2013, the inexactness between the City's estimated and actual covered payroll will have an impact on the contribution rate for members under the new tier of LACERS benefits (Tier 2), assuming the new tier is sustained. Under Tier 2, the employee contribution is 10% of pensionable salary for the first four years; thereafter, Tier 2 member contributions are based on an actuarially determined rate, adopted by the Board, sufficient to fund 75% of Normal Cost and 50% of UAAL. The UAAL will increase when the estimated covered payroll is less than the actual covered payroll. Tier 2 members could potentially challenge their contribution to the UAAL claiming undue actuarial losses on the grounds that the City understated covered payrolls. Therefore, the LACERS Board adopted a contribution true-up mechanism to prevent such disputes on Tier 2 member contributions. The true-up amount determined by this mechanism, being either an underpayment or overpayment by the City, will result in an adjustment to the annual required City contribution for the following fiscal year beginning from Fiscal Year 2013-14, rather than incorporated into the UAAL to be amortized over 15 years.

The following table sets forth LACERS' investments and asset allocation targets.

Table 32
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
ASSET CLASS MARKET VALUE AND ALLOCATION
($ in thousands)
As of December 31, 2014

Asset Class	Market Value	Market Value to Total Fund (%)	Target to Total Fund (%)
U.S. Equity	$4,410,000	31.3%	24.0%
Non-U.S. Equity	3,954,000	28.1	29.0
Core Fixed Income Securities	2,802,000	19.9	19.0
Credit Opportunities	496,000	3.5	5.0
Real Assets	851,000	6.1	10.0
Private Equity	1,312,000	9.3	12.0
Cash	248,000	1.8	1.0
Total Portfolio	$14,073,000	100.0%	100.0%

Source: LACERS Portfolio Performance Review for the Quarter Ending December 31, 2014.

Fire and Police Pension Plan ("FPPP")

The FPPP, established in 1899 and incorporated into the Charter in 1923, represents contributory plans covering uniformed fire, police, and certain port police (sworn) personnel. As of June 30, 2014, the date of its most recent actuarial valuation, the FPPP had 13,097 active members, 12,502 retired members and beneficiaries, and 131 vested former members. The FPPP is funded pursuant to the Entry Age Normal Cost Method, which is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e., level percent of payroll).

Within the FPPP, there is a Deferred Retirement Option Plan ("DROP"). This voluntary plan allows members to retire for pension purposes only, after they are eligible to retire and have completed at least 25 years of service. A member entering DROP continues to work and receive salary and benefits as an active employee, but stops accruing additional salary and service credits for retirement purposes. While in DROP, the member's retirement benefit is deposited into an interest-bearing account that is distributed to the member when he or she leaves City service. Participation in DROP is limited to a maximum of five years. As of June 30, 2014, 1,277 active members participated in DROP.

Six tiers of benefits are provided, depending on the date of the member's hiring. For Tier 1, any UAAL is amortized over a fixed term ending on June 30, 2037. For Tiers 2, 3, and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City or Harbor Port Police). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer. A Charter amendment adopted by City voters on March 8, 2011 provides the FPPP Board with greater flexibility to establish amortization policies. Under the FPPP Board's actuarial funding policy, adopted in September 2012, actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 25 years; plan amendments are amortized over 15 years; and actuarial funding surpluses are amortized over 30 years. That same Charter amendment created a new tier of retirement benefits (Tier 6) for sworn employees hired after July 1, 2011.

A number of assumptions are made in calculating the actuarial valuation of retirement benefits. The following are some of the key assumptions used by the FPPP actuary, The Segal Company, in preparing FPPP's actuarial report.

Table 33
LOS ANGELES FIRE AND POLICE PENSION PLAN
Actuarial Assumptions
As of June 30, 2014

Investment rate of return	7.50%
Inflation rate	3.25%
Real across-the-board salary increase	0.75%
Projected salary increases	Ranges from 4.75% to 11.50% based on service
Cost of living adjustments (pensioners)	3.25% for Tiers 1 and 2 and 3.00% for Tiers 3, 4, 5 and 6.

Source: LAFPP Actuarial Valuation and Review of Pension and Other Postemployment Benefits (OPEB) as of June 30, 2014.

The FPPP Board recently reviewed several reports from its actuary, The Segal Company, including a new triennial actuarial experience study covering July 1, 2010 through June 30, 2013, and a review of economic assumptions. As a result, the FPPP Board lowered the system's investment return assumption from 7.75% to 7.50%, and also lowered various inflation and salary increase assumptions. The cumulative effect of these changes resulted in an increase in the City's contribution rate of less than 1%.

Similar to LACERS, FPPP has taken several actions to change its asset smoothing method. It extended the period of time over which market gains or losses are recognized, extending its smoothing methodology from five years to seven years effective July 1, 2008, so that approximately 1/7 of market losses or gains are recognized each year. FPPP also amended the manner in which they recognize extraordinary losses or gains in the market value of assets, expanding their market value "corridor." Because of investment losses for Fiscal Year 2008-09 of approximately 20%, FPPP adopted a wider corridor (effective July 1, 2008), requiring immediate recognition of assets whose actuarial value was greater than 140% of the market valuation or less than 60% of the market value; the prior corridor was 80% to 120%. Based on its actuary's recommendation, the FPPP recently adopted an ad hoc adjustment combining deferred gain and loss layers representing a net deferred investment gain of $77.3 million into a single six-year smoothing layer in to order to reduce year-to-year contribution rate volatility, similar to the adjustment adopted by LACERS.

The following table shows unrecognized gains and losses as of June 30, 2014 for retirement and health subsidy benefits. As of the valuation date, approximately $1.4 billion of net investment return is being deferred.

Table 34
LOS ANGELES FIRE AND POLICE PENSION PLAN
CALCULATION OF UNRECOGNIZED RETURN
As of June 30, 2014

	Original Market Gain (Loss)	Percent Not Recognized	Amount Not Recognized
Market value of assets (for Retirement and Health Subsidy Benefits)			
Unrecognized return for year ended June 30, 2014	$1,571,818,656	85.71%	$1,347,273,134
Combined Net Deferred Gain as of June 30, 2013 [1]	77,259,408	83.33%	64,382,840
Total unrecognized return			$1,411,655,974
Deferred return recognized in each of the next 6 years			
Amount recognized on June 30, 2015			237,422,090
Amount recognized on June 30, 2016			237,422,090
Amount recognized on June 30, 2017			237,422,090
Amount recognized on June 30, 2018			237,422,090
Amount recognized on June 30, 2019			237,422,090
Amount recognized on June 30, 2020			224,545,524
Subtotal			$1,411,655,974

[1]Net deferred unrecognized investment gains as of June 30, 2013 have been combined into a single layer to be recognized over the six-year period effective July 1, 2013.

Source: LAFPP Actuarial Valuation and Review of Pension and Other Postemployment Benefits (OPEB) as of June 30, 2014.

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

Table 35
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands) [1]

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL[2]	Funded Ratio[3]	Covered Payroll[4]	Unfunded AAL as a Percentage Of Covered Payroll[5]
2005	$11,634,114	$12,357,524	$ 723,411	94.1%	$1,037,445	69.7%
2006	12,121,403	12,811,384	689,981	94.6	1,092,815	63.1
2007	13,215,668	13,324,089	108,421	99.2	1,135,592	9.5
2008	14,153,296	14,279,116	125,820	99.1	1,206,589	10.4
2009	14,256,611	14,817,146	560,535	96.2	1,357,249	41.3
2010	14,219,581	15,520,625	1,301,044	91.6	1,356,986	95.9
2011	14,337,669	16,616,476	2,278,807	86.3	1,343,963	169.6
2012	14,251,913	17,030,833	2,778,920	83.7	1,341,914	207.1
2013	14,657,713	17,632,425	2,974,712	83.1	1,367,237	217.6
2014	15,678,480	18,114,229	2,435,749	86.6	1,402,715	173.6

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(3) Actuarial value of assets divided by actuarial accrued liability.
(4) Annual payroll against which UAAL amortized.
(5) UAAL divided by covered payroll.

Source: The Fire and Police Pension System Actuarial Valuations.

Investment gains and losses are recognized on an actuarial basis over a seven-year period. The following table shows the funding progress of FPPP based on the market value of the portion of system assets allocated to retirement benefits.

Table 36
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands) [1]

Actuarial Valuation As of June 30	Market Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded or (Overfunded) Liability[2]	Funded Ratio (Market Value)[3]	Covered Payroll[4]	Unfunded Liability as a Percentage Of Covered Payroll (Market Value)[5]
2005	$11,775,706	$12,357,524	$ 581,818	95.3%	$1,037,445	56.1%
2006	12,854,086	12,811,384	(42,702)	100.3	1,092,815	(3.9)
2007	14,766,110	13,324,089	(1,442,021)	110.8	1,135,592	(0.1)
2008	13,622,037	14,279,116	657,079	95.4	1,206,589	54.5
2009	10,379,786	14,817,146	4,437,360	70.1	1,357,249	326.9
2010	11,535,936	15,520,625	3,984,688	74.3	1,356,986	293.6
2011	13,564,904	16,616,476	3,051,572	81.6	1,343,963	227.1
2012	13,268,687	17,030,833	3,762,146	77.9	1,341,914	280.4
2013	14,729,976	17,632,425	2,902,449	83.5	1,367,237	212.3
2014	16,989,705	18,114,229	1,124,524	93.8	1,402,715	80.2

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a deficit.
(3) Market value of assets divided by actuarial accrued liability.
(4) Annual payroll against which liability is amortized.
(5) Liability divided by covered payroll.

Source: The Fire and Police Pension System Actuarial Valuations.

The table below summarizes the General Fund's payments to FPPP over the past five fiscal years. This table includes costs for retirement, retiree health care (see **"BUDGET AND FINANCIAL OPERATIONS —Other Post-Employment Benefits"**), and other miscellaneous benefits.

Table 37
LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)

	2011-12	2012-13	2013-14	2014-15	Adopted Budget 2015-16
General Fund	$441,861	$506,086	$575,941	$624,974	$623,415
Percent of payroll	39.07%	39.94%	44.40%	47.94%	46.51%
Current Service Liability	$276,171	$214,223	$302,040	$306,625	$306,841
UAAL/(Surplus)	165,689	291,863	273,901	318,349	303,580
Administrative Costs[1]	-	-	-	-	12,994
Adjustments[2]	-	-	-	-	-
Total	$441,861	$506,086	$575,941	$624,974	$623,415

[1] Beginning in 2015-16, administrative expenses are separately identified in the contribution rate in conjunction with Governmental Accounting Standards Board (GASB 67) reporting. These costs are inclusive of Health and Pension administrative costs.
[2] Effective FY 2010-11, the Excess Benefit Plan costs are now credited as part of the Annual Required Contribution (i.e., the costs are included in the contribution rate).

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

The following table sets forth the FPPP's investments and asset allocation targets as of June 30, 2014.

Table 38
LOS ANGELES FIRE AND POLICE PENSION PLAN
ASSET CLASS BY MARKET VALUE AND ALLOCATION
($ in millions)
As of June 30, 2014

	Market Value	Cash Market Allocation	Current Target
Domestic Large Cap Equity	$5,380	29.45%	23.00%
Domestic Small Cap Equity	1,280	7.01	6.00
International Developed Markets	3,116	17.06	16.00
International Emerging Markets	795	4.35	5.00
Domestic Bonds	2,339	12.81	14.00
High Yield Bonds	445	2.44	3.00
TIPS	813	4.45	5.00
Real Estate	1,794	9.82	7.00
Private Equity	1,495	8.19	10.00
Unconstrained Fixed Income	0	0	2.00
Commodities	188	1.03	5.00
Cash Equivalents	621	3.40	1.00
Total	**$18,267**	**100.00%**	**100.00%**

Source: Los Angeles Fire & Police Pensions June 30, 2014 Performance Report.

Accounting and Financial Reporting Standards

In 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), which applies to governmental entities such as the City, and Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), which applies to the financial reports of most pension plans such as LACERS and FPPP.

GASB 67 revises existing guidance for the financial reports of most pension plans, including LACERS and FPPP. GASB 67 generally expands the existing framework for financial reports of defined benefit pension plans, which includes a statement of "Fiduciary Net Position" (the amount held in a trust for paying retirement benefits, generally the market value of assets) and a statement of changes in Fiduciary Net Position, and requires additional note disclosures and required supplementary information. LACERS and FPPP complied with the provisions of GASB 67 by its effective date (i.e., financial statements for Fiscal Year 2013-14). Most of the reporting requirements of GASB 68 related to the Net Pension Liability are included in the note disclosures and required supplementary information of the Pension Plans.

GASB 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits, including the City. GASB 68, among other things, requires governments providing defined benefit pensions to recognize the difference between pension plans' Fiduciary Net Position and their long-term obligation for pension benefits as a liability ("Net Pension Liability"), and provides greater guidance on measuring such obligation, including specific guidelines on projecting benefit payments, use of discount rates and use of the "entry age" actuarial cost method. GASB 68 also addresses accountability and transparency through revised and new note disclosures and required supplementary information. The GASB 68 standards apply to financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined actuarially by each plan.

The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. The City anticipates complying with the provisions of GASB 68 by its effective date (i.e., its financial statements for Fiscal Year 2014-15). In broad terms, the most significant change contained in GASB 68 is the requirement to report a Net Pension Liability on the employers' Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities. Once these provisions are implemented, the City's liabilities under its Statement of Net Position for both its Governmental and Business-Type Activities will substantially increase, as will its unrestricted Governmental Activities deficit. As GASB 68 moves pension reporting in the City's government-wide financial statements away from the phased or smoothed asset and liability figures that the City uses in determining its annual pension contribution, the City expects that these changes will increase year-to-year volatility in reported pension assets and liabilities.

GASB 67 and GASB 68 address the disclosure of pension liability only; they do not impose any funding requirements, and the City does not expect to alter the way the City funds these liabilities. The City expects to continue to fully fund the pension at the amount recommended by the Pension Systems and their actuaries to finance annual normal costs and to amortize its unfunded liabilities consistent with current practice. The City's Airports and Harbor enterprise funds will include a proportional allocation of the City's Net Pension Liability.

Other Post-Employment Benefits

Retired members and surviving spouses and domestic partners of LACERS and FPPP members are eligible for certain subsidies toward their costs of medical insurance and other benefits. These benefits are paid by the respective retirement system. These retiree health benefits are accounted for as "Other Post-Employment Benefits" ("OPEB").

The City began making payments to its Pension Systems to pre-fund its OPEB obligations in Fiscal Year 1989-90, in an amount then determined by the Pension Systems and their actuaries. For the five years beginning Fiscal Year 2007-08, less than the ARC was contributed to the FPPP, primarily reflecting the phasing in of increases in assumed medical cost. The calculations of OPEB funding requirements are made by the same actuaries that perform the analysis of the Pension Systems' retirement benefits, and generally rely on the same actuarial assumptions, other than those assumptions such as medical inflation specific to OPEB.

As of June 30, 2014, the unfunded healthcare benefits liabilities of LACERS and the FPPP are as follows:

Table 39
OTHER POST-EMPLOYMENT BENEFITS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
($ in thousands)

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL[1]	Funded Ratio[2]	Covered Payroll[3]	Unfunded AAL as a Percentage of Covered Payroll[4]
2006	$ 990,270	$1,730,799	$740,529	57.2%	$1,733,340	42.7%
2007	1,185,544	1,730,400	544,856	68.5	1,896,609	28.7
2008	1,342,920	1,928,043	585,123	69.7	1,977,645	29.6
2009	1,342,497	2,058,177	715,680	65.2	1,816,171	39.4
2010	1,425,726	2,233,874	808,148	63.8	1,817,662	44.5
2011	1,546,884	1,968,708	421,824	78.6	1,833,392	23.0
2012	1,642,374	2,292,400	650,027	71.6	1,819,270	35.7
2013	1,734,733	2,412,484	677,751	71.9	1,846,970	36.7
2014	1,941,225	2,662,853	721,628	72.9	1,898,064	38.0

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial value of assets divided by actuarial accrued liability.
(3) Annual payroll against which UAAL amortized.
(4) UAAL divided by covered payroll.

Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuations.

Table 40
OTHER POST-EMPLOYMENT BENEFITS
FIRE AND POLICE PENSION PLAN
($ in thousands)

Actuarial Valuation As of June 30	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL[1]	Funded Ratio[2]	Covered Payroll[3]	Unfunded AAL as a Percentage of Covered Payroll[4]
2007	$ 687,096	$ 1,656,653	$ 969,557	41.5%	$1,135,592	85.4%
2008	767,647	1,836,840	1,069,193	41.8	1,206,589	88.6
2009	809,677	2,038,659	1,228,982	39.7	1,357,249	90.6
2010	817,276	2,537,825	1,720,549	32.2	1,356,986	126.8
2011	882,890	2,557,607	1,674,716	34.5	1,343,963	124.6
2012	927,362	2,499,289	1,571,927	37.1	1,341,914	117.1
2013	1,013,400	2,633,793	1,620,393	38.5	1,367,237	118.5
2014	1,200,874	2,783,283	1,582,409	43.2	1,402,715	112.8

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial value of assets divided by actuarial accrued liability.
(3) Annual payroll against which UAAL amortized.
(4) UAAL divided by covered payroll.

Source: The Fire and Police Pension System Actuarial Valuations.

Historically, plan members did not contribute towards healthcare subsidy benefits; all such costs were funded from the employer's contribution and investment returns thereon. The City negotiated bargaining agreements that will reduce the City's contributions for OPEB benefits, which include a 4% active employee contribution toward retiree healthcare for 99% of its civilian workforce and a 2% active employee contribution toward retiree healthcare for 71% of its eligible sworn workforce (representing 64% of the sworn workforce). Employees who elected to contribute will have their current retiree health benefits and any future subsidy increases vested. For those civilian bargaining units and sworn employees that opted not to make an additional contribution toward retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the maximum subsidy level in effect as of July 1, 2011.

Two lawsuits are pending that challenge the City's actions relative to freezing OPEB benefits: *Jack Fry, Gary Cline, Sandra Carlsen, Yvette Moreno, and Los Angeles Retired Fire & Police Association, Inc. v. City of Los Angeles;* and *Los Angeles Police Protective League v. Board of Fire and Police Pension Commissioners v. City of Los Angeles*. See "**LITIGATION**," herein.

Projected Retirement and Other Post-Employment Benefit Expenditures

The table below illustrates the City's projected contributions to LACERS for the next four fiscal years, assuming no change to the actuarial assumptions used by LACERS' actuary for the actuarial valuation as of June 30, 2014. These contributions illustrate the projected cost of both pension and OPEB under the existing assumptions. These projections reflect the actuarial assumptions described above.

Table 41
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
($ in thousands)

	Adopted Budget 2015-16	2016-17	2017-18	2018-19	2019-20
LACERS					
Contributions for Council-controlled Departments[1][2]	$434,640	$444,966	$431,629	$420,154	$412,495
Percentage of payroll[3]	28.26%	27.49%	26.24%	25.03%	23.92%
Incremental Change		$ 10,326	$ (13,337)	$ (11,475)	$ (7,659)
% Change		2.3%	(3.0)%	(2.7)%	(1.8)%

(1) Includes the General Fund and various special funds.
(2) Assumes 7.50% return on investment.
(3) Reflects combined rates for Tiers 1 and 2.

Source: City of Los Angeles, Office of the City Administrative Officer. Based on information from the LACERS actuary commissioned by the City Administrative Officer.

The table below illustrates the City's projected contributions to FPPP, including the projected cost of pension and other post-employment benefits, for the next four fiscal years, based on an illustration provided by FPPP's actuary using the plan's assumed rate of return. These contributions include the projected cost of other post-employment benefits. These illustrations, which are based on the June 30, 2014 actuarial valuation, reflect the deferred investment gains/losses from the previous years, the actuarial assumptions described above, and certain benefit enhancements implemented with the adoption of the Tier 5 plan in 2002. Potential savings from the establishment of the new Tier 6 pension plan, as approved by City voters in March 2011, are not reflected in these estimates. Savings will occur as current active employees are replaced by new employees in Tier 6.

Table 42
LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS[1]
($ in thousands)

	Adopted Budget 2014-15	2015-16	2016-17	2017-18	2018-19
General Fund	$623,415	$638,894	$649,756	$626,989	$638,920
Percentage of Payroll	46.51%	45.56%	44.60%	41.85%	41.46%
Incremental Change		$ 15,479	$ 10,862	$ (22,767)	$ 11,931
% Change		2.5%	1.7%	(3.5)%	1.9%

(1) Assumes 7.50% return on investment.

Source: City of Los Angeles, Office of the City Administrative Officer. Based on information from the FPPP actuary commissioned by the City Administrative Officer.

City Treasury Investment Practices and Policies

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

The City's General Pool is further divided into a core pool and a reserve pool. The core or liquidity portion is targeted at the City's net liquidity requirements for six months. All investments in the core section of the portfolio have maturities of one year or less. The balance of the General Pool not required for the City's six-month liquidity requirement is invested in the reserve portfolio. The reserve portfolio holds investments ranging from one to five years.

Table 43
POOLED INVESTMENT FUND
GENERAL POOL
Investments as of June 30, 2015

Description	Par Value	Market Value	Percent of Total Funds (Market Value	Average Days
Bank Deposits[1]	$ 90,281,009	$ 90,281,009	1.07%	1
BNYM Sweep Accounts	-	-	-	-
LAIF (State of California)	-	-	-	-
Subtotal Cash and Overnight Investments	$ 90,281,009	$ 90,281,009	1.07%	1
CDARS [2]	$ 11,000,000	$ 11,000,000	0.13%	150
Commercial Paper	1,154,777,000	1,154,710,775	13.67	15
Negotiable Certificates of Deposit	-	-	-	-
Corporate Notes	240,000,000	242,001,850	2.87	187
U.S. Federal Agencies	87,000,000	87,945,310	1.04	193
U.S. Treasuries	-	-	-	-
Subtotal: Pooled Investments	$1,492,777,000	$1,495,657,935	17.71%	54
Total Short Term Core Portfolio	$1,583,058,009	$1,585,938,944	18.78%	57
Money Market Funds	$ -	$ -	-	-
Commercial Paper	-	-	-	-
Negotiable Certificates of Deposit	-	-	-	-
Corporate Notes	1,399,709,000	1,402,810,277	16.61%	1,114
U.S. Federal Agencies	801,330,000	807,273,904	9.56	953
U.S. Treasuries	4,592,000,000	4,649,970,060	55.06	980
Total Long-Term Reserve Portfolio	$6,793,039,000	$6,860,054,240	81.22%	1,004
Total Cash and Pooled Investments	$8,376,097,009	$8,445,993,184	100.00%	825

	Short-Term Core Portfolio	Long-Term Reserve Portfolio	Consolidated
Average Weighted Maturity	51 Days	2.8 Years	2.3 Years
Effective Yield	0.54%	1.23%	1.10%

(1) Collected balance for Wells Fargo Active Accounts.
(2) Certificate of Deposit Account Registry Service, which provides capital to community banks that lend and provide services in economically distressed areas. Deposits are insured through FDIC.

Source: City of Los Angeles, City Treasurer.

The City's treasury operations are managed in compliance with the California Government Code and according to the City's Statement of Investment Policy (the "Investment Policy"), which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The Investment Policy is reviewed and approved by the Council on an annual basis.

The Treasurer does not invest in structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments and mortgage-derived interest or principal-only strips, among other instruments prohibited by State law and the City's Investment Policy.

The Investment Policy permits the Treasurer to engage custodial banks to enter into short-term arrangements to loan securities to various brokers. Cash and/or securities (United States Treasuries and Federal Agencies only) collateralize these lending arrangements, the total value of which is at least 102% of the market value of securities loaned out. The securities lending program is limited to a maximum of 20% of the market value of the Treasurer's pool by the City's Investment Policy and the California Government Code.

Capital Program

The City annually budgets capital improvements in a number of special purpose funds, as well as the General Fund. The table below represents the expenditures toward capital improvements by revenue type. This table excludes the expenditure of proceeds of general obligation bonds.

Table 44
CAPITAL IMPROVEMENT EXPENDITURE PROGRAM[1]
($ in thousands)

	2011-12	2012-13	2013-14	Estimated 2014-15	Adopted Budget 2015-16
General Fund[2]	$ 6,361	$ 8,462	$ 8,286	$ 9,460	$ 12,232
Special Gas Tax Street Improvement Fund	1,789	10,333	6,815	10,000	7,558
Stormwater Pollution Abatement Fund	278	484	296	1,650	5,456
Special Parking Revenue Fund	6,868	0	0	0	0
Sewer Construction and Maintenance Fund	136,855	110,745	116,330	128,660	248,038
Park and Recreational Sites and Facilities Fund	624	536	256	516	2,750
Street Lighting Maintenance Assessment Fund	1,425	968	0	0	5,000
Proposition C Anti-Gridlock Transit Improvement Fund	65	65	0	0	0
Arts & Cultural Facilities and Svcs Trust Fund	219	93	0	0	0
Local Transportation Fund[3]	1,454	2,901	612	1,300	2,315
Measure R Local Return Fund	0	0	3,728	774	400
Other	0	1,073	1,076	1,000	0
Total[4]	$155,940	$135,660	$137,399	$153,360	$283,749

(1) Cash basis.
(2) General Fund reflects Municipal Facilities funding only. Excludes $62.5 million in funding provided in the Public Works Street Services Budget for street resurfacing and sidewalk repair, which is included when evaluating the City's policy of allocating at least 1% of its General Fund to capital projects.
(3) Funded by portion of State sales tax dedicated towards this purpose.
(4) Totals may not add due to rounding.

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

MAJOR GENERAL FUND REVENUE SOURCES

Following is a discussion of the City's principal General Fund revenue sources. See **"LIMITATIONS ON TAXES AND APPROPRIATIONS"** herein. The following represents the revenues for Fiscal Year 2013-14 and projected revenues for Fiscal Years 2014-15 and 2015-16, as contained in the Fiscal Year 2015-16 Adopted Budget.

Table 45
FISCAL YEARS 2013-14, 2014-15 AND 2015-16
GENERAL FUND RECEIPTS[1]
($ in thousands)

	2013-14	Percent of Total	2014-15 Estimated	Percent of Total	2015-16 Adopted Budget	Percent of Total
Property Tax[2]	$ 1,589,983	32.1%	$ 1,645,062	31.8%	$ 1,765,230	32.6%
Redirection of ex-CRA Tax Increment Monies	70,197	1.4	51,511	1.0	52,580	1.0
Licenses, Permits, Fees and Fines	831,974	16.8	826,472	16.0	872,713	16.1
Utility Users' Tax	627,437	12.7	638,844	12.3	630,300	11.6
Business Tax	475,397	9.6	485,000	9.4	491,000	9.1
Sales Tax	356,503	7.2	372,318	7.2	426,120	7.9
Power Revenue Transfer	253,000	5.1	265,586	5.1	275,300	5.1
Parking Fines	161,146	3.3	154,500	3.0	157,590	2.9
Transient Occupancy Tax	184,382	3.7	200,553	3.9	221,000	4.1
Documentary Transfer Tax	181,463	3.7	199,551	3.9	204,115	3.8
Parking Users' Tax	95,676	1.9	100,581	1.9	103,600	1.9
Franchise Income	44,365	0.9	45,603	0.9	45,623	0.8
Interest	15,792	0.3	16,000	0.3	17,600	0.3
State Motor Vehicle License Fees	1,737	0.0	1,678	0.0	1,678	0.0
Tobacco Settlement	9,112	0.2	9,106	0.2	9,106	0.2
Grants Receipts	8,888	0.2	11,300	0.2	10,050	0.2
Transfer from Telecommunications Development Account	0	0.0	0	0.0	5,223	0.1
Residential Development Tax	3,340	0.1	3,968	0.1	4,740	0.1
Special Parking Revenue Transfer	35,142	0.7	30,635	0.6	56,500	1.0
Budget Stabilization Fund Transfer	8,029	0.2	0	0.0	0	0.0
Reserve Fund Transfer	0	0.0	117,546	2.2	60,313	1.2
Total General Receipts[3]	$4,953,564	100.00%	$5,175,814	100.00%	$5,410,381	100.00%

(1) Cash basis.
(2) Includes property tax received in lieu of sales tax and motor vehicle license fees.
(3) Totals do not add due to rounding.

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

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

In recent years, various changes in the way the State allocates property tax, sales tax and motor vehicle license fees have complicated the presentation of certain revenues, as discussed below under the relevant revenue sources. For example, on March 2, 2004, California voters approved Proposition 57, a bond act authorizing the issuance of up to $15 billion of Economic Recovery Bonds ("ERBs"), to fund the accumulated State budget deficit. The entire authorized amount of ERBs was issued in three sales, in May and June 2004, and in February 2008. These

bonds are secured by a pledge of revenues from an increase in the State's share of the sales and use tax of one-quarter cent beginning July 1, 2004. The share of the tax allocated to local governments was reduced by the same amount and, in exchange, local governments now receive an increased share of the local property tax (and K-12 school districts and community colleges receive a reduced share) until the ERBs are repaid. All education agency property tax reductions were offset by increased State aid. This shift in revenues between the State and local governments was known as the "Triple Flip." The State effectively retired all outstanding ERBs in August 2015. As a result, sales tax revenues will increase in the latter half of Fiscal Year 2015-16 while property tax revenues will decrease in Fiscal Year 2016-17 as a result of the adjustments involved in ending the triple flip.

As a result of a separate action, the State now supplements the City's property tax by an amount intended to backfill a portion of motor vehicle license fees ("VLF") lost as a result of the State's reduction in the fee's rate. These various reallocations have affected the timing of the receipt by the City of the impacted revenues.

Property Tax

Property taxes, including various State replacements and the reallocation of tax increment from the dissolution of redevelopment, represent 32.6% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. Under Article XIII A of the State Constitution (enacted in 1978 through the passage of Proposition 13) and its implementing legislation, *ad valorem* taxes on real property (other than taxes relating to certain voter-approved indebtedness) are limited to 1.0% of the "full cash value of property." Full cash value is generally defined as the valuation of real property as shown on the 1975-76 tax bill or, thereafter, as the appraised value of property when purchased or newly constructed after the 1975 assessment period. Real property valuation may be increased to reflect inflation, not to exceed 2.0% per year. (See **"LIMITATIONS ON TAXES AND APPROPRIATIONS"** herein.)

The assessed valuation of property is established by the County Assessor, and reported at 100% of the full cash value as of each January 1, except for public utility property, which is assessed by the State Board of Equalization.

Beginning in 1983, State law provided for the establishment of a "supplemental roll"; real property is reassessed at market value on the date property changes ownership or upon completion of new construction (known as the "floating lien date"). A supplemental tax is collected for the remainder of the tax year.

The County collects the *ad valorem* taxes. Taxes arising from the 1% levy are apportioned among local taxing agencies on the basis of a formula established by State law. Under this formula, the City receives a base year allocation plus an allocation on the basis of growth in assessed value (consisting of new construction, change of ownership and inflation). Taxes relating to voter-approved indebtedness are allocated to the relevant taxing agency. Beginning in Fiscal Year 1990-91 (with the adoption of new State legislation), the County deducts the pro-rata cost of collecting property taxes from the City's allocation.

The State Constitution and statutes provide exemption from reassessment for property upon certain changes of ownership, such as between spouses or certain intergenerational transfers, and from *ad valorem* property taxation for certain classes of property, such as local governments, churches, colleges, nonprofit hospitals, and charitable institutions. State law also

allows exemptions from *ad valorem* property taxation at $7,000 of full value of owner-occupied dwellings and 100% of business inventories. Revenue losses to the City from the homeowner's exemption are replaced by the State.

A property owner may apply for a reduction of the property tax assessment for that owner's property. The most common type of appeal filed is known as a "Proposition 8" appeal, in which the property owner seeks a reduction in a particular year's assessment based on the current economic value of the property. The assessor may also adjust valuations based on Proposition 8 criteria independently, without a taxpayer appeal. Property owners may also appeal the Proposition 13 base assessment of a property. Although less frequently filed, such appeals, if successful, can permanently reduce the enrolled valuation of a property until it is sold.

All taxable real and personal property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" contains real property (land and improvements), certain taxable personal property (such as business equipment on business-owned property), and possessory interests (a leasehold on otherwise exempt government property). The "unsecured roll" contains taxable property that is not secured by the underlying real property, the majority of which is business equipment on leased or rented premises, and other taxable personal property such as boats and aircraft, as well as delinquent possessory interests. The balance of personal property has been exempted by State law from property taxes. At least 93% of the City's property tax is derived from property contained on the secured roll.

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

Property taxes on the unsecured roll become delinquent on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) civil action against the taxpayer; (2) filing a certificate in the Office of the County Clerk specifying certain facts to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's Office, to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the delinquent taxpayer.

The County did not elect to implement the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (commonly referred to as the "Teeter Plan"), whereby counties may opt to remit to local agencies the amount of uncollected taxes in exchange for retaining any subsequent delinquent payments, penalties and interest that would have been due to the local agency. As such, the City's property tax revenues reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments. While the "Triple Flip" will likely be discontinued in Fiscal Year 2015-16, sales tax replacement will not be impacted until Fiscal Year 2016-17. Because the sales tax replacement funds are remitted a quarter behind sales tax

remittances, the City will realize approximately $37.1 million in overlapping sales tax-related revenues in Fiscal Year 2015-16 as a result.

Recent assessed valuations within the City appear in the table below.

Table 46
ASSESSED VALUATION[1]

	2010	2011	2012	2013	2014
Land	$213,247,961,848	$216,231,591,560	$220,930,613,001	$232,778743,317	$248,792,504,198
Buildings and Structures	184,878,471,065	188,587,844,393	194,894,140,295	205,411,896,165	215,540,855,692
Business Personal Property	27,138,455,693	26,856,567,608	26,431,153,552	26,480,491,712	27,745,896,590
Gross Total[2]	425,264,888,606	431,676,003,561	442,255,906,848	464,671,131,194	492,079,256,480
Less: Church, Welfare, etc.[3]	21,336,061,783	22,602,918,177	23,129,201,371	24,136,984,143	25,148,131,867
Revenue-Producing Valuations	403,928,826,826	409,073,085,384	419,126,705,477	440,534,147,051	466,931,124,613
Less: Homeowners' Exemptions[4]	2,696,221,247	2,674,226,445	2,629,356,346	2,588,592,473	2,545,252,570
Net Total Revenue-Producing Valuations[5]	$401,232,605,576	$406,398,858,939	$416,497,349,131	$437,945,554,578	$464,385,872,043

[1] As of January 1 of each year.
[2] Assessed values do not include Board of Equalization valued properties, such as utilities.
[3] Exemptions not reimbursed to local governments by the State.
[4] Exemptions reimbursed to local governments by the State.
[5] Valuations on which revenue is collected.

Source: County of Los Angeles, Office of the Assessor, Annual Reports.

The State Budget has resulted in various reallocations of property tax revenues, including the "Triple Flip" of property tax and sales tax and the "backfill" of VLF revenues with an increased allocation of property taxes. The table below summarizes those reallocations received as property tax.

Table 47
PROPERTY TAX REVENUES BY SOURCE[1]
($ in thousands)

	2011-12	2012-13	2013-14	Estimated 2014-15	Adopted Budget 2015-16
1% Property Tax	$ 994,966	$1,109,285	$1,127,721	$1,161,486	$1,254,973
Vehicle License Fee Replacement	316,857	324,644	341,226	361,672	382,937
Sales Tax Replacement	100,538	116,458	121,036	121,903	127,320
Total Property Tax	$1,412,361	$1,550,388	$1,589,983	$1,645,061	$1,765,230

[1] Cash basis. Excludes property taxes attributable to the dissolution of the Los Angeles Community Redevelopment Agency.

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

In preparing its budget, the City forecasts property taxes based on each of the specific categories of receipts (secured and unsecured, current and delinquent receipts and State replacement funds) based on appropriate indices. Current receipts are forecasted based on the County Assessor's estimate of changes in assessed valuation, including declines in valuation as a result of sales, appeals, Proposition 8 adjustments, and adjustments based on the consumer price index. The City's Fiscal Year 2015-16 Adopted Budget assumes 5.9% in growth in assessed

valuation and Vehicle License Fee Replacement revenue, 4.4% growth for the Sales Tax Replacement revenue, and 7.3% growth in total property tax.

A list of the 20 largest taxpayers, based on secured assessed valuations within the City for Fiscal Year 2014-15, appears in the table below.

Table 48
CITY OF LOS ANGELES
TWENTY LARGEST 2014-15 SECURED TAXPAYERS

Property Owner	Primary Land Use	2014-15 Secured Assessed Valuation	Percent of Secured AV	Cumulative Percent of Secured AV
Douglas Emmett LLC	Office Building	$ 2,480,013,871	0.55%	0.53%
Anheuser Busch Inc.	Industrial	850,297,393	0.19	0.71
Valero Energy Corporation	Possessory Interest/Petroleum	828,316,149	0.18	0.89
Phillips 66	Possessory Interest/Petroleum	774,119,463	0.17	1.06
Donald T. Sterling	Apartments	705,697,658	0.16	1.21
BRE Properties Inc.	Apartments	615,459,124	0.14	1.34
One Hundred Towers LLC	Office Building	608,018,860	0.14	1.47
Tishman Speyer Archstone Smith	Apartments	573,604,386	0.13	1.59
Tesoro Corporation	Possessory Interest/Petroleum	571,942,203	0.13	1.71
APM Terminals Pacific Ltd.	Possessory Interest/Terminal Operations	550,437,546	0.12	1.83
Paramount Pictures Corp.	Industrial/Studio	536,611,892	0.12	1.95
Olympic And George Partners LLC	Hotel/Residences	524,837,736	0.12	2.06
Century City Mall LLC	Shopping Center	502,013,067	0.11	2.17
Westfield Topanga Owner LP	Shopping Center	493,199,619	0.11	2.27
LA Live Properties LLC	Commercial	490,311,384	0.11	2.38
Taubman-Beverly Center	Shopping Center	479,464,207	0.11	2.48
Casden Park La Brea	Apartments	469,530,818	0.10	2.58
Trizec 333 LA LLC	Office Building	468,870,272	0.10	2.68
Duesenberg Investment Company	Office Building	455,881,566	0.10	2.78
Wilshire Courtyard LP	Office Building	422,409,070	0.10	2.87
Total		$13,401,036,284	2.99%	

Source: California Municipal Statistics, Inc.

Prior to Fiscal Year 2010-11, a portion of the property taxes collected in the City were allocated to redevelopment project areas as tax increment. As part of the State's Fiscal Year 2012 budget, legislation was approved to eliminate redevelopment agencies. This matter was the subject of litigation. On December 29, 2011, the California State Supreme Court ruled in favor of the legality of abolishing redevelopment. As a result, the City's Community Redevelopment Agency ("LA/CRA") was abolished as of February 1, 2012. The City decided not to serve as the successor agency, and the Governor appointed three individuals to serve as the "Designated Local Authority."

A portion of the funds previously allocated to LA/CRA will now be allocated to overlapping taxing jurisdictions. The amount of property tax funds available for distribution to taxing entities is subject to a legislatively mandated process. This process involves approval of a Recognized Obligation Payment Schedule ("ROPS") by the Successor Agency and then by a seven person county-wide Oversight Committee comprised of representatives of overlapping taxing jurisdictions. The ROPS lists all the enforceable obligations against tax increment and other funds of the former agency for a given six-month period. This ROPS is subject to further

review by the State Department of Finance, who can reject any of the enforceable obligations that they find questionable. Based on the Department of Finance approved ROPS, the County Auditor-Controller then remits to taxing entities any tax increment funds that are in excess of the amount needed to fund the enforceable obligations of the current six month period. These receipts are reported separately from the property tax revenues reported above.

Utility Users' Taxes

Utility users' taxes represent 11.6% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. The City imposes taxes on users of natural gas, electricity and communication services within the City's limits. The tax is 9% of utility charges on taxable communication services, 10% for natural gas and residential electricity, and 12.5% for commercial and industrial electricity.

An exemption from the utility users' tax is available to senior citizens over the age of 62 and to disabled individuals; provided that the combined adjusted gross income of all household members is below the "very low income" limitation for a family of two persons under the Section 8 housing programs. As provided by the State Constitution, insurance companies are exempt from the tax. In addition, County, State, Federal and foreign governments within the City are not subject to this tax, as the City has no authority to impose a tax on these entities. Exemptions account for approximately 10% of the total tax base.

Revenue estimates account for known impacts, such as from DWP rate increases, and market indicators, such as natural gas futures. Utility users' tax receipts can be volatile, as they reflect not only power, gas and telephone rates, but also business activities and changing technologies. Both electricity and natural gas sales are sensitive to weather (warm winters and cool summers reduce demand). Communication users' tax receipts have declined as consumers abandon landline communication and switch to cheaper voice and texting mobile communication plans.

The tax on electricity is collected by DWP which, in September 2013, implemented a new customer information system. DWP has experienced delayed bills in connection with the use of the new system, as customer accounts that are missing meter reading information or qualify under other exception processing criteria are held in a queue for manual review and intervention prior to release of the bills. DWP has also seen an increase in estimated bills that are sent to customers where metering information is not available. DWP has temporarily adjusted its collection practices in light of such concerns, which has contributed to higher delinquency rates and could increase the risk of customer nonpayment. The budgeted increase in revenues for Fiscal Year 2015-16 incorporates estimated receipts of approximately $2.9 million in delayed billings.

The City's electorate approved Proposition S on the February 5, 2008 election ballot. This measure replaced the prior telephone users' tax ordinance with a modern communications tax ordinance. The measure reduced the rate of the City tax on users of communications services from 10% to 9%, and distributed the tax burden to a broader tax base than the prior ordinances, including private communication services, voice mail, paging services, text messaging and pay-phone usage. The new tax applies to all users of telephone services, whether traditional "land line," wireless, or broadband telephone service to the extent permitted by federal law. Federal law currently prohibits the taxing of internet access (such as charges from internet service providers for access to the internet) and accordingly internet access is not taxed.

The City's telephone users' tax ordinance has been the subject of litigation challenging application of the tax to certain telecommunications services as a result of outdated ordinance definitions or references to outdated federal laws. See **"LITIGATION,"** herein.)

A portion of the gas users' tax has also been challenged in *Lavinsky v. City of Los Angeles*, specifically the assessment of the gas users' tax on two charges included in Southern California Gas Company billings: the Public Purpose Surcharge and the State Regulatory Fee. Prior to the deregulation of natural gas utilities, these fees were included as part of the basic charge assessed on gas utility customers. Now assessed separately as regulatory charges, the Court has provisionally ruled in favor of the plaintiff, finding the existing language of the users' tax to be ambiguous as to whether it extends beyond the basic charge. The value of the potential liability is under $10 million, with an additional $3.5 million in reduced gas users' tax receipts, annually

The table below shows the actual and budgeted receipts from the Utility Users' Tax:

Table 49
UTILITY USERS' TAX RECEIPTS[1]
($ in thousands)

	2011-12	2012-13	2013-14	2014-15 Estimated	2015-16 Adopted Budget
Electric Users' Tax	$303,765	$320,432	$331,307	$363,420	$371,000
Gas Users' Tax	68,295	66,017	73,078	70,359	66,800
Communications Users' Tax	242,974	233,998	223,052	205,065	192,500
Total	$615,034	$620,447	$627,437	$638,844	$630,300

(1) Cash basis.

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

Sales Tax

Sales tax receipts represent 7.9% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. Sales and use taxes are collected on the total retail price of tangible personal property sold, unless specifically exempted. Included in the current County-wide tax rate is a sales tax collected by the State on behalf of cities (or, for unincorporated areas, on behalf of counties). The current local tax rate is 0.75%, reduced from 1.0% in 2004 as discussed below. Allocation of the 0.75% local component (often referred to as the "Bradley-Burns Sales Tax") is on the basis of "situs," or the point of sale. Additional sales taxes can be collected based on local voter approval. Included in the current County-wide rate are sales taxes collected for the Los Angeles County Metropolitan Transportation Authority for transportation purposes. A portion of those taxes is remitted to the City for deposit in three special revenue funds.

Statewide taxes were increased by 0.25% for four years, effective January 1, 2013, to increase funding for education. The combined tax rate within the City is currently 9.00%.

Effective July 1, 2004, the traditional Bradley-Burns Sales Tax was modified by a State budgetary change known as the Triple Flip, a complex revenue swap to secure the State's ERBs.

The Triple Flip traded 0.25% of the 1% city share of the sales tax for an equal amount of property taxes from the countywide Education Revenue Augmentation Fund, and will remain in place until the ERBs are retired, currently estimated to occur by the first quarter of Fiscal Year 2015-16. When that happens, the State's Board of Equalization has 90 days to reinstate the 1% tax rate; however, restoration can only occur at the start of a calendar quarter, which would be January 1, 2016. The City would receive the first revenues from the restored rate with the State's March 2016 remittance. Sales tax revenue budgeted for Fiscal Year 2015-16 assumes approximately $37.1 million in added revenue from the rate restoration.

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

Table 50
LOS ANGELES CITY
SALES TAX COMPONENTS
Since July 1, 2011

State Rate		
General Fund Portion	4.1875%	
Local Revenue Fund	1.5625%	To support local health program costs (1991 realignment) and public safety services (2011 realignment).
State Education Protection Account	0.25%	Voter approved school funding (November 2012). Expires in 2016-2017.
Local Public Safety	0.50%	For the Local Public Safety Fund, approved by the State voters in 1993 to support local criminal justice activities. The City receives approximately $30 million annually.
Total State Rate	**6.50%**	
Uniform Local Tax Rate (Statewide)		
County Transportation	0.25%	The County allocates a small portion of this to the City.
Local Point of Sale	0.75%	This is the City "Bradley-Burns" sales tax, allocated by point of sale. The City's share was reduced from 1.00% by the Triple Flip starting July 2004. This provision will expire with the retirement of the State's Economic Recovery Bonds. The City will be entitled to the full 1% January, 2016, and should begin realizing the additional sales tax revenue in March or April of that year.
Total Uniform Local Rate	**1.00%**	
Optional Local Rates[1]		
Proposition A	0.50%	Voter-approved measure to improve public transit and reduce traffic congestion.
Proposition C	0.50%	Voter-approved measure to improve public transit and reduce traffic congestion.
Measure R	0.50%	Voter-approved measure to improve public transit and reduce traffic congestion.
Total Optional Local Rate	**1.50%**	
Total Sales Tax Rate[2]	**9.00%**	

(1) State law permits optional voter approval of local tax rates. These rates are levied in 0.25% and 0.5% increments.
(2) The total within the State ranges from 7.50% to the current maximum allowable rate of 10.00%.

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

The following table shows the actual and budgeted General Fund receipts from the Sales Tax. These revenues reflect the reduction in receipts from the Triple Flip, which commenced in Fiscal Year 2005-06. Fiscal Year 2015-16 revenues reflect the restoration of receipts for the fourth quarter. After a two-year decline during Fiscal Years 2009-10 and 2010-11, totaling over 17%, the City has experienced steady growth in sales tax in subsequent years. The Fiscal Year 2015-16 Adopted Budget assumes 14.5% growth, which includes certain overlapping revenues associated with the ending of the Triple Flip. Without this boost, sales tax would be expected to grow 4.4% next year.

Table 51
GENERAL FUND SALES TAX RECEIPTS
($ in thousands)

Fiscal Year	Receipts[1]
2011-12	$323,246
2012-13	338,970
2013-14	356,503
2014-15 (Estimated)	372,318
2015-16 (Adopted Budget)	426,120

(1) Cash basis.

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

Business Tax

Business tax receipts represent 9.1% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. The business tax is imposed on persons engaged in a business within the City. The tax rate formula, which is established by ordinance, varies based upon the type of business. Beginning in Fiscal Year 2005-06, a number of tax reform measures were implemented. These reforms included exemptions for small businesses, changes in the taxing methodology for entertainment production companies, reduced taxes on mutual funds and eliminating the gross receipts tax on new car dealers. Most recently, the City reduced the top tax rate in February 2015, to be phased in over three years beginning in the 2016 tax period, with an estimated total reduction of $45 million to annual receipts. The revenue estimate for Fiscal Year 2015-16 reflects a reduction of $15.7 million for the first year of implementation.

The table below shows the actual and budgeted receipts from the business tax. In years when the City extends tax amnesty to delinquent taxpayers, annual tax revenue is augmented with one time receipts. The most recent amnesty period was in Fiscal Year 2013-14, with $18 million in delinquent payments and penalties received.

Table 52
BUSINESS TAX RECEIPTS
($ in thousands)

Fiscal Year	Receipts[1]
2011-12	$439,802
2012-13	448,832
2013-14	475,397
2014-15 (Estimated)	485,000
2015-16 (Adopted Budget)	491,000

(1) Cash basis.

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

Licenses, Permits, Fees and Fines

This category of revenues includes reimbursements to the General Fund from various special revenue and enterprise funds of the City, and charges for special services performed by City departments. Reimbursements include the costs of police, fire and other City services to the Airports and Harbor departments, and staff costs for the sewer construction and maintenance program. These revenues also include charges imposed as regulatory measures by City departments, and fees charged for paramedic ambulance services. Licenses, Permits, Fees and Fines receipts represent 15.8% of General Fund revenues in the 2015-16 Adopted Budget.

The table below shows the actual and budgeted receipts from licenses, permits, fees and fines.

Table 53
LICENSES, PERMITS, FEES AND FINES RECEIPTS [1]
($ in thousands)

	2011-12	2012-13	2013-14	Estimated 2014-15	Adopted Budget 2015-16
Ambulance Fees	$ 66,869	$ 66,745	$ 72,999	$ 75,453	$ 79,000
Services to Dept. of Airports	58,819	61,490	69,676	61,354	61,352
Services to Harbor Dept.	24,891	20,912	24,329	24,948	28,187
Services to DWP	16,184	18,859	19,203	19,803	25,230
Services to Sewer Program	64,881	73,497	82,689	79,488	54,899
Solid Waste Fee	62,792	51,587	38,871	46,499	66,863
Gas Tax Reimbursements	24,023	30,059	34,859	36,515	24,790
Special Funds Related Costs	147,577	130,961	197,846	156,719	242,365
One Time Reimbursements	52,873	65,071	68,153	29,056	2,683
Other Departmental Receipts	194,691	189,765	207069	188935	179,509
Other Receipts	13,939	15,405	16,282	107,803	107,836
Total General Fund[2]	$727,539	$724,351	$831,976	$826,573	$872,713

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

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

Documentary Transfer Tax

Documentary Transfer Tax receipts represent 3.8% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. The documentary transfer tax is imposed on each transaction in which real property is sold that is evidenced by a recorded document. The City's tax rate is 0.45% of the value of real property transferred. This tax is in addition to the 0.11% tax ($1.10 per $1,000) levied by the County. This tax is tied to real estate market activity and is more volatile than other City revenues as it reflects both sales volume and sales price. The greatest impact is seen when the two components move together. This tax revenue declined 29% in Fiscal Year 2007-08, and another 31% in Fiscal Year 2008-09. Further contributing to the volatility of this revenue is the irregular pattern of business sales; monthly remittances can fluctuate from zero to amounts in excess of $10 million.

The Fiscal Year 2015-16 Adopted Budget assumes modest growth of 2.3%, largely attributed to a large sum of business transfer revenue received in Fiscal Year 2014-15, which is not expected to reoccur. Excluding the impact of this revenue, growth is forecast at 9.7%.

The table below presents actual and budgeted receipts from this revenue source.

Table 54
DOCUMENTARY TRANSFER TAX RECEIPTS
($ in thousands)

Fiscal Year	Receipts[1]
2011-12	$103,237
2012-13	147,282
2013-14	181,463
2014-15 (Estimated)	199,551
2015-16 (Adopted Budget)	204,115

[1] Cash basis.

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

Transient Occupancy Tax

Transient Occupancy Tax receipts represent 4.0% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. The City imposes a tax for the privilege of occupancy in any hotel at the rate of 14% of the room charge. The tax is collected by hotel operators and remitted to the City monthly. This revenue is very sensitive to changing conditions that affect travel. In budgeting for this revenue, the City relies on industry data and forecasts of average room rates and hotel occupancy. Fiscal Year 2015-16 assumes additional revenue of $5 million from presumed tax collection agreements to be negotiated between the City and short-term rental websites. Due to uncertainty associated with this new revenue, the Council added instructions to the Adopted Budget that the appropriations backed by this revenue are contingent upon its receipt.

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

Table 55
GENERAL FUND TRANSIENT OCCUPANCY (HOTEL) TAX RECEIPTS
($ in thousands)

Fiscal Year	Receipts[1]
2011-12	$151,722
2012-13	167,824
2013-14	184,382
2014-15 (Estimated)	200,553
2015-16 (Adopted Budget)	216,000

(1) Cash basis.

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

Parking Fines

Parking Fine receipts represent 2.9% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. The City receives revenues from parking fines; the schedule of fines is established by the Council. For budgeting purposes, parking fine revenue forecasts are based on the number of parking enforcement officers employed by the City's Department of Transportation (the "Transportation Department"), and estimates of average revenues per ticket based on historical trends, collection rates and average worker productivity.

The table below shows the actual and budgeted receipts from all parking fines.

Table 56
PARKING FINES RECEIPTS
($ in thousands)

Fiscal Year	Receipts[1]
2011-12	$152,844
2012-13	156,878
2013-14	161,146
2014-15 (Estimated)	154,500
2015-16 (Adopted Budget)	157,590

(1) Cash basis.

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

Power Transfers to General Fund

Transfers from the Power Revenue Fund represent 5.1% of General Fund revenues in the Fiscal Year 2015-16 Adopted Budget. The City's Charter Section 344(b) provides that the Council may, by ordinance, direct that surplus money in the Power Revenue Fund be transferred to the Reserve Fund with the consent of the DWP Commissioners. The DWP Commissioners may withhold their consent if such transfer would have a material negative impact on DWP's financial condition in the year in which the transfer would be made. Historically, this transfer had equaled approximately 5% of the total operating revenue of the Power Revenue Fund in the

preceding Fiscal Year. The transfer rate was increased to 7% beginning in Fiscal Year 2002-03. In Fiscal Years 2003-04, 2004-05, and 2008-09, additional supplemental transfers were also approved. The transfer rate was increased to 8% beginning with the Fiscal Year 2009-10. The amount to be transferred is also affected by the Charter and the Power System's revenue bond covenants, which specify that a transfer may not be greater than the previous fiscal year's net income, nor may it result in a reduction of the Power System's surplus to less than 33-1/3% of the Power System's total outstanding debt. Transfers are made periodically following Council's adoption of an ordinance. Variances can occur between the amount budgeted for transfer and the amount received, reflecting the variance between actual financial results of the Power System for the prior year from the results projected by the DWP at the time the budget is adopted. For example, the Adopted Budget for Fiscal Year 2009-10 projected a transfer of $232 million, while the actual transfer was $220 million. The estimated transfer amount is provided by the Department of Water and Power at the time of budget adoption, and is based on the Power System financial plan for the fiscal year currently in progress. The transfer occurs midway through the following year.

In March, 2011, a Charter amendment (Measure J) was approved by over 80% of the voters. Measure J instituted three primary changes to the Power Revenue Fund transfer mechanism: (1) an early notification to the Council and Mayor by the DWP Commissioners in the event that the DWP would be unable to make the annual transfer "in whole or in part," (2) a requirement that such decision be supported by a finding that making the full transfer would have a "material negative impact on the Transportation Department's financial condition in the year in which the transfer is to be made," backed by a detailed explanation of the basis for the finding and accompanied by all supporting financial information, and (3) analysis of that finding and the Department's report by the City Administrative Officer. The ballot argument in favor of the measure argued that it would "allow the City Council to create a more accurate budget" and "help avoid problems, such as when DWP unexpectedly withheld these funds in 2009, creating great fiscal uncertainty and threatening the City's credit rating."

The following table shows the actual and budgeted transfers from the Power Revenue Fund:

Table 57
TRANSFERS FROM POWER REVENUE FUND
($ in thousands)

Fiscal Year	Receipts[1]
2011-12	$250,077
2012-13	246,534
2013-14	253,000
2014-15 (Estimated)	265,586
2015-16 (Adopted Budget)	275,300

(1) Cash basis.

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

Proposition 26, adopted by State voters in November 2010, added new State constitutional restrictions to the City's ability to charge fees. Two lawsuits have been filed challenging the DWP Power Revenue Fund transfer of surplus funds to the City General Fund as a violation of the Proposition. See "**LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 26**," and "**LITIGATION**," herein.

Impact of State of California Budget

A number of the City's revenues are collected and subvened by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. Approximately 40% of the City's General Fund revenues are collected by the State or otherwise allocated by State law. During prior State fiscal crises, the State has often chosen to reallocate a portion of such revenues to assist in its own budget balancing.

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

On June 24, 2015, the Governor approved the State Budget Act for Fiscal Year 2015-16 (the "Fiscal Year 2015-16 State Budget Act"), which projects Fiscal Year 2014-15 State General Fund revenues and transfers of $116.9 billion (inclusive $5.6 billion in fund balance from Fiscal Year 2013-14), total expenditures of $114.5 billion and a year-end surplus of $2.4 billion, of which $971 million would be reserved for the liquidation of encumbrances and $1.4 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2015-16 State Budget Act projects Fiscal Year 2015-16 State General Fund revenues and transfers of $115.0 billion (inclusive $2.4 billion in fund balance from Fiscal Year 2014-15), total expenditures of $115.4 billion and a year-end surplus of $2.1 billion, of which $971 million would be reserved for the liquidation of encumbrances and $1.1 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2015-16 State Budget Act states that despite stronger revenues compared to the previous fiscal year, the State budget remains precariously balanced and the State continues to have hundreds of billions of dollars in liabilities for deferred maintenance on its aging infrastructure and for retiree health care benefits for State employees and various pension benefits.

Features of the Fiscal Year 2015-16 State Budget Act affecting cities in general include, but are not limited to, the following:

1. The Fiscal Year 2015-16 State Budget Act augments the $1.9 billion appropriated for drought response since 2014 with an additional $1.8 billion of one-time resources, including funding to for county and other local projects. Of the additional funding, $1.5 billion consists of funding from Proposition 1, which was approved by voters in November 2014 to provide up to $7.5 billion in bonds for water storage, water quality, flood protection and watershed protection

and restoration projects ("Proposition 1"). The Proposition 1 projects will include programs to address groundwater contamination, water recycling, safe drinking water, wastewater treatment, storm water management, groundwater sustainability and desalination. The Fiscal Year 2015-16 State Budget Act also includes $117 million to fund urban water conservation programs, agricultural water efficiency programs and related technical assistance, data collection and applied research.

2. The Fiscal Year 2015-16 State Budget Act includes repayment to local governments of the final mandate reimbursements for activities completed in 2004 or earlier (totaling $765 million).On January 9, 2015, the Governor released his proposed State budget for Fiscal Year 2016 (the "Proposed State Budget"). The following information is taken from the Legislative Analyst Office's overview of the Proposed State Budget, dated January 13, 2015.

The City has not identified any elements of the Fiscal Year 2014-15 State Budget Act that would significantly impact the City.

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

LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the California Constitution - Proposition 13

Article XIII A of the California Constitution limits the amount of *ad valorem* taxes on real property to one percent of "full cash value" as determined by the County Assessor, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness (or for school indebtedness, by 55% of voters). See **"MAJOR GENERAL FUND REVENUE SOURCES —Property Tax"** herein.

Article XIII A defines "full cash value" to mean the County assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed or when a change in ownership has occurred after the 1975 assessment period. The full cash value may be adjusted annually to reflect inflation at a rate, as determined by the consumer price index, not to exceed two percent per year, or may be reduced. Article XIII A also permits the reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors.

Article XIII B of the California Constitution - Gann Limit

In November, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1986-87 fiscal year as a result of Proposition 111.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the "proceeds of taxes" levied by the State or other entity of local government, exclusive of certain limited funds. In addition to the proceeds of General Fund taxes, "proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from: (1) regulatory licenses, user charges and user fees to the extent such proceeds exceed the cost of providing the service or regulation; (2) the investment of tax revenues; and (3) certain State subventions received by local governments. Article XIII B includes a requirement that if any entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness approved according to law by a vote of the electors, or appropriations required to comply with mandates of courts, or the federal government or certain capital expenditures.

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

Table 58
APPROPRIATIONS LIMITS AND APPROPRIATIONS SUBJECT TO LIMITATION

Fiscal Year	City Appropriations Limit	Appropriations Subject to Limitations	Amount Appropriations Are Under Limit
2011-12	$ 4,388,385,333	$3,247,070,884	$1,141,314,449
2012-13	4,554,024,205	3,332,937,466	1,221,086,739
2013-14	4,786,591,114	3,545,476,762	1,241,114,352
2014-15	4,555,372,559	3,697,158,083	858,214,476
2015-16 Adopted Budget	4,590,344,154	3,782,107,092	808,237,062

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

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

In November, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the California Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C requires that all new local taxes or increases in existing local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter-approval requirements of Proposition 218 reduce the flexibility of the Council to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet any increased expenditure requirements.

Article XIII D contains provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. Article XIII D also contains several provisions affecting "property-related fees" and "charges," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property-related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property-related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property-related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Fees for electrical and gas service are explicitly exempted from the definition of "property-related" under Article XIII D. Property-related fees or charges for services other than sewer, water and refuse collection services may not be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Proposition 218 removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives that reduce or repeal local taxes, assessments, fees or charges currently constituting a substantial part of the City's General Fund.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, amended the State Constitution to impose limits on the State's ability to reallocate local revenue. The measure provides that the State may

not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A also generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that, if the State reduces the VLF rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A required the State, since July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in more stable City revenues depending on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City. The right of the State to redirect local revenues under Proposition 1A was exercised in Fiscal Year 2009-10.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIIIA and XIIIC. Proposition 26 imposes a majority voter approval requirement on local governments such as the City with respect to certain fees and charges for general purposes, and a two-thirds voter approval requirement with respect to certain fees and charges for special purposes, unless the fees and charges are expressly excluded. Proposition 26 was designed to supplement tax limitations imposed by the voters in California Constitution Articles XIIIA, XIIIC and XIIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures. Proposition 26 expressly excludes from its scope a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product.

Proposition 26 is subject to interpretation by California courts. Proposition 26 may be interpreted to limit fees and charges for electric utility services charged by governmental entities such as the City to preclude future transfers of electric utility generated funds to a local government's general fund, if applicable, and/or to require stricter standards for the allocation of costs among customer classes. In *Citizens for Fair REU Rates v. City of Redding* (filed on January 20, 2015 and modified on February 19, 2015), for example, the California Court of Appeal considered a ratepayer challenge to a "payment in lieu of taxes" (or "PILOT") imposed by the City of Redding on its electric utility without voter approval. The city's PILOT was designed to be equivalent to the ad valorem taxes the electric utility would have had to pay if the electric utility were privately owned. The PILOT is passed through to the city's electric utility customers as part of the rates and charges for electric service. The Court of Appeal determined that a charge for electric service could be an "imposed charge," and therefore subject to

Proposition 26, if the purchaser has no realistic alternative power source. Therefore, the Court held that the PILOT constituted an unconstitutional "tax" under Proposition 26 unless the city proves that the amount collected is necessary to cover the reasonable costs to the city of providing various governmental services to the city's electric utility. The Court of Appeal stated that even if the rates charged by the city are lower than those paid by others in California, they must not exceed the city's reasonable cost of providing electric service or be approved by the voters. In addition, the Court of Appeal noted that Proposition 26 has no retrospective effect as to local taxes that existed prior to November 3, 2010, but found that since the PILOT was subject to the City Council's recurring discretion, the PILOT did not escape the purview of Proposition 26. On April 29, 2015, the California Supreme Court granted review of the decision of the Court of Appeal. As a result of the California Supreme Court's grant of review, the decision of the Court of Appeal in *Citizens for Fair REU Rates v. City of Redding* is no longer considered published and may not be cited or relied on as precedent in the courts of the State. There is no timetable for the California Supreme Court to issue its decision. The City is unable to predict at this time how Proposition 26 will ultimately be interpreted by the courts or what its future impact will be.

In January and February 2015, two class action lawsuits were filed challenging a material source of City general fund revenues, alleging that the City charges its electric utility customers fees that exceed the cost of providing electric utility service, in violation of Proposition 26. See "**MAJOR GENERAL FUND REVENUE SOURCES —Power Transfer to General Fund**," and "**LITIGATION**," herein.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations, which may affect the City's revenues or its ability to expend its revenues.

BONDED AND OTHER INDEBTEDNESS

Introduction

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

The CAO serves as the City's debt manager. Staff of the Office of the City Administrative Officer helps structure debt issuances and oversees the ongoing management of all General Fund and certain special fund debt programs. These include general obligation bonds; lease obligations; tax and revenue anticipation notes; wastewater system and solid waste resources fee (formerly sanitation equipment charge) revenue obligations; judgment obligation bonds; and special tax obligations, Mello-Roos bonds and certain special assessment obligations. Debt of the City's three proprietary departments—Airports, Harbor, and Water and Power—is administered by staff of the respective department.

General Obligation Bonds

The City may issue general obligation bonds for the acquisition and improvement of real property, subject to two-thirds voter authorization of the bond proposition. An ad valorem tax on all taxable property to pay principal and interest on general obligation bonds is levied by the City and collected by the County on the secured and unsecured property tax bills within the City. (See **"MAJOR GENERAL FUND REVENUE SOURCES — Property Tax,"** herein). The following summarizes the various voter authorizations for general obligation bonds that are currently outstanding.

Table 59
GENERAL OBLIGATION BONDS
As of July 1, 2015

Date of Election	Projects	Amount Authorized	Amount Issued	Amount Outstanding	Amount Authorized but Unissued
4/11/89	Branch Library Facilities (Proposition 1)	$ 53,400,000	$ 53,400,000	$ 1,207,662	--
4/11/89	Police Facilities (Proposition 2)	176,000,000	176,000,000	5,801,615	--
4/11/89	Fire Safety Facilities (Proposition 4)	60,000,000	60,000,000	579,637	--
6/5/90	Seismic Safety Projects (Proposition G)	376,000,000	376,000,000	16,080,448	--
11/3/98	Zoo Facilities (Proposition CC)	47,600,000	47,600,000	11,746,109	--
11/3/98	Library Facilities (Proposition DD)	178,300,000	178,300,000	69,668,906	--
11/7/00	Fire, Paramedic, Helicopter and Animal Shelter Projects (Proposition F)	532,648,000	532,648,000	200,126,475	--
3/5/02	Emergency Operations, Fire, Dispatch and Police Facilities (Proposition Q)	600,000,000	600,000,000	256,258,972	--
11/2/04	Storm Water Projects (Proposition O)	500,000,000	439,500,000	326,265,176	$60,500,000
Total		$2,523,948,000	$2,463,448,000	$887,735,000	$60,500,000

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

Citywide Limited Obligation Bonds

The City received majority voter approval to create a Citywide Landscaping and Lighting Assessment District to finance various park and recreational improvements throughout the City (Proposition K, creating the City of Los Angeles Landscaping and Lighting District 96-1). While most of these projects are being funded on a pay-as-you-go basis, the City issued $44,290,000 of bonds secured by these assessments. The remaining $16,025,000 of outstanding bonds were defeased as of June 26, 2015.

Lease Obligations

The City may enter into long-term lease obligations without first obtaining voter approval, so long as these agreements meet the requirements of State law. The City has entered into various lease arrangements under which the City must make annual payments to occupy public buildings or use capital equipment necessary for City operations. These lease agreements have been with a nonprofit corporation established by the City for this purpose, the Municipal Improvement Corporation of Los Angeles ("MICLA"), or with a joint powers authority, the Los Angeles Convention and Exhibition Center Authority. In most cases, securities have been issued, either in the form of lease revenue bonds or certificates of participation, the debt service

on which is paid from the annual lease payments primarily made by the City from the General Fund. In two cases noted below, the obligation was privately placed directly with a bank. Payment of lease payments is managed by the CAO and, unless otherwise noted, budgeted in the Capital Finance Administration Fund.

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

Table 60
GENERAL FUND BONDED AND OTHER FINANCING LEASE OBLIGATIONS
As of July 1, 2015

Series	Project	Amount Issued	Amount Outstanding	Final Maturity
Los Angeles Convention and Exhibition Center Authority Taxable Lease Revenue Bonds, 1998 Series A (dated April 1, 1998)	Staples Arena	$ 45,580,000	$ 27,285,000	8/15/24
MICLA Taxable Certificates of Participation, Program AK (dated April 1, 1999)	Real Property	43,210,000	31,105,000	4/1/29
MICLA Refunding Certificates of Participation, Program AS (dated April 2, 2002)[1]	Real Property, Pershing Square	7,655,000	2,895,000	10/1/22
Los Angeles Convention and Exhibition Center Authority, Lease Revenue Bonds 2003A	Refunding of Convention Center Bonds	226,045,000	34,995,000	8/15/15
MICLA Lease Revenue Bonds, Series 2006-A (dated December 14, 2006)	Police Admin Bldg., Public Works Bldg.	448,595,000	397,525,000	1/1/37
MICLA Lease Revenue Bonds, Series 2007-B1 (dated August 8, 2007)	Figueroa Plaza	169,050,000	159,550,000	8/1/37
MICLA Lease Revenue Bonds, Series 2007-B2 (Taxable) (dated August 8, 2007)	Figueroa Plaza	52,085,000	26,465,000	8/1/20
MICLA Lease Revenue Bonds, Series 2008-A (dated August 28, 2008)	Capital Equipment	105,090,000	78,540,000	9/1/26
MICLA Lease Revenue Bonds, Series 2008-B (dated August 28, 2008)	Real Property	43,790,000	38,955,000	9/1/38
Los Angeles Convention and Exhibition Center Authority Lease Revenue Bonds, Series 2008A (dated October 15, 2008)	Refunding of Convention Center Bonds	253,060,000	253,060,000	8/15/22
MICLA Lease Revenue Bonds, Series 2009-A (dated April 23, 2009)	Capital Equipment	57,930,000	25,890,000	4/1/19
MICLA Lease Revenue Bonds, Series 2009-B (dated April 23, 2009)	Real Property	52,065,000	46,315,000	4/1/39
MICLA Lease Revenue Bonds, Series 2009-C (dated December 10, 2009)	Capital Equipment	40,095,000	21,810,000	9/1/19
MICLA Lease Revenue Bonds, Series 2009-D (dated December 10, 2009)	Real Property Improvements (Recovery Zone Economic Development Bonds)	21,300,000	19,260,000	9/1/39
MICLA Lease Revenue Bonds, Series 2009-E (dated December 10, 2009)	Real Property	56,665,000	52,170,000	9/1/39
MICLA Lease Revenue Bonds, Series 2010-A (dated November 23, 2010)	Capital Equipment	30,355,000	19,570,000	11/1/20
MICLA Lease Revenue Bonds, Series 2010-B (Taxable) (dated November 23, 2010)	Capital Equipment	49,315,000	32,065,000	11/1/20
MICLA Lease Revenue Bonds, Series 2010-C (Taxable) (dated November 23, 2010)	Real Property	18,170,000	17,260,000	11/1/40
MICLA Lease Revenue Bonds, Series 2010-D (dated November 23, 2010)	Equipment and Real Property	18,705,000	2,280,000	11/1/15
MICLA Qualified Energy Conservation Bonds, Series 2011-A (Taxable) (dated October 26, 2011)[2]	Real Property	11,920,000	8,111,203	10/1/28
MICLA Lease Revenue Bonds, Series 2012-A (dated May 10, 2012)	Capital Equipment	92,635,000	72,120,000	3/1/22
MICLA Lease Revenue Bonds, Series 2012-B (dated May 10, 2012)	Real Property	33,975,000	31,855,000	3/1/42
MICLA Lease Revenue Bonds, Refunding Series 2012-C (dated May 10, 2012)	Real Property	109,730,000	92,605,000	3/1/32
MICLA Streetlights Refinancing Lease Agreement[3] (dated September 9, 2013)	Streetlights	39,795,479	28,459,584	6/1/21
MICLA Lease Revenue Bonds, Series 2014-A (dated September 24, 2014)	Real Property	41,800,000	40,440,000	5/1/34
MICLA Lease Revenue Bonds, Refunding Series 2014-B (dated September 24, 2014)	Real Property	51,730,000	45,420,000	5/1/33
Equipment Lease Purchase (Private Placement) (dated November 19, 2014)[4]	Capital Equipment	67,257,597	64,147,112	11/1/24
		$2,187,603,076	$1,670,152,899	

[1] Primary source of repayment is a special tax on properties in the vicinity of Pershing Square through the establishment of a Mello-Roos District, but the City remains contingently liable for making up any deficiency from its General Fund.
[2] Lease agreement privately placed with Wells Fargo Bank, National Association.
[3] Lease agreement privately placed with Banc of America Leasing. Payments made from the Street Lighting Maintenance Assessment Fund.
[4] Privately placed with Banc of America.

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

Commercial Paper Program

In 2004, the City and MICLA established a commercial paper program under which MICLA was authorized to issue up to $200 million in Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes"). The program authorization was increased to $300 million in 2009 and to $335 million in 2013. The commercial paper program is used to finance and refinance capital equipment, the acquisition and improvement of real property, and other financing needs of the City. The City expects to issue lease revenue bonds through MICLA from time to time to refund Commercial Paper Notes. Principal of and interest on the Commercial Paper Notes are payable from the proceeds of Commercial Paper Notes issued to pay such principal and interest and are also payable from lease payments to be made by the City. The payment of principal of and interest on the Commercial Paper Notes is further supported by various direct pay letters of credit, summarized as follows:

Table 61
LEASE REVENUE COMMERCIAL PAPER NOTES

Series	LOC Provider	Amount of Authorization	LOC Expiration
A-1 and B-1	Wells Fargo Bank	$130,000,000	February 24, 2016
A-2 and B-2	JP Morgan Chase Bank	107,500,000	June 13, 2016
A-3 and B-3	Bank of the West	47,500,000	June 13, 2016
A-4 and B-4	U.S. Bank National Association	50,000,000	June 13, 2016

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

As of September 25, 2015, $265.5 million in Commercial Paper Notes were outstanding.

As part of the Fiscal Year 2014-15 Adopted Budget, the Mayor and City Council approved the concept of creating another commercial paper program to issue Lease Revenue Commercial Paper Notes for the purposes of making capital improvements to the Convention Center facility, which would also represent a lease obligation of the General Fund. The City anticipates the program to be in place by December 2015.

Judgment Obligation Bonds

State and City law permit the issuance of bonds to finance an obligation imposed by law. The City has issued such obligations several times to finance judgments: $198.3 million in 1992, $15.4 million in 1993, $25.0 million in 1998, $39.0 million in 2000, and the two issues summarized in the table below which remain outstanding.

Table 62
JUDGMENT OBLIGATION BONDS
As of July 1, 2015

Dated Date	Amount Issued	Amount Outstanding	Final Maturity	Judgment Financed with Proceeds
6/30/09	$20,600,000	$9,185,000	6/1/19	Employment lawsuits by certain police officers.
6/29/10	50,875,000	28,335,000	6/1/20	Various employment, inverse condemnation and liability lawsuits.
Total	$71,475,000	$37,520,000		

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

Revenue Bonds

The Charter and State law provide for the issuance of revenue bonds, and the execution of installment purchase contracts that support revenue certificates of participation, which are secured by and payable from the revenues generated by various enterprise and special fund operations. These revenue bonds do not represent obligations of the General Fund of the City, nor are they secured by taxes. Revenue bonds and certificates of participation have been issued that are secured by wastewater, refuse collection and parking revenues. In addition, three departments that are under the control of Boards appointed by the Mayor and confirmed by the Council, namely the departments of Water and Power, Harbor and Airports, have also issued revenue bonds.

Conduit Debt Obligations

The City has issued bonds or entered into installment purchase contracts secured by and payable from loans and installment sale contracts to provide conduit financing for single and multi-family housing, industrial development and unrelated third-party 501(c)(3) nonprofit corporations. These bonds and certificates of participation are not secured by the General Fund or other City revenues.

Cash-flow Borrowings

The City annually issues tax and revenue anticipation notes ("TRANs") to alleviate short-term cash flow needs that occur early in the fiscal year when taxes and revenues have not yet been received. A large portion of these cash flow needs arise from the City's long-standing practice of paying its contribution to its pension systems early in the fiscal year. The following table summarizes the City's TRANs issuance over the past five years.

Table 63
TAX AND REVENUE ANTICIPATION NOTES

Fiscal Year	LACERS	Fire and Police Pensions	Cashflow	Total Par Amount
2011-12	$349,145,000	$463,135,000	$392,385,000	$1,204,665,000
2012-13	337,620,000	499,335,000	419,335,000	1,256,290,000
2013-14	362,530,000	567,725,000	394,295,000	1,324,550,000
2014-15	406,380,000	617,180,000	345,640,000	1,369,200,000
2015-16	434,638,829	623,414,600	350,000,000	1,408,053,429

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

Summary of Long-Term Borrowings

The table below presents a pro-forma statement of direct net debt of the City. Tables 64 and 65 summarize the debt service to maturity of certain of these obligations. Direct Debt is usually defined as the total amount outstanding of "tax-supported" obligations, including general obligation bonds, lease revenue bonds, certificates of participation secured by lease payments, and other obligations paid from property tax or other general revenues. The City includes its City-wide tax and assessment obligations in its calculation of direct debt. Net Direct Debt excludes any general obligation bonds and lease obligations that are self-supporting from non-

general fund sources; no such deductions are included below. Overall Net Debt is usually defined to be the combination of City net direct debt plus the net tax-supported debt of overlapping counties, school districts and special districts, including assessment and Mello-Roos special tax debt.

Table 64
DIRECT NET DEBT
As of July 1, 2015 [1]

	Outstanding
General Obligation Bonds	$ 887,735,000
City-Wide Special Tax and Assessment Bonds	
Landscaping and Lighting District 96-1	0
Lease Obligations [2][3]	
Capital Equipment	316,257,112
Real Property	1,353,895,787
Subtotal	1,670,152,899
Judgment Obligation Bonds	37,520,000
GROSS DIRECT DEBT	2,595,407,899
Revenue Bonds	
Power Revenue (DWP)[3]	7,930,010,000
Water Revenue (DWP)[3]	3,879,890,000
Department of Airports[3]	4,166,535,000
Harbor Department[3][4]	1,000,910,000
Wastewater System[3]	2,614,780,000
Solid Waste Resources Fee (formerly Sanitation Equipment Charge)	239,400,000
Parking System[5]	0
Subtotal	19,831,525,000
TOTAL CITY DEBT	22,426,932,899
Less:	
Revenue Bonds	(19,831,525,000)
DIRECT NET DEBT	2,595,407,899
Plus:	
Other Overlapping Debt[6]	13,008,502,472
OVERALL NET DEBT	$ 15,603,910,371

(1) As adjusted by notes (2) through (6) below.
(2) Includes only bonded and certificated lease obligations and long-term private placements.
(3) Does not include commercial paper.
(4) Does not include outstanding California Boating and Waterways Notes.
(5) Outstanding bonds have been refunded with proceeds of commercial paper.
(6) Overlapping debt information from California Municipal Statistics, Inc. as of June 30, 2015. See Table 71.

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

Table 65
DEBT SERVICE TO MATURITY ON DEBT PAYABLE FROM TAXES
As of July 1, 2015 [1]

	General Obligation Bonds		
Fiscal Year	Principal	Interest	Total
2016	$ 97,350,000	$40,176,469	$137,526,469
2017	86,565,000	35,929,656	122,494,656
2018	86,540,000	31,842,225	118,382,225
2019	86,420,000	27,756,888	114,176,888
2020	86,275,000	23,675,981	109,950,981
2021	83,050,000	19,647,688	102,697,688
2022	78,450,000	15,799,325	94,249,325
2023	65,960,000	12,361,456	78,321,456
2024	54,760,000	9,491,644	64,251,644
2025	45,715,000	7,050,738	52,765,738
2026	27,590,000	5,249,100	32,839,100
2027	23,235,000	4,003,150	27,238,150
2028	19,725,000	2,903,656	22,628,656
2029	19,725,000	1,885,294	21,610,294
2030	14,675,000	980,556	15,655,556
2031	5,850,000	438,750	6,288,750
2032	5,850,000	146,250	5,996,250
Total	$887,735,000	$239,338,825	$1,127,073,825

[1] Totals may not add due to rounding.

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

Table 66
DEBT SERVICE TO MATURITY ON BONDED AND CERTIFICATED LEASE OBLIGATIONS AND JUDGMENT OBLIGATION BONDS[1]
As of July 1, 2015

	Capital Equipment			Real Property			Judgment Obligation Bonds			
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Grand Total
2016	$39,928,042	$13,140,640	$53,068,682	$78,121,654	$56,411,550	$134,533,204	$7,340,000	$1,691,025	$9,031,025	$196,632,911
2017	39,331,283	11,563,627	50,894,910	80,229,842	62,156,115	142,385,957	7,635,000	1,397,425	9,032,425	202,313,291
2018	41,007,187	9,876,083	50,883,269	83,413,667	58,405,995	141,819,663	7,990,000	1,038,175	9,028,175	201,731,107
2019	42,390,807	8,042,202	50,433,009	85,935,526	54,333,977	140,269,503	8,365,000	662,075	9,027,075	199,729,588
2020	37,492,202	6,066,431	43,558,633	85,790,228	50,012,833	135,803,062	6,190,000	304,500	6,494,500	185,856,195
2021	34,251,427	4,442,226	38,693,653	84,088,666	45,625,879	129,714,545	0	0	0	168,408,198
2022	25,433,543	3,139,032	28,572,574	87,330,000	41,239,467	128,569,467	0	0	0	157,142,041
2023	14,058,608	2,063,216	16,121,824	56,640,000	37,563,452	94,203,452	0	0	0	110,325,276
2024	14,556,685	1,565,858	16,122,543	43,355,000	34,969,681	78,324,681	0	0	0	94,447,224
2025	11,337,329	1,047,552	12,384,881	47,565,000	32,566,854	80,131,854	0	0	0	92,516,735
2026	8,030,000	617,625	8,647,625	46,160,000	30,154,451	76,314,451	0	0	0	84,962,076
2027	8,440,000	208,438	8,648,438	47,750,000	27,821,050	75,571,050	0	0	0	84,219,487
2028	0	0	0	43,576,203	25,396,639	68,972,842	0	0	0	68,972,842
2029	0	0	0	45,070,000	23,159,261	68,229,261	0	0	0	68,229,261
2030	0	0	0	43,720,000	20,869,067	64,589,067	0	0	0	64,589,067
2031	0	0	0	45,880,000	18,690,061	64,570,061	0	0	0	64,570,061
2032	0	0	0	47,920,000	16,395,353	64,315,353	0	0	0	64,315,353
2033	0	0	0	47,740,000	14,123,895	61,863,895	0	0	0	61,863,895
2034	0	0	0	49,015,000	11,870,680	60,885,680	0	0	0	60,885,680
2035	0	0	0	48,070,000	9,558,416	57,628,416	0	0	0	57,628,416
2036	0	0	0	50,300,000	7,296,584	57,596,584	0	0	0	57,596,584
2037	0	0	0	52,640,000	4,926,484	57,566,484	0	0	0	57,566,484
2038	0	0	0	26,270,000	2,443,482	28,713,482	0	0	0	28,713,482
2039	0	0	0	13,740,000	1,356,974	15,096,974	0	0	0	15,096,974
2040	0	0	0	8,210,000	611,900	8,821,900	0	0	0	8,821,900
2041	0	0	0	3,375,000	252,281	3,627,281	0	0	0	3,627,281
2042	0	0	0	1,990,000	99,500	2,089,500	0	0	0	2,089,500
Total	$316,257,112	$61,772,930	$378,030,042	$1,353,895,787	$688,311,881	$2,042,207,668	$37,520,000	$5,093,200	$42,613,200	$2,462,850,910

[1] Totals may not add due to rounding.

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

Debt Management Policies

The City adopted a written debt policy in August 1998, which was incorporated into the City's Administrative Code in May 2000, and has also adopted policies for Mello-Roos financing, variable rate debt and swaps. The debt, variable rate and swap policies were updated and consolidated into the City's Financial Policies in April 2005 (see **"BUDGET AND FINANCIAL OPERATIONS —Financial Management Policies**," herein). The City's Debt Management Policy establishes guidelines for the structure and management of the City's debt obligations. These guidelines include target and ceiling levels for certain debt ratios to be used for planning purposes. The two most significant ratios are shown below:

Table 67
DEBT MANAGEMENT POLICY RATIOS

Ratio	Ceiling	2014-15	Adopted Budget 2015-16
Total Direct Debt Service as Percent of General Fund Revenues	15.0%	7.38%	6.68%
Non-Voted Direct Debt Service as Percent of General Fund Revenues	6.0% [1]	4.55%	4.46%

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

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

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

Table 68
FINANCIAL RATIOS

As of June 30	Direct Net Debt	Net Debt Per Capita	Net Debt as Percent of Net Assessed Valuation
2011	$3,288,940,000	$863	0.82%
2012	3,250,215,000	850	0.80
2013	2,989,555,000	774	0.72
2014	2,724,275,000	696	0.62
2015	2,611,432,899	660	0.56

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

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

Table 69
GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND[1]

Fiscal Year	Debt Service Payment[2] ($000)	General Fund Revenues[3] ($000)	Debt Service as Percentage of General Fund Revenues
2011-12	$205,403	$4,587,994	4.48%
2012-13	207,129	4,828,505	4.29
2013-14	211,059	5,083,641	4.15
2014-15 (Estimated)	225,735	5,173,214	4.63
2015-16 (Adopted Budget)	223,239	5,392,237	4.14

(1) Cash basis.
(2) Debt service payments on lease obligations and judgment obligation bonds.
(3) Including operating transfers in.

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

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

Table 70
RETIREMENT OF DIRECT NET DEBT
As of July 1, 2015[1]

	General Obligation Bonds		Capital Equipment Leases		Real Property Leases		Judgment Obligation Bonds		Total	
Maturing Within	Maturing Principal	Cumulative % of Debt Retired	Maturing Principal	Cumulative % of Debt Retired	Maturing Principal	Cumulative % of Debt Retired	Maturing Principal	Cumulative % of Debt Retired	Maturing Principal	Cumulative % of Debt Retired
0 to 5 years	$ 443,150,000	49.9%	$ 200,149,521	63.3%	$ 413,490,918	30.5%	$ 37,520,000	100.0%	$ 1,094,310,438	42.4%
5 to 10 years	327,935,000	86.9	99,637,592	94.8	318,978,666	54.1	0	100.0	746,551,258	70.9
10 to 15 years	104,950,000	98.7	16,470,000	100.0	226,276,203	70.8	0	100.0	347,696,203	84.3
15 to 20 years	11,700,000	100.0	0	100.0	238,625,000	88.4	0	100.0	250,325,000	94.0
20 to 25 years	0	100.0	0	100.0	151,160,000	99.6	0	100.0	151,160,000	99.8
25 to 30 years	0	100.0	0	100.0	5,365,000	100.0	0	100.0	5,365,000	100.0
30 to 35 years	0	100.0	0	100.0	0	100.0	0	100.0	0	100.0
Total	$887,735,000		$316,257,112		$1,353,895,787		$ 37,520,000		$2,595,407,899	

[1] Totals may not add due to independent rounding.

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

Variable Rate Obligations and Swap Agreements

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

The City has a formal swap policy approved by the Mayor and Council in April 2003. This policy was consolidated into the City's Financial Policies in April 2005 (see **"BUDGET AND FINANCIAL OPERATIONS—Financial Management Policies**," herein). In connection with a variable-rate wastewater system revenue bond transaction in 2006, the City entered into fix-pay swap agreements. Swap payments and any termination payments would be made from the wastewater system enterprise fund and not the City's General Fund. A portion of the Series 2008A-H bonds were refunded with a partial swap termination by the Series 2012A Bonds on April 17, 2012. The Series 2008A-H bonds were refunded with the proceeds of the City's Wastewater System Subordinate Revenue Bonds, Variable Rate Refunding Series 2012-D (the "Series 2012-D Subordinate Bonds"). The swap agreements have been re-associated with a portion of the Series 2012-D Subordinate Bonds. As of April 17, 2012, the notional value of the swaps was reduced from $311.6 million to $151.1 million. For additional information, see Note 4-L in the "Notes to the City's Basic Financial Statements Fiscal Year Ended June 30, 2014" in the City's Comprehensive Annual Financial Report.

In August 2014, the City Council approved a proposal to review these swap agreements, and adopted an action calling on the swap providers under the respective swap agreements to renegotiate or terminate such swap agreements with no additional fees. In March 2015, Councilmember Paul Koretz participated in a phone conversation with members of the Fix LA Coalition, the Service Employees International Union and the chief of staff of one of the commissioners of the Securities and Exchange Commission (the "SEC") during which the Fix LA Coalition asked that the SEC investigate the practice of the banks involved in the City's Wastewater 2006 Swap transaction. The City has not been contacted by the SEC and is not aware of any existing investigation.

Proposed Additional Financings

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

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

Table 71
POTENTIAL ADDITIONAL FINANCINGS [to update]
DEBT CALENDAR

Anticipated Sale Date	Project	Type of Obligation	Estimated Financing Amount
[August, 2015]	General Obligation Bonds Refunding Series 2015-A	General Obligation	$ 80,000,000]
Fall 2015	MICLA 2015-A Refunding (Real Property)	Lease Revenue Bond	30,000,000
Fall 2015	MICLA 2015-B Refunding (Equipment)	Lease Revenue Bond	70,000,000
Fall 2015	LACC Commercial Paper Program	Commercial Paper	100,00,000
December 2015	Wastewater System Commercial Paper Letter of Credit Replacement	Commercial Paper	200,000,000
December 2015	Wastewater System Variable Rate Bonds Credit Support	Enterprise Revenue Bond	280,900,000
January 2016	LA Convention Center Lease Revenue Bonds Refunding 2016-A	Lease Revenue Bond	258,000,000
January 2016	MICLA Street Lighting 2016-A	Lease Revenue Bond	5,000,000
Spring 2016	MICLA AK Refunding	Lease Revenue Bond	31,000,000
June 2016	TRAN 2016	Tax and Revenue Anticipation Notes	1,400,000,000

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

Overlapping Bonded Debt

Contained within the City are numerous overlapping local agencies providing public services. These local agencies have outstanding bonds issued primarily in the form of general obligation, pension obligation, lease revenue, special tax, and special assessment bonds. A statement of the overlapping debt of the City, prepared by California Municipal Statistics Inc., is shown in the following table. The City makes no representations as to its completeness or accuracy. Self-supporting revenue bonds, tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement. The overlapping debt statement also excludes the City's city-wide landscaping and lighting district, which is reported in Table 60 as Direct Debt. The City anticipates issuing additional bonded debt. (See **"BONDED AND OTHER INDEBTEDNESS—Introduction"** and **"Proposed Additional Financings"** herein). The City also anticipates that new special assessment and special tax districts may be created in the future within the City, and that debt supported by these special assessments and special taxes may be issued.

Table 72
STATEMENT OF OVERLAPPING DEBT
As of June 30, 2015

	Debt Outstanding 6/30/2015	Estimated Percent Applicable[1]	Estimated Shares Of Overlapping Debt 6/30/2015
OVERLAPPING DEBT REPAID WITH PROPERTY TAXES [2]			
Los Angeles County Flood Control District	$ 15,105,000	40.034%	$ 6,047,136
The Metropolitan Water District of Southern California	110,420,000	20.155	22,267,297
Los Angeles Community College District	3,929,135,000	70.722	2,778,762,855
Beverly Hills Unified School District	194,220,855	0.172	334,060
Inglewood Unified School District	123,515,000	1.077	1,330,257
Las Virgenes Unified School District	148,708,122	0.935	1,390,421
Los Angeles Unified School District	10,348,740,000	87.561	9,061,460,231
Other School Districts	419,709,325	Various	348,691
City of Los Angeles Community Facilities District No. 3 (estimate)	3,945,000	100.000	3,945,000
City of Los Angeles Community Facilities District No. 4	81,200,000	100.000	81,200,000
City of Los Angeles Community Facilities District No. 8	5,860,000	100.000	5,860,000
Mountains Recreation and Conservation Authority Assessment Districts	20,535,000	99.990-100.000	20,533,914
Los Angeles County Regional Park and Open Space Assessment District	82,880,000	38,873	32,217,942
OTHER OVERLAPPING DEBT:			
Los Angeles County General Fund Obligations	1,885,330,518	38.873	732,884,532
Los Angeles County Superintendent of Schools Certificates of Participation	8,719,113	38.873	3,389,381
Los Angeles County Sanitation District Nos. 1, 4, 5, 8 & 16 Authorities	66,030,766	0.001-11.641	4,171,192
Inglewood Unified School District Certificates of Participation	1,570,000	1.077	16,909
Las Virgenes Unified School District Certificates of Participation	11,165,000	0.935	104,393
Los Angeles Unified School District Certificates of Participation	307,180,000	87.561	268,969,880
Less: Los Angeles County General Fund Obligations supported by landfill revenues			(1,766,737)
Los Angeles Unified School District QZAB Bonds (supported by periodic payments to investment accounts)			(14,964,882)
TOTAL OVERLAPPING DEBT			$13,008,502,472

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.
(2) Excludes the City's Landscaping and Lighting District, a voter-approved citywide assessment district treated herein as direct debt.

Source: California Municipal Statistics, Inc.

OTHER MATTERS

An unsuccessful candidate for Mayor in the City's 2013 primary election posted on a website that a complaint was submitted to the SEC in October 2012, alleging that the City violated federal and state securities laws by failing to disclose certain budgetary information. The City has not received any notice or other communication from the SEC regarding this alleged complaint.

[Add Olympics application here]

LITIGATION

The following is a list prepared by the Office of the City Attorney updated as of October 5, 2015, of certain completed, pending or threatened litigation involving the City, excluding most personal injury cases and single plaintiff cases, and which in the event of an adverse ruling the City believes, based on current facts and circumstances, that it has a possible financial exposure of $10 million or more which, either individually or in the aggregate, which could materially affect the City's General Fund financial position.

For all other pending litigation, the City Attorney believes, based on current facts and circumstances, that the final determination of such litigation, either individually or in the aggregate, should not materially affect the City's General Fund financial position.

1. *Fair Labor Standards Act and Other Related Litigation*: The City has been sued in twelve separate class action cases (some of which were subsequently decertified), many of which allege violations of the Act. The various cases involve police officers, firefighters or Bureau of Sanitation employees, and involve allegations of failure to compensate for off-the-clock hours worked, uncompensated overtime, meal breaks worked and retaliatory disciplinary action. Resolution of these cases is not expected to occur concurrently, and some of the cases have settled, however, over an extended period of time and in the event of an adverse ruling, the potential maximum cumulative liability remaining is currently estimated to be as much as $15 million to the General Fund

2. A number of claims have been filed in connection with the City's utility users' tax on telephone services, which was amended in 2008 and designed to eliminate any such future claims (see **"MAJOR GENERAL FUND REVENUE SOURCES — Utility Users' Taxes"** herein.). *Ardon v. City of Los Angeles* is a class action that challenged the validity of the City's telephone users' tax based on a federal government interpretation of the federal excise tax. The City settled this case in 2015 for $92.5 million.

   In *Nextel Boost of California LLC v. City of Los Angeles,* the plaintiff, a provider of prepaid wireless services, seeks a refund of $6.3 million, which it alleges it overpaid for the period February 2007 through February 2008 in connection with the telephone users' tax. In *J2 Global Communications, Inc. v. City of Los Angeles*, the plaintiff seeks a $5.5 million refund for telephone users' taxes incurred for the years 2005, 2006 and 2007. Plaintiff makes the same federal excise tax argument as in *Ardon*, and also argues that the City's amendment to the Municipal Code was improper prior to voter approval in 2008. In *Sprint Telephony PCS, L.P. v. City of Los Angeles*, the plaintiff sought a refund in the amount of $8,320,000 for overpaid telephone users tax for the period January 1, 1998 through December 1, 2003 (the "Refund Period"). Plaintiff argued that it was not subject to the federal excise tax during the Refund Period. In *Sprint Communications Co. L.P. v. City of Los Angeles*, plaintiff sought a refund of $2.6 million. The City has settled the *Nextel Boost of California, LLC, Spring Telephony, PCS, L.P.* and *Spring Communications Co. L.P.* cases. The settlement for all three cases is "paid" over time in the form of credits against the Communications Users Tax taxes owed by the three companies. The credit is capped at $5.75 million for each 12-month period until a total of $23 million is reached. In *TracFone Wireless, Inc. v. City of Los Angeles*, the plaintiff, a national vendor of prepaid telephone cards, filed a complaint in December 2006, seeking

a refund of approximately $180,000 based on the same arguments. The *TracFone and J2 Global* cases are related to the *Ardon* matter and are in the pre-trial stage.

In a second suit by Tracfone, *Tracfone Wireless, Inc. v. City of Los Angeles*, the plaintiff seeks $2.8 million for allegedly overpaid telephone users' taxes for the periods January 2006 through December 2009. This action is stayed pending resolution of the *Ardon* matter. *Sipple et al. v. City of Los Angeles* is not a FET case but involves related issues. On May 27, 2011, plaintiff filed a complaint against 137 public agencies, including the City, seeking a refund of TUT. Plaintiff contends that TUT was erroneously collected on internet access charges by carrier New Cingular Wireless and its affiliates. New Cingular Wireless filed a refund request in an amount slightly over $22 million. The trial court sustained the City's demurrer to the complaint on the grounds that the plaintiffs lacked standing to assert a claim on behalf of all City taxpayers and plaintiffs had failed to comply with the City's claiming ordinance. The Court of Appeal reversed the dismissal and the City has authorized a Petition for Review to the Supreme Court. If the Court of Appeal decision stands, the potential liability if the plaintiffs were to prevail, based on current facts and circumstances, is currently estimated at approximately $9.7 million.

3. *Lisker v. City of Los Angeles, et al.* This case arises from plaintiff being arrested in 1983 and subsequently being convicted of murdering his mother. Plaintiff was released in August 2009, after a federal court determined that plaintiff received ineffective assistance of counsel and the evidence used against him was false. Plaintiff filed suit against the City and two former detectives, alleging the investigating detectives fabricated evidence and/or testified falsely at his trial. The City lost its appeal on this case. Trial is set for October 2016. In the event of an adverse ruling, and based on current facts and circumstances, the potential liability for the City is currently estimated to be $25 million or more.

4. The City is subject to several actions relating to its programs for low- and moderate-income housing.

   The City Attorney was advised by letter dated November 30, 2011, that the Civil Fraud Section of the U.S. Department of Justice is currently investigating whether the City violated the False Claims Act in connection with certifications to the U.S. Department of Housing and Urban Development regarding compliance with federal accessibility laws and regulations protecting individuals with handicaps. The City is cooperating in the investigation. At this time the City is unable to provide a detailed estimate of exposure because the investigation is in its early stages, however, exposure could be significant and could have a material impact on the City's financial position. If the U.S. Department of Justice or private parties were to pursue litigation and were successful, the City could face potential exposure to treble damages calculated based on the City's receipt of Community Development Block Grant ("CDBG"), HOME Investment Partnership, Emergency Shelter Grant ("ESG"), and Housing Opportunities for People with AIDS ("HOPWA") funds from approximately 2005 to 2010, as well as civil penalties. However, the City disputes any assertion that actions by City personnel meet the high standard for imposing False Claims Act liability, and further disputes that there is a factual basis for treble damages. If necessary, the City intends to vigorously defend its interests. This matter is also related to the Independent Living matter discussed below.

The City receives federal funds from the U.S. Department of Housing and Urban Development ("HUD"), which it uses to fund housing developments. HUD's Office of Fair Housing and Equal Opportunity ("FHEO") separately monitors City compliance with federal law. During three visits in late 2011, FHEO purportedly reviewed compliance with such laws, including the Americans with Disabilities Act. FHEO has conducted additional site inspections, and it is likely the City will retrofit and remediate all federally-funded properties to the appropriate standard. It is not possible to quantify the City's liability at this time.

Independent Living Center of Southern California, et al v. City of Los Angeles is a case was originally brought by three fair housing advocacy organizations against the City, the CRA/LA, and 34 owners of affordable housing projects. There are now approximately 61 owner defendants. The plaintiffs allege defendants failed to ensure that the affordable housing projects meet the accessibility requirements under federal and state civil rights laws. The allegations are disputed. While the City believes it is unable to provide a reasonable estimate of damages at this time, the City currently estimates that in the event of an adverse ruling, and based on current facts and circumstances, potential liability could be significant and could have a material impact on the City's financial position.

5. *Killings-Rodriguez v. City of Los Angeles.* In this case the plaintiff alleges wrongful death to a teenager and personal injuries (quadriplegia) to a young child as a result of being struck in a crosswalk by a third party vehicle. The plaintiff alleges that the traffic controls were inadequate. The City's motion for summary judgment was granted but the Court of Appeal reversed the trail court's decision. All avenues of review have been denied or exhausted. Mediation is set for November 2015. If the plaintiff ultimately prevails, the City currently estimates, based on current facts and circumstances, that potential liability could be as high as $ 30 million.

6. *Gomez v. City of Los Angeles.* In this case plaintiff sought damages arising from injuries (paraplegia) to a 13 year old boy who was playing with a replica gun and who was shot by LAPD officers. The trial court entered a judgment of $22 million against the City. The case has been settled for $15 million.

7. *Reggie Cole v City of Los Angeles.* In this case, the plaintiffs allege wrongful incarceration after their murder convictions were overturned. The Reggie Cole and Obie Anthony cases were consolidated. Obie Anthony has settled for $38 million. The case continues with the second plaintiff, Reggie Cole. Trial is set for October 23, 2015. There are no pending settlement negotiations or settlement talks at this time. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $20 million.

8. *Susan Mellen v City of Los Angeles.* In this case, the plaintiff alleges the LAPD wrongfully incarcerated her for 17 years. Trial is set for May 31, 2016. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $15 million.

9. *Kash, Delano, Register v City of Los Angeles.* In this case, plaintiff alleges he was wrongfully incarcerated for over 34 years for murder before his writ of habeas corpus was granted by a Superior Court judge. Trial is set for January 12, 2016. In the event of

an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $15 million.

10. *Marlton Recovery Partners v. City of Los Angeles.* This case involves inverse condemnation issues relating to access easements and parking covenants to a former shopping center. Mediation on March 2, 2015 was not successful, however, the parties were scheduled to engage in another mediation within 30-45 days thereafter. Trial is set for June 15, 2015 to December 1, 2015. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $10 million.

11. *Ivan Svitek v. City of Los Angeles.* This case involves a writ petition to set aside APL's February 28, 2014 decision and complaint for damages. The Demurrer to the plaintiffs Fourth Cause of Action was set for June 23, 2015. The writ trial was set for August 4, 2015. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $10 million.

12. *PLH, LLC and Foothill Solar v. City of Los Angeles.* This case involves a Petition for Writ of Mandate and a complaint for damages and injunctive relief challenging the North Valley APC denial of a project permit compliance in connection with solar formation. The Trial is continued to October 21, 2015. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $10 million.

13. *Willits, et al. v. City of Los Angeles.* Plaintiffs and the entity Communities Actively Living Independent and Free, allege that the City's policies and procedure as well as its infrastructure (including curb ramps and sidewalks) do not provide equal services and access to individuals with disabilities. The complaint seeks injunctive relief to require the removal of alleged barriers to pedestrian paths of travel throughout the City and cessation of alleged discriminatory policies to help ensure that all City design and construction activities and services are usable and readily accessible to persons with disabilities. The parties have agreed to a settlement which will commit the City to an on-going capital program for sidewalks. Under the settlement, the City will commit $31 million per year for 30 years ($930 million unadjusted for inflation), to be used for program access improvements and barrier removal, excluding new construction and alterations, commencing on the date the Judgment becomes final. The City will have the discretion to determine the revenue sources it will use to meet the terms of this agreement. The City will maintain the present value of the $31 million by adjusting the amount of the commitment by 15.3% every 5 years. The tentative settlement must be approved by the federal court.

14. *Clear Channel Outdoor, Inc.*: Clear Channel filed a Claim for Damages, dated February 22, 2013, for an amount in excess of $100 million arising from a federal appellate court decision invalidating a settlement agreement between the City and certain outdoor advertising companies (the "Summit Media Decision"). The Claim alleges: (i) violation of the City's representations and warranties in the settlement agreement that the conversions of its existing signs to digital technology did not violate the City's regulations, and that (ii) just compensation is due under the California Outdoor Advertising Act. The City denied the Claim by letter dated March 1, 2013. The parties

have entered into a tolling agreement to extend the time deadline by which the claimant may file a lawsuit pursuant to the claim.

15. *Regency Outdoor Advertising, Inc.*: Regency filed a Claim for Damages, dated February 26, 2013, for an unstated amount for breach of contract, breach of the covenant of good faith and fair dealing, and unjust enrichment arising from the Summit Media Decision. The City denied the Claim by letter dated April 3, 2013. The parties have entered into a tolling agreement to extend the time deadline by which the claimant may file a lawsuit pursuant to the claim.

16. *CBS Outdoor:* CBS Outdoor filed a Claim for Damages on May 13, 2013, for an amount stated to be in excess of $1 million arising from the Summit Media Decision, for damages, lost revenue, attorneys' fees, restitution and costs. The City denied the Claim by letter dated June 8, 2013. The parties have entered into a tolling agreement to extend the time deadline by which the claimant may file a lawsuit pursuant to the claim.

17. *Christian Rodriguez v. City of Los Angeles.* This case is a certified class action lawsuit in which plaintiffs, over 5,000 gang members, claim the City's gang injunction provisions are unconstitutional. The case is on remand to the district court. Cross motions for summary judgment to be prepared. Trial is set for December 1, 2015. Plaintiffs seek damages and other relief. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could be as much as $ 10 million.

18. *Power Revenue Fund Transfer Litigation:* On January 20, 2015, the California Court of Appeal held that the City of Redding's municipally owned electrical utility's annual payment in lieu of tax was a tax under the California Constitution, and that it was not grandfathered in as a tax that pre-existed Proposition 218. *Citizens for Fair REU Rates v. City of Redding.* This decision overturned the trial court's ruling that the annual PILOT payment was "grandfathered in." On April 29, 2015, the California Supreme Court granted review of the Court of Appeal's decision in Redding, and the decision was depublished. There is no timetable for the California Supreme Court to issue its decision.

    Subsequently to the Appellate Court ruling, two class action lawsuits were filed alleging that the City violated Proposition 26 by charging its electric utility customers fees that exceed the cost of providing electric utility service, as allegedly evidenced by the City's practice of transferring surplus revenue from the Los Angeles Department of Water and Power's Power Revenue Fund to the Reserve Fund of the City of Los Angeles. See "**MAJOR REVENUES—Power Revenue Transfers to General Fund,**" herein.

    The first lawsuit, *Chapman v. City of Los Angeles*, seeks action prohibiting further transfers, and seeks a refund from January 29, 2009 through the end of the lawsuit. The City believes the basis for a claims period extending back six years is not clear. The second lawsuit, *Eck v. City of Los Angeles*, also seeks an end to the transfer, and refunds from February 10, 2014 through the end of the lawsuit. The City believes that the potential liability for these lawsuits is difficult to project because it depends on many factors, including, for example, the unsettled nature of the law and the length of the case. The annual Power Revenue Fund Transfer represents approximately 5% of General Fund revenues. Subject to the foregoing sentence regarding the City's difficulty in estimating the potential liability for this matter, in the event of an adverse ruling and based on

current facts and circumstances, the City currently and preliminarily estimates that the potential refund liability could exceed $1 billion.

19. *Lavinksy v. COLA.* This case involves a class action lawsuit in connection with the City's gas tax. Plaintiff filed a class action lawsuit seeking a refund of gas taxes paid to the City on behalf of the classes. Awaiting class certification. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $12 million.

20. *Enquist v. COLA.* This case also involves a class action lawsuit in connection with the City's gas tax. Plaintiff also filed a class action lawsuit seeking a refund of gas taxes paid to the City on behalf of certain classes. The City recently filed an Answer to the complaint. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $12 million.

21. *Berkens, Crane, Robinson & Seal v. City of Los Angeles.* This case involves a class action lawsuit in connection with a refund claim for City business taxes and reimbursed expenses for attorneys. The plaintiff filed a class action lawsuit seeking a refund on behalf of attorneys who claimed reimbursed expenses in connection with their City business taxes. The court has certified the classes. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $15 million.

In addition to the cases listed above, two lawsuits have been filed challenging the City's actions relative to freezing OPEB Benefits. (See **"BUDGET AND FINANCIAL OPERATIONS—Other Post-Employment Benefits,"** above).

1. *Jack Fry, Gary Cline, Sandra Carlsen, Yvette Moreno, and Los Angeles Retired Fire & Police Association, Inc. v. City of Los Angeles.* This suit was filed by individual sworn employees regarding the City's action to freeze retiree health benefits for sworn employees who elect not to contribute to these benefits. On July 28, 2014, a Superior Court issued an interim order ruling that the petitioners have a vested right to a "non-frozen" health subsidy in retirement. The court did not rule that petitioners are entitled to any particular health subsidy amount. The City appealed the Superior Court's Decision. On November 12, 2014, the Court of Appeal granted the City's application for a Writ of Supersedeas which stays the Superior Court's order pending the City's appeals and requires the LAFPP Board to continue applying the retiree health care freeze ordinance. In March 2015, the City filed its opening brief in the Court of Appeal, and in late May, petitioners filed their responsive brief. The case is fully briefed and plaintiffs have indicated they are not interested in settling the case. Plaintiffs demand is for the City to revoke the Freeze Order. There is no date set for a hearing before the Court of Appeal. If the plaintiffs were to ultimately prevail in this case in reversing the "freeze," the City currently estimates, based on current facts and circumstances, that the potential liability could range up to $67 million. In addition, Petitioners are seeking not only to reverse the "freeze" but also to invalidate the 2% additional pension contributions being made by employees in exchange for being exempt from the freeze. Based on current facts and circumstances, it is estimated that the additional pension contributions could amount to $16 million per year in reduced retirement contributions by the City.

2. *Los Angeles Police Protective League and United Firefighters of Los Angeles City v. Board of Fire and Police Pension Commissioners v. City of Los Angeles.* In this case, plaintiffs seek a judgment declaring that their letter of agreement with the City requires the Retirement Board to increase the retirees' medical subsidy by the maximum amount allowable per year under the Administrative Code. The City prevailed on a demurrer, but the Court of Appeal reversed and issued a remitter, sending the case back to the trial court, which will require resolution of disputed factual issues. A new trial date was set for July 16, 2016. In the event of an adverse ruling, and based on current facts and circumstances, the City currently estimates that potential liability could range as high as $16 million.

APPENDIX B

SUMMARY OF LEGAL DOCUMENTS

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[TO COME]

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

None of the City, the Corporation, the Trustee or the Underwriters can or do give any assurances that DTC, the Participants or others will distribute payments of principal of or interest on the Series 2015-A Bonds paid to DTC or its nominee as the registered owner, or will distribute any prepayment notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the City, the Trustee or the Underwriters is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Series 2015-A Bonds or an error or delay relating thereto.

The following information concerning The Depository Trust Company ("DTC") and DTC's book-entry system has been obtained from sources that the City, the Corporation and the Underwriters believe to be reliable, but neither the City, the Corporation nor the Underwriters take responsibility for the accuracy thereof. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in this Official Statement and in APPENDIX B – "SUMMARY OF LEGAL DOCUMENTS."

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2015-A Bonds. The Series 2015-A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each Series 2015-A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to DTC's Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*. The information on such website is not incorporated herein by reference.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015-A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2015-A Bond ("Beneficial Owner") is in turn to be

recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015-A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015-A Bonds, except in the event that use of the book-entry system for the Series 2015-A Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015-A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2015-A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2015-A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015-A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2015-A Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2015-A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2015-A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015-A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation, as the issuer of the Series 2015-A Bonds, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015-A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Series 2015-A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the

responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2015-A Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2015-A Bond certificates are required to be printed and delivered.

10. The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositories). In that event, Series 2015-A Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Corporation believe to be reliable, but neither the City nor the Corporation take any responsibility for the accuracy thereof.

DTC may discontinue providing its services as depository with respect to the Series 2015-A Bonds at any time by giving reasonable notice to the City, the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositories). In that event, certificates will be printed and delivered.

Risks Regarding the Book-Entry Only System

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE SERIES 2015-A BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE SERIES 2015-A BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2015-A BONDS. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTEXT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2015-A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the Series 2015-A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such person, forwarded in writing by such Participant and to receive notification of all interest payments.

NONE OF THE CITY, THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE PAYMENTS TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS, THE SELECTION OF THE BENEFICIAL INTERESTS IN THE SERIES 2015-A BONDS TO BE REDEEMED IN THE EVENT OF REDEMPTION OF LESS THAN ALL BONDS OF A PARTICULAR MATURITY OR THE PROVISION OF NOTICE TO THE DIRECT PARTICIPANTS, ANY INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO THE SERIES 2015-A BONDS. NO ASSURANCE CAN BE GIVEN BY THE CITY, THE CORPORATION, THE TRUSTEE OR THE UNDERWRITERS THAT DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR OTHER NOMINEES OF THE BENEFICIAL OWNERS WILL MAKE PROMPT TRANSFER OF PAYMENTS TO THE BENEFICIAL OWNERS, THAT THEY WILL DISTRIBUTE NOTICES, INCLUDING REDEMPTION NOTICES (REFERRED TO ABOVE), RECEIVED AS THE

REGISTERED OWNER OF THE SERIES 2015-A BONDS TO THE BENEFICIAL OWNERS, THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

If the City and the Corporation determine not to continue the book-entry system or DTC determines to discontinue its services with respect to the Series 2015-A Bonds, and the Corporation does not select another qualified securities depository, the Corporation shall deliver one or more Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfer and exchanges of Bonds will be governed by the provisions of the Indenture.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") dated November __, 2015 is executed and delivered by the City of Los Angeles, California (the "City") in connection with the issuance on behalf of the City by Municipal Improvement Corporation of Los Angeles (the "Corporation") of $_____ Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds"). The Series 2015-A Bonds are issued pursuant to that certain Indenture dated as of November 1, 2015 (the "Indenture"), by and between the City, the Municipal Improvement Corporation of Los Angeles (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee"). The City covenants and agrees as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the City in its capacity as an "obligated person" under the Rule (as defined herein) for the benefit of the Series 2015-A Bondholders and Beneficial Owners and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. DEFINITIONS. In addition to the definitions set forth above and in the Indenture, which shall apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean each of the City Administrative Officer of the City or any other person authorized to act on his or her behalf, acting in the capacity of Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated November __, 2015, executed and delivered by the Corporation in connection with the sale of the Series 2015-A Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2015-A Bonds required to comply with the Rule in connection with offering of the Series 2015-A Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") site.

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

"State" shall mean the State of California.

SECTION 3. PROVISION OF ANNUAL REPORTS. (a) The City shall cause the Dissemination Agent to provide, not later than June 30 of each year, commencing on June 30, 2016 with respect Fiscal Year 2014-15, to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate and in such form required by the Repository. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the City's audited financial statements may be submitted separately from the balance of the Annual Report and not later than the date required above for the filing of the Annual Report if they are not available by that date. The City shall submit unaudited financial statements not later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the Repository an Annual Report by the date required and in the manner required in subsection (a) above, the City shall send a notice to the Repository in a form prescribed by the Repository.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and the Repository to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The City's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) An update to the following Sections in Appendix A to the Official Statement: "BUDGET AND REVENUES," "MAJOR GENERAL FUND REVENUE SOURCES," "FINANCIAL OPERATIONS," "BONDED AND OTHER INDEBTEDNESS" and "LITIGATION."

The City need not update any particular table or chart included in such Sections so long as (i) the City provides updated information generally of the type previously included in such table or chart, or (ii) such table or chart constitutes information not deemed to be operating data under the Rule.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository. If the document incorporated by reference is a final official statement, it

must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS. (a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2015-A Bonds:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of the credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2015-A Bonds, or other material events affecting the tax status of the Series 2015-A Bonds;

7. modifications to rights of Series 2015-A Bond holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Series 2015-A Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership, or similar event of the City; provided that for the purposes of the event identified in this Subsection 12, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

13. consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, but, in the case of a Listed Event described in Subsection 2, 7, 8 (but only with respect to bond calls), 10, 13 and 14 of Section 5(a), only in the event the City determines that knowledge of occurrence of a Listed Event would be material under applicable federal securities laws, the City shall file or cause to be filed a notice of such occurrence with the Repository through its EMMA system, in an electronic format as prescribed by the Repository, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

(c) If the Dissemination Agent is other than the City, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the City and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to Subsections (a) and (b) and promptly direct the Dissemination Agent whether or not to report such event to the owners of the Series 2015-A Bonds. In the absence of such direction, the Dissemination Agent shall not report such event unless required to be reported by the Dissemination Agent to the owners of the Series 2015-A Bonds under the Indenture. The Dissemination Agent may conclusively rely upon such direction or lack thereof. For purposes of this Disclosure Certificate, actual knowledge of the occurrence of such Listed Events shall mean actual knowledge by the Dissemination Agent. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events. Notwithstanding the foregoing, notice of any Listed Event shall be filed with the Repository through its EMMA system, in an electronic format as prescribed by the Repository, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

SECTION 6. TERMINATION OF REPORTING OBLIGATION. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2015-A Bonds. If such termination occurs prior to the final maturity of the Series 2015-A Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c) hereof.

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

SECTION 8. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arise from a change in legal requirements, change in law, or change in identity, nature or status of an obligated person with respect to the Series 2015-A Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the Series 2015-A Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2015-A Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the

consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Series 2015-A Bondholders or Beneficial Owners of the Series 2015-A Bonds.

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

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

SECTION 10. DEFAULT. In the event of a failure by the City to comply with any provision of this Disclosure Certificate any Bondholders or Beneficial Owners of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2015-A Bonds.

SECTION 12. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters, Bondholders and Beneficial Owners from time of the Series 2015-A Bonds, and shall create no rights in any other person or entity.

CITY OF LOS ANGELES, CALIFORNIA

By:_____
Assistant City Administrative Officer

Exhibit C
Indenture

INDENTURE

by and among the

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

and the

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

Dated as of November 1, 2015

$[_____]
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

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EXHIBIT A — FORM OF SERIES 2015-A BOND A-1

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INDENTURE

THIS INDENTURE, dated as of November 1, 2015 (the "Indenture"), by and among the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), the CITY OF LOS ANGELES, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee");

W I T N E S S E T H:

WHEREAS, the City may enter into lease and lease-purchase agreements as lessee with any person, firm, corporation or public agency, to acquire, construct, install, improve or finance any real property or equipment necessary or useful for the municipal purposes of the City; and

WHEREAS, the City owns the Los Angeles Convention Center (the "Convention Center"), which has been financed and refinanced through various lease revenue transactions, of which $25,315,000 Los Angeles Convention and Exhibition Center Authority Taxable Lease Revenue Bonds, 1998 Series A (the "1998 Bonds"), and $253,060,000 Los Angeles Convention and Exhibition Center Authority Lease Revenue Refunding Bonds, Series 2008 A (the "2008 Bonds" and, together with the 1998 Bonds, the "Prior Bonds"), are outstanding; and

WHEREAS, certain capital improvements to the Convention Center have been financed with the proceeds of the sale of short term commercial paper (the "Prior Commercial Paper") issued by the Corporation, of which not more than $9,400,000 is outstanding; and

WHEREAS, the City has determined that compliance with the rules for tax-exempt financing limits the flexibility, utility and benefits of operating the Convention Center and therefore desires to refinance the Prior Bonds and the Prior Commercial Paper with taxable obligations; and

WHEREAS, the City has also determined that refinancing the Prior Bonds allows the City to divide the Convention Center into separate parcels that will maximize flexibility for future financings, including implementation of a Convention Center commercial paper program and financing a renovation and refurbishment of portions of the Convention Center; and

WHEREAS, the Corporation is authorized pursuant to its articles of incorporation and bylaws to provide financial assistance to the City for any municipal purpose by acquiring and financing real and personal property, acquiring and constructing various public facilities, and leasing such real and personal property for the use, benefit and enjoyment of the public; and

WHEREAS, the Corporation is authorized under its articles of incorporation and bylaws and under the laws of the State of California to issue its bonds, notes or other evidence of indebtedness; and

WHEREAS, concurrently with the execution hereof, the City and the Corporation are entering into a site lease agreement and a facility lease agreement pursuant to which the City is leasing a portion of the Convention Center to the Corporation and the Corporation is subleasing said portion of the Convention Center back to the City, the City's Basic Lease Payments for which will be sufficient to pay principal of and interest on a series of lease revenue bonds to be issued by the Corporation; and

WHEREAS, Sections 5450 *et seq.* of the California Government Code (the "Government Code") provide statutory authority for pledging collateral for the payment of the principal or redemption price of, and interest on bonds and other forms of indebtedness and agreements 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 Corporation hereby warrants and represents that pursuant to the Lease Agreement, the Assignment Agreement and this Indenture, the Owners of the Bonds have a first priority perfected security interest in the Basic Lease Payments that serve as the collateral for the Bonds pursuant to the Government Code; and

WHEREAS, the City and the Corporation have determined that it is in the public interest, convenience and welfare and for the common benefit of the inhabitants of the City that the City refinance the Convention Center by issuance by the Corporation of [_____] Dollars ($[_____]) of Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Series 2015-A Bonds"); and

WHEREAS, the Corporation has determined that all acts and proceedings required by law necessary to make the Series 2015-A Bonds, when executed by the Corporation, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the Corporation, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Corporation does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified. Capitalized undefined terms used herein shall, unless the context otherwise requires, have the meanings ascribed thereto in the Lease Agreement.

Additional Bonds

"Additional Bonds" means all lease revenue bonds or lease revenue refunding bonds of the Corporation authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III.

Annual Debt Service

"Annual Debt Service" means, for any Bond Year with respect to any or all Series of Bonds, the sum of (1) the interest payable on all Outstanding Bonds of such Series in such Bond Year, assuming that all Outstanding Serial Bonds of such Series are retired as scheduled and that all Outstanding Term Bonds of such Series, if any, are redeemed or paid from the Sinking Account as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds), (2) the principal amount of all Outstanding Serial Bonds of such Series, if any, maturing by their terms in such Bond Year, and (3) the principal amount of all Outstanding Term Bonds of such Series, if any, required to be redeemed or paid in such Bond Year (together with the redemption premiums, if any, thereon).

Authorized Denominations

"Authorized Denominations" means $5,000 and any integral multiple thereof.

Basic Lease Payments

"Basic Lease Payments" means all amounts payable by the City as the Basic Lease Payments pursuant to Section 3.4 of the Lease Agreement.

Beneficial Owner

"Beneficial Owner" means any person who has the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Board Member

"Board Member" means any member of the Corporation's board of directors.

Bond Fund

"Bond Fund" means the Series 2015-A Bond Fund established pursuant to Section 4.01 hereof.

Bond Year

"Bond Year" means the period from November 1 through the following October 31.

Bonds

"Bonds" means the Series 2015-A Bonds and all Additional Bonds.

Business Day

"Business Day" means a day of the year which is not a Saturday or Sunday, or a day on which banking institutions located in California or Minnesota are required or authorized to remain closed, or on which the New York Stock Exchange is closed.

Certificate of the City

"Certificate of the City" means an instrument in writing signed by a City Representative.

Certificate of the Corporation

"Certificate of the Corporation" means an instrument in writing signed by a Corporation Representative.

City

"City" means the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State.

City Representative

"City Representative" means the City Administrative Officer, any Assistant City Administrative Officer, the City Controller, the Chief Deputy City Controller, the City Treasurer, any Deputy City Treasurer, or such other employee of the City as the City Administrative Officer or the City Controller or the City Treasurer shall designate in writing, acting on behalf of the City with respect to this Indenture and the Leases.

Closing Date

"Closing Date" means November 19, 2015, the date on which the Series 2015-A Bonds are initially issued.

Code

"Code" means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Certificate

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate dated as of November 1, 2015 executed and delivered by the City in connection with the issuance of the Series 2015-A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Corporate Trust Office of the Trustee

"Corporate Trust Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California or such other or additional offices as may be specified to the Corporation by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the corporate trust office or agency of the Trustee in St. Paul, Minnesota or such other address as may be specified in writing by the Trustee.

Corporation

"Corporation" means the Municipal Improvement Corporation of Los Angeles, a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State or any successor entity.

Corporation Representative

"Corporation Representative" means the President, Vice President, Secretary, Treasurer or any Assistant Secretary or Assistant Treasurer of the Corporation, or any other person authorized by resolution of the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to the Lease or this Indenture.

Costs of Issuance

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation relating to the issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture, the Site Lease, the Facility Lease and the Assignment Agreement, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee (including legal fees), financing discounts, legal fees and charges, insurance fees and charges, Credit Facility fees and charges, bond insurance premiums, financial and other professional consultant fees, costs of rating agencies for credit ratings, initial insurance premiums, fees related to the Depository Trust Company, accounting fees, title insurance, fees for execution, transportation and safekeeping of the Bonds and any other charges and fees in connection or associated with the foregoing.

Costs of Issuance Fund

"Costs of Issuance Fund" means the fund by that name established pursuant to Section 4.01 hereof.

Credit Facility

"Credit Facility" means any line of credit, letter of credit, insurance policy, surety or other credit source deposited with the Trustee pursuant to Section 5.03(b)(3)(E) hereof.

Defeasance Securities

"Defeasance Securities" means (a) Federal Securities which are not callable for redemption prior to their maturity by any person other than the owner thereof and (b) other Permitted Investments (i) which either are not callable for redemption prior to their maturities by any person other than the owner thereof or for which an option to redeem prior to maturity has previously been irrevocably exercised (or an irrevocable covenant to exercise such option has previously been made by the person entitled to exercise such option) and the redemption date of such securities has thereby been irrevocably fixed prior to the use of any such securities as Defeasance Securities, and (ii) which at the time of their initial use as Defeasance Securities are rated in the highest generic rating category by S&P or Moody's.

Event of Default

"Event of Default" shall have the meaning contained in Section 9.01 hereof.

Facility Lease or Facility Lease Agreement

"Facility Lease" or "Facility Lease Agreement" means that certain Facility Lease Agreement, dated as of November 1, 2015, between the City and the Corporation under which the Corporation subleases the Leased Property to the City, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

Federal Securities

"Federal Securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal (including State and Local Government Securities (SLGS)), or securities evidencing direct ownership interests in such obligations or in specified portions of the interest on or principal of such obligations that are held by a custodian in safekeeping on behalf of the owners of such securities, as well as pre-refunded municipal bonds rated Aaa by Moody's and AAA by S&P.

Financial Newspaper

"Financial Newspaper" means *The Wall Street Journal* or *The Bond Buyer* or any other newspaper or journal printed in the English language publishing financial news and selected by the City, whose decision shall be final and conclusive.

Fiscal Year

"Fiscal Year" means each annual period of the Corporation which, as of the date hereof, is the period from July 1 through the following June 30.

Fitch

"Fitch" means Fitch Ratings, or any successor credit rating agency selected by the Corporation.

Indenture

"Indenture" means this Indenture, dated as of November 1, 2015, among the Corporation, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed pursuant to the provisions hereof.

Interest Payment Date

"Interest Payment Date" means each May 1 and November 1 commencing May 1, 2016.

Kroll

"Kroll" means Kroll Bond Rating Agency, or any successor credit rating agency selected by the Corporation.

Lease or Lease Agreement

"Lease" or "Lease Agreement" means the Facility Lease.

Lease Payment Date

"Lease Payment Date" means the fifteenth (15th) day of April and October in each year during the Term of the Lease, commencing April 15, 2016, except that if the Corporate Trust Office of the Trustee is not open for business on any such date, then that Lease Payment Date shall be the next day on which such Corporate Trust Office is open for business.

Lease Payments

"Lease Payments" means the Basic Lease Payments and the Additional Payments payable by the City pursuant to the Facility Lease Agreement.

Leased Property

"Leased Property" means the land described in Exhibit A to the Site Lease and the Facility Lease, together with the improvements thereon, as such Exhibit A may be amended or supplemented from time to time in accordance with the terms of the Site Lease and Facility Lease.

Maximum Annual Debt Service

"Maximum Annual Debt Service" means the largest Annual Debt Service during the period from the date of such determination through the final maturity date of any Outstanding Bonds or Series of Outstanding Bonds.

Moody's

"Moody's" means Moody's Investors Service, Inc., or any successor credit rating agency selected by the Corporation.

Net Proceeds

"Net Proceeds" means, collectively, the net proceeds of any insurance or condemnation award resulting from any damage or destruction of any portion of the Leased Property payable in accordance with the Lease Agreement.

Opinion of Counsel

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Corporation or the City.

Outstanding

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 8.02) all Bonds theretofore or thereupon executed by the Corporation and authenticated and delivered by the Trustee pursuant hereto including, but not limited to, Series 2015-A Bonds, except:

(i) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(ii) Bonds paid or deemed to have been paid within the meaning of Section 10.01 hereof; and

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been executed by the Corporation and authenticated and delivered pursuant hereto.

Owner

"Owner" means any person who shall be the registered owner of any Outstanding Bond, as shown on the registration books required to be maintained by the Trustee pursuant to Section 2.08 hereof.

Participant

"Participant" shall have the meaning contained in Section 2.12 hereof.

Permitted Investments

"Permitted Investments" means any of the following to the extent then permitted by law and Section 5.04:

1. (a) Cash (insured to the maximum amount available by the Federal Deposit Insurance Corporation), (b) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (*"U.S. Treasury Obligations"*), (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (d) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated).

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts).

(b) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes.

(c) Federal Home Loan Banks (FHL Banks) consolidated debt obligations.

(d) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts).

4. Unsecured certificates of deposit, time deposits, money-market accounts and bankers' acceptances (having maturities of not more than 365 days) of any bank the short-term obligations of which are rated "A-1+" or better by S&P and "Prime-1" by Moody's.

5. Deposits the aggregate amount of which are insured to the maximum amount available by the Federal Deposit Insurance Corporation, in banks which have capital and surplus of at least $15 million.

6. Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

7. Money market funds rated "AAm" or "AAm-G" or better by S&P and if rated by Moody's rated "Aa2" or better including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

8. *"State Obligations,"* which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated at least "A3" by Moody's and at least "A-" by S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated "A-1+" by S&P and "MIG-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (b) above and rated "AA-" or better by S&P and "Aa3" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (*"Verification Report"*);

(d) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification Report; and

(f) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

10. Repurchase agreements: with (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A-" by S&P and "A3" by Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has long-term debt rated at least "A-" by S&P and "A3" by Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated at least "A-" by S&P and "A3" Moody's (for the purpose of this definition, each an *"Eligible Provider"*), *provided* that:

(a) (i) permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers), and (ii) collateral levels must be at least 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC (for the purpose of this definition, *"Eligible Collateral"*);

(b) the Trustee or a third party acting solely as agent therefor or for the Corporation (the *"Custodian"*) has possession of the collateral or the collateral has been transferred to the Custodian in accordance with applicable state and federal laws (other than by means of entries on the transferor's books) and such collateral shall be marked to market;

(c) the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Corporation setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(d) the repurchase agreement shall state and an Opinion of Counsel shall be rendered at the time such collateral is delivered that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(e) the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must notify

the Corporation and the Trustee within five days of receipt of such notice. Within ten days of receipt of such notice, the provider shall either: (i) provide a written guarantee acceptable to the Corporation, (ii) post Eligible Collateral, or (iii) assign the agreement to an Eligible Provider. If the provider does not perform a remedy within ten Business Days, the provider shall, at the direction of the Trustee (who shall give such direction if so directed by the Corporation) repurchase all collateral and terminate the repurchase agreement, with no penalty or premium to the Corporation or the Trustee.

11. Investment agreements: with a domestic or foreign bank or corporation the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA-" by S&P and "Aa3" by Moody's (for the purpose of this definition, each an *"Eligible Provider"*); *provided* that:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Corporation and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the provider shall send monthly reports to the Trustee and the Corporation setting forth the balance the Corporation or Trustee has invested with the provider and the amounts and dates of interest accrued and paid by the provider;

(d) the investment agreement shall state that is an unconditional and general obligation of the provider, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(e) the Corporation and the Trustee shall receive an opinion of domestic counsel to the provider that such investment agreement is legal, valid, binding and enforceable against the provider in accordance with its terms;

(f) the Corporation and the Trustee shall receive an opinion of foreign counsel to the provider (if applicable) that (i) the investment agreement has been duly authorized, executed and delivered by the provider and constitutes the legal, valid and binding obligation of the provider, enforceable against the provider in accordance with its terms, (b) the choice of law of the state set forth in the investment agreement is valid under that country's laws and a court in such

country would uphold such choice of law, and (c) any judgment rendered by a court in the United States would be recognized and enforceable in such country;

(g) the investment agreement shall provide that if during its term:

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", the provider shall, at its option, within ten days of receipt of publication of such downgrade, either (i) provide a written guarantee acceptable to the Corporation, (ii) post Eligible Collateral with the Corporation, the Trustee or a third party acting solely as agent therefor (the *"Custodian"*) free and clear of any third party liens or claims, or (iii) assign the agreement to an Eligible Provider, or (iv) repay the principal of and accrued but unpaid interest on the investment;

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3" respectively, the provider must, at the direction of the Corporation or the Trustee (who shall give such direction if so directed by the Corporation), within ten days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Corporation or Trustee.

(h) in the event the provider is required to collateralize, permitted collateral shall include U.S. Treasury Obligations, or senior debt obligations of GNMA, FNMA or FHLMC (no collateralized mortgage obligations shall be permitted for these providers) and collateral levels must be 102% of the total principal when the collateral type is U.S. Treasury Obligations, 103% of the total principal when the collateral type is GNMA's and 104% of the total principal when the collateral type is FNMA and FHLMC (for the purpose of this definition, *"Eligible Collateral"*). In addition, the collateral shall be marked to market on a daily basis and the provider or Custodian shall send monthly reports to the Trustee and the Corporation setting forth the type of collateral, the collateral percentage required for that collateral type, the market value of the collateral on the valuation date and the name of the Custodian holding the collateral;

(i) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Custodian has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof;

(j) the investment agreement must provide that if during its term: (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Corporation or the Trustee (who shall give such direction if so directed by the Corporation), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate, and (ii) the provider shall

become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Corporation or Trustee, as appropriate.

Maturity of investments shall be governed by the following:

(a) Investments of monies (other than reserve funds) shall be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments.

(b) Investments shall be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements.

(c) Investments of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

Project

"Project" means the refinancing of the Convention Center.

Property

"Property" means the land described in Exhibit A to the Site Lease and the Facility Lease, together with the improvements thereon, as such Exhibit A may be amended or supplemented from time to time in accordance with the terms of the Site Lease and Facility Lease.

Rating Agencies

"Rating Agencies" means S&P, Fitch or Kroll, or in the event that Moody's, S&P, Fitch or Kroll no longer maintains a rating on the Bonds, any other nationally recognized bond rating agency then maintaining a rating on the Bonds, but, in each instance, only so long as S&P, Fitch or Kroll or other nationally recognized rating agency then maintains a rating on the Bonds.

Record Date

"Record Date" means the 15th day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day.

Representation Letter

"Representation Letter" means the Blanket Letter of Representations delivered to DTC by the Corporation.

Revenues

"Revenues" means all Basic Lease Payments made pursuant to the Lease Agreement and interest or profits from the investment of money in any fund, account or subaccount pursuant to Section 5.04.

S&P

"S&P" means Standard & Poor's Ratings Services, or any successor credit rating agency selected by the Corporation.

Securities Depositories

"Securities Depositories" means: The Depository Trust Company, 55 Water Street, New York, New York 10041-0099; or to such other addresses and/or such other securities depositories as the Corporation may designate in writing to the Trustee.

Serial Bonds

"Serial Bonds" means Bonds for which no sinking fund payments are provided.

Series

"Series" means a series of Bonds issued hereunder including, without limitation, the Series 2015-A Bonds and any series of Additional Bonds.

Series 2015-A Bond Fund

"Series 2015-A Bond Fund" means the fund of that name established pursuant to Section 4.01 hereof.

Series 2015-A Bonds

"Series 2015-A Bonds" means the Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) authorized and at any time Outstanding pursuant hereto and issued, executed and delivered in accordance with Article II and payable from Basic Lease Payments made by the City pursuant to the Facility Lease Agreement.

Series 2015-A Interest Account

"Series 2015-A Interest Account" means the account by that name established pursuant to Section 5.03 hereof.

Series 2015-A Principal Account

"Series 2015-A Principal Account" means the account by that name established pursuant to Section 5.03 hereof.

Series 2015-A Redemption Account

"Series 2015-A Redemption Account" means the account by that name established pursuant to Section 5.03 hereof.

Series 2015-A Revenues

"Series 2015-A Revenues" means all Basic Lease Payments made pursuant to the Facility Lease Agreement and interest or profits from the investment of money in any Series 2015-A designated fund, account or subaccount pursuant to Section 5.04.

Site Lease

"Site Lease" means the Site Lease dated as of November 1, 2015 between the City and the Corporation under which the City leases the Leased Property to the Corporation.

State

"State" means the State of California.

Supplemental Indenture

"Supplemental Indenture" means any indenture then in full force and effect which has been duly executed and delivered by the Corporation, the City and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Term Bonds

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Trustee

"Trustee" means U.S. Bank National Association, a national banking association existing under and by virtue of the laws of the United States of America, or any other association or corporation which may at any time be substituted in its place as provided in Section 7.02.

Written Request of the City

"Written Request of the City" means a request in writing signed by a City Representative.

Written Request of the Corporation

"Written Request of the Corporation" means a request in writing signed by a Corporation Representative.

Section 1.02 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the City, the Corporation and the Trustee for the benefit of the Owners from time to time of all Bonds authorized, issued, executed and delivered hereunder and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, with respect to all Bonds which may from time to time be authorized, issued, executed and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the City or the Corporation shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, issuance, execution or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II
ISSUANCE OF SERIES 2015-A BONDS; REGISTRATION AND TRANSFER OF BONDS

Section 2.01 Authorization and Purpose of Series 2015-A Bonds. The Corporation has reviewed all proceedings heretofore taken relative to the authorization of the Series 2015-A Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2015-A Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Corporation is now duly authorized to issue the Series 2015-A Bonds in the form and manner provided herein for the purpose of providing funds to finance the Project, and that the Series 2015-A Bonds shall be entitled to the benefit, protection and security of the provisions hereof. The procedure for issuance of the Series 2015-A Bonds is set forth in Section 4.02.

Section 2.02 Terms of the Series 2015-A Bonds. (a) The Series 2015-A Bonds shall be designated "Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center)" and shall be in the aggregate principal amount of [_____] Dollars ($[_____]). The Series 2015-A Bonds shall be dated the Closing Date, shall be issued in book-entry form in Authorized Denominations (not exceeding the principal amount of Series 2015-A Bonds maturing at any one time), and shall mature on the dates and in the principal amounts and shall bear interest at the rates as set forth in the following schedule:

Maturity Date (November 1)	Principal Amount	Interest Rate
	$	%

Total	$

(b) The principal of the Series 2015-A Bonds shall be payable in lawful money of the United States of America at the Corporate Trust Office of the Trustee upon presentation and surrender of such Series 2015-A Bonds.

(c) The Series 2015-A Bonds shall bear interest at the rates set forth above, payable on the Interest Payment Dates in each year, commencing on May 1, 2016. Each Series 2015-A Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is during the period commencing after a Record Date through and including the next succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Record Date, in which event it shall bear interest from Closing Date.

(d) Payment of interest on the Series 2015-A Bonds due on or before the maturity or prior redemption thereof shall be made to the person in whose name such Series 2015-A Bonds are registered, as of the Record Date preceding the applicable Interest Payment Date, on the registration books kept by the Trustee pursuant to Section 2.08, such interest to be paid by check mailed by first class mail on such Interest Payment Date to such Owner at his address as it appears on such books as of the Record Date; provided, however, that upon the written request of an Owner of $1,000,000 or more in aggregate principal amount of the Series 2015-A Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Any such written request shall remain in effect until rescinded in writing by the Owner.

(e) Interest on the Series 2015-A Bonds shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(f) The Series 2015-A Bonds shall be initially registered in the name of "Cede & Co.," as Nominee of DTC (as defined in Section 2.12 hereof), shall be in book-entry form, and

shall be evidenced by one bond for each maturity bearing a specified interest rate (each, a "maturity") of each Series of the Series 2015-A Bonds in the principal amount of the respective maturities of the Series 2015-A Bonds.

Section 2.03 Redemption of Bonds. (a) The Series 2015-A Bonds are subject to redemption prior to their respective maturity dates, in Authorized Denominations, upon notice as hereinafter provided, on any date, as a whole or in part, from Net Proceeds, as provided in Section 6.08 herein and Section 5.2 of the Lease Agreement, at the principal amount thereof together with accrued interest to the date of redemption, without premium. The redemption date shall be a date, selected by the City on behalf of the Corporation, no later than 75 days after receipt of the Written Request of the City delivered to the Trustee pursuant to Section 6.08(a). Notwithstanding the foregoing, the Net Proceeds arising from the damage, destruction, taking or other loss of or to the Property may be invested and applied to the pro rata payment of principal of the Series 2015-A Bonds or such other selection of Bonds approved in an Opinion of Counsel, so long as the Bonds are Outstanding.

(b) If less than all Outstanding Series 2015-A Bonds are to be redeemed at any time pursuant to the provisions of paragraph (a) above, the Trustee shall use the net insurance proceeds or condemnation awards attributable to the portion of the Property destroyed, damaged, lost or taken, to redeem the Series 2015-A Bonds, by lot among all maturities of Bonds of such Series, as directed in writing by the City. Subject to the foregoing, if less than all Outstanding Bonds of a Series maturing by their terms on any one date are to be so redeemed at any one time, the Trustee shall select the Bonds of such Series and maturity date to be redeemed in any manner that it deems appropriate; provided, however, that if the remaining Basic Lease Payments with respect to the Lease Agreement will not be reasonably level after such prepayment of Outstanding Bonds, the City shall deliver to the Trustee an Opinion of Counsel that such Lease Agreement will continue to be a valid and binding obligation of the City after such redemption.

(c) The Series 2015-A Bonds are subject to optional redemption prior to their stated maturity dates, at the option of the Corporation, in whole or in part, on any date, at a redemption price equal to the greater of:

(1) 100 percent of the principal amount of the Series 2015-A Bonds to be redeemed; and

(2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series 2015-A Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus [12.5] basis points; plus in each case, accrued and unpaid interest on the Series 2015-A Bonds being redeemed to the date fixed for redemption.

For the purpose of determining the Treasury Rate, the following definitions will apply:

"Treasury Rate" means, with respect to any redemption date for a particular Series 2015-A Bond, the rate per annum, expressed as a percentage of the principal

amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2015-A Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the applicable Series 2015-A Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2015-A Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2015-A Bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Corporation.

"Reference Treasury Dealer" means [_____] and its respective successors and three other firms, specified by the Corporation from time to time, that are primary U.S. Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Corporation shall substitute another Primary Treasury Dealer.

"Reference Treasury Deal Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2015-A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

(d) Notice of redemption shall be mailed by the Trustee, not less than 30 nor more than 60 days prior to the redemption date to (i) the respective Owners of the Series 2015-A Bonds designated for redemption at their addresses appearing on the registration books of the Trustee by first class mail, and (ii) the Securities Depositories (if any). Notice of redemption to the Securities Depositories shall be given by registered mail or by overnight delivery. Each notice of redemption shall state the date of such notice, the redemption price, the name and appropriate address of the Trustee, the CUSIP number (if any) of the maturity or maturities within a Series, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2015-A Bonds of such maturity to be redeemed and, in the case of Series 2015-A Bonds to be redeemed in part only, the respective portions of the principal

amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2015-A Bonds the principal amount thereof and in the case of a Series 2015-A Bond to be redeemed in part only, the specified portion of the principal amount thereof to be redeemed, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2015-A Bonds be then surrendered at the address of the Trustee specified in the redemption notice. The notice of redemption for any optional redemption pursuant to Section 2.03(c) hereof shall contain a statement to the effect that redemption of the Series 2015-A Bonds is conditioned upon the receipt by the Trustee of amounts equal to the redemption price of the Series 2015-A Bonds to be redeemed on or before the redemption date, and such optional redemption shall be so conditioned.

(e) If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Series 2015-A Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice such Series 2015-A Bonds shall become due and payable, and from and after the date so designated interest on the Series 2015-A Bonds so called for redemption shall cease to accrue, and the Owners of such Series 2015-A Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(f) Failure by the Trustee to give notice pursuant to this Section to any one or more of the Securities Depositories, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail or otherwise provide notice of redemption pursuant to this Section to any one or more of the respective Owners of any Series 2015-A Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owners to whom such notice was mailed.

(g) All Series 2015-A Bonds redeemed pursuant to the provisions of this Section shall be canceled by the Trustee and shall be delivered to, or upon the order of, the Corporation and shall not be reissued.

Section 2.04 Form of Series 2015-A Bonds. The forms of the Series 2015-A Bonds, and the authentication and registration endorsement and assignment to appear thereon, shall be substantially in the form set forth on Exhibit A hereto.

Section 2.05 Execution of Bonds. (a) Any Board Member of the Corporation is hereby authorized and directed to execute each of the Bonds on behalf of the Corporation and the Assistant Secretary and Treasurer of the Corporation is hereby authorized and directed to countersign each of the Bonds on behalf of the Corporation. The signatures of such Board Member and Assistant Secretary and Treasurer may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

(b) Only those Bonds bearing thereon a certificate of authentication and registration in substantially the form set forth in Exhibit A hereto, executed manually and dated

by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated and registered have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

Section 2.06 Transfer and Payment of Bonds. (a) Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.08 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender, at the Corporate Trust Office of the Trustee, of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer substantially in the form set forth in Exhibit A. Whenever any Bond or Bonds shall be surrendered for transfer, the Corporation shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of a like aggregate principal amount. The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the City.

(b) The Corporation and the Trustee may deem and treat the Owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the Corporation nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

(c) The Trustee shall not be required to register the transfer of any Bond (i) during the period commencing on the day which is five Business Days before the date on which Bonds are to be selected for redemption and ending on such date of selection, or (ii) which has been selected for redemption in whole or in part.

Section 2.07 Exchange of Bonds. (a) Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the City.

(b) The Trustee shall not be required to register the exchange of any Bond (i) during any period commencing on the day which is five Business Days before the date on which Bonds are to be selected for redemption and ending on such date of selection, or (ii) which has been selected for redemption in whole or in part.

Section 2.08 Bond Registration Books. The Trustee will keep sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the Corporation during normal business hours with reasonable prior notice, and upon presentation

for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

Section 2.09 Mutilated, Destroyed, Stolen or Lost Bonds. (a) If any Bond shall become mutilated, the Trustee, at the expense of the Owner thereof, shall thereupon authenticate and deliver a new Bond of like Series, maturity and Authorized Denomination in exchange and substitution for the Bond so mutilated, but only upon surrender, at the Corporate Trust Office of the Trustee, of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by the Trustee and delivered to, or upon the order of, the Corporation.

(b) If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner, shall thereupon authenticate and deliver a new Bond of like Series, maturity and Authorized Denomination in lieu of and in substitution for the Bond so lost, destroyed or stolen.

(c) The Trustee may require payment of a reasonable sum for each new Bond issued under this Section and of the expenses which may be incurred by the Corporation and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. Neither the Corporation nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder; both the original and replacement Bond shall be treated as one and the same.

Section 2.10 Temporary Bonds. The Bonds issued under this Indenture may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Corporation, shall be in fully registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed and authenticated in accordance with the terms hereof. If the Corporation issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, at the Corporate Trust Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds delivered hereunder.

Section 2.11 Validity of Bonds. From and after the issuance of the Bonds, the findings and determinations of the Corporation respecting the Bonds shall be conclusive evidence of (i) the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the Bonds shall be required to see to the existence of any fact, or (ii) to the performance of any condition or to the taking of any proceeding required prior to such issuance, or (iii) to the application of the proceeds of sale of the Bonds. The validity of the issuance of the Bonds shall not be dependent on or affected in any way by the proceedings taken by the Corporation for the financing of the Project or by any contracts made by the Corporation

or its agents in connection therewith, and shall not be dependent upon the completion of the acquisition or installation of the Project or upon the performance by any person, firm or corporation of his or its obligation with respect thereto. The recital contained in the Bonds that the same are issued pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

Section 2.12 Special Covenants as to Book-Entry Only Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section 2.12 or as otherwise set forth in an amendment or supplement to this Indenture with respect to any Additional Bonds, all of the Bonds initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the principal of and interest on each Bond registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the Corporation or the City.

(b) The Bonds executed and delivered pursuant to this Section 2.12 shall be in the form of a single authenticated fully registered bond for each maturity of each Series bearing a specified interest rate. The ownership of all such Bonds shall be registered in the registration books maintained by the Trustee pursuant to Section 2.08 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Trustee, the Corporation and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of and interest on such Bonds, selecting any Bonds or portions thereof to be prepaid, giving any notice permitted or required to be given to an Owner under the Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever; and neither the Trustee, the Corporation nor the City shall be affected by any notice to the contrary. Neither the Trustee, the Corporation nor the City shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.12, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Bonds; (iii) any notice which is permitted or required to be given to the Owners under the Indenture; (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 2.12.

(c) In the event that the Corporation determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain bonds, the Trustee shall, upon the written instruction of the Corporation, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.12. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice of such discontinuance to the City, the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (f) of this Section 2.12. Whenever DTC requests the City, the Corporation or the Trustee to do so, the Trustee, the Corporation and the City will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all bonds evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 2.12, and thereafter, all reference in this Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Corporation shall execute and deliver the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section 2.12, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.06 and 2.07. In the event Bonds are issued to holders other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.02, 2.03, 2.06 and 2.07 shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

ARTICLE III
ISSUANCE OF ADDITIONAL BONDS

Section 3.01 Conditions for the Issuance of Additional Bonds. The Corporation may at any time issue Additional Bonds payable from the Revenues as provided herein and secured by a pledge of the Revenues as provided herein equal to the pledge securing the Outstanding Bonds theretofore issued hereunder, but only subject to the following specific

conditions, which are hereby made conditions precedent to the issuance of any such Additional Bonds:

(a) The Corporation shall be, as evidenced by a Certificate of the Corporation, in compliance with all agreements and covenants contained herein and no Event of Default shall have occurred and be continuing under the Lease Agreement, except in each case as shall be cured by the issuance of the Additional Bonds.

(b) The issuance of such Additional Bonds shall have been authorized by the Corporation and shall have been provided for by a Supplemental Indenture which shall specify the following:

(1) the purpose for which such Additional Bonds are to be issued; provided, however, that the proceeds of such Additional Bonds shall be applied solely for the purpose of (i) financing, acquiring, constructing, maintaining, operating, improving and leasing any capital assets, including payment of all costs incidental to or connected with such financing (including interest during construction); (ii) increasing the reserve requirement (if any); and/or (iii) refunding any Bonds then Outstanding, including payment of all costs incidental to or connected with such refunding;

(2) the authorized principal amount and designation of such Additional Bonds;

(3) the dated date and the maturity dates of, and the sinking fund payment dates, if any, for such Additional Bonds; provided, however, that (i) each maturity and sinking fund date shall fall upon November 1; (ii) all such Additional Bonds of like maturity shall be identical in all respects, except as to number and denomination; and (iii) serial maturities for Serial Bonds or sinking fund payments for Term Bonds, or any combination thereof, shall be established to provide for the retirement of such Additional Bonds on or before their respective longest maturity dates;

(4) the interest payment dates for such Additional Bonds, which shall be Interest Payment Dates;

(5) the redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(6) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Interest Account;

(7) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in an escrow fund or acquisition fund;

(8) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the applicable reserve account, which amount shall be sufficient to cause the amount on deposit in the applicable reserve account to equal the reserve requirement upon the issuance of such Additional Bonds;

(9) the forms of such Additional Bonds; and

(10) such other provisions as are necessary or appropriate and not inconsistent herewith.

(c) The Lease Agreement shall have been amended so as to increase the aggregate Basic Lease Payments payable by the City thereunder by an amount at least sufficient to pay the interest on and principal of such Additional Bonds as the same become due, subject to the limitation that the increase in Basic Lease Payments together with existing Basic Lease Payments shall not in any year be in excess of the annual fair rental of the Leased Property included in such Lease Agreement determined as of the time the Additional Bonds are issued.

(d) The Corporation shall have received confirmation in writing from the Rating Agencies (if any) that the issuance of such Additional Bonds will not, in and of itself, cause a downgrading or withdrawal of such rating. The Corporation shall not seek such a confirmation in writing if the annual amount of interest and principal, including sinking fund payments, payable on the Additional Bonds, does not exceed the corresponding amount of such payments on the Outstanding Bonds being refunded, provided, however, that the term of the Additional Bonds does not exceed the term on the Outstanding Bonds being refunded.

Nothing contained herein shall limit the issuance of any lease revenue bonds of the Corporation payable from the Revenues and secured by a pledge of the Revenues if, after the issuance and delivery of such lease revenue bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.02 Procedure for the Issuance of Additional Bonds. The Corporation may, at any time, execute Additional Bonds for issuance hereunder and deliver them to the Trustee, and thereupon such Additional Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Corporation, but only upon receipt by the Trustee of the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Additional Bonds by the Trustee (unless the Trustee, at the Written Request of the Corporation, shall accept any of such documents bearing a prior date):

(a) an executed copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) an executed copy of the amendment to the Lease Agreement required by Section 3.01(c);

(c) a Written Request of the Corporation as to the delivery of such Additional Bonds;

(d) an Opinion of Counsel to the effect that (i) the Corporation has the right and power to execute and deliver the Supplemental Indenture and the Supplemental Indenture has been duly and lawfully executed and delivered by the Corporation, is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other

similar laws relating to the enforcement of creditors' rights and by equitable principles) and no other authorization for the execution and delivery thereof is required; (ii) the Supplemental Indenture creates the valid pledge of the Revenues which it purports to create as provided therein, subject to the application thereof to the purposes and on the conditions permitted hereby; (iii) such Additional Bonds are valid and binding special obligations of the Corporation, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles) and the terms hereof and entitled to the benefits hereof, and such Additional Bonds have been duly and validly authorized, executed, issued and delivered in accordance herewith; (iv) the amendments to the Lease Agreement required by Section 3.01(c) have been duly authorized, executed and delivered and are valid and binding upon the Corporation and the City and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights and by equitable principles); and (v) the issuance of such Additional Bonds will not adversely affect the exclusion from gross income for federal tax purposes of interest on any tax exempt Bonds then Outstanding;

(e) a Certificate of the Corporation certifying that the conditions for the issuance of such Additional Bonds contained herein have been complied with and satisfied; and

(f) such further documents, opinions, money or securities as are required by the provisions of the Supplemental Indenture providing for the issuance of such Additional Bonds.

ARTICLE IV
ESTABLISHMENT OF CERTAIN FUNDS; DEPOSIT AND APPLICATION OF PROCEEDS

Section 4.01 Establishment of Certain Funds. (a) The Trustee shall establish the following trust funds, which the Trustee agrees to maintain and keep separate and apart from all other funds and moneys held by the Trustee so long as the Bonds are Outstanding: the "Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) Bond Fund" (the "Series 2015-A Bond Fund"), and the "Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) Costs of Issuance Fund" (the "Costs of Issuance Fund"). Incident to the issuance of Additional Bonds, the Supplemental Indenture may provide for the creation of additional trust funds to be maintained by the Trustee.

(b) So long as any of the Series 2015-A Bonds, or any interest thereon, remain unpaid, the moneys in the foregoing funds shall be used for no purpose other than those required or permitted by this Indenture.

Section 4.02 Procedure for the Issuance of Series 2015-A Bonds. The Corporation may, at any time, execute the Series 2015-A Bonds for issuance hereunder and deliver them to the Trustee, and thereupon the Series 2015-A Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Corporation and upon receipt of payment therefor from the purchaser thereof.

Section 4.03 Application of Proceeds. Upon the receipt of payment for the Series 2015-A Bonds on the Closing Date, the Trustee shall apply the proceeds of the Series 2015-A Bonds as follows:

(1) the Trustee shall transfer to the trustee for the 1998 Bonds the sum of $[_____] which it is to apply to the redemption of the 1998 Bonds in accordance with written instructions from a City Representative;

[(2) the Trustee shall transfer to the Escrow Agent under the Escrow Agreement dated November [__], 2015 between the City and U.S. Bank National Association, as escrow agent (the "Escrow Agent") for the 2008 Bonds the sum of $[_____] which it is to apply to the defeasance and redemption of the 2008 Bonds in accordance with written instructions from a City Representative; and

(3) the Trustee shall deposit the amount of $[_____] in the Cost of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record the above deposits and transfer of monies.

Section 4.04 Costs of Issuance Fund. (a) The Trustee shall hold the moneys in the Costs of Issuance Fund and shall disburse such moneys from time to time to pay Costs of Issuance upon receipt by the Trustee of a Written Request of the City or the Corporation substantially in the form of Exhibit B hereto, which may be sent to the Trustee by facsimile or electronic mail, that:

(1) states with respect to each disbursement to be made:

(A) the requisition number,

(B) the name and address of the person, firm or corporation to whom payment is due,

(C) the amount to be disbursed, and

(D) that each obligation therein has been properly incurred, and is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursement;

(2) specifies in reasonable detail the nature of the obligation; and

(3) is accompanied by a bill or statement of account for each obligation.

(b) Upon the earlier of (i) the date one year after the Closing Date, and (ii) the date of receipt of a Certificate of the City stating that all Costs of Issuance have been paid, any amount then remaining in the Costs of Issuance Fund shall be deposited by the Trustee into the

Series 2015-A Interest Account of the Series 2015-A Bond Fund, and the Costs of Issuance Fund shall thereupon be closed by the Trustee.

ARTICLE V
REVENUES

Section 5.01 Pledge of Revenues. (a) All Series 2015-A Revenues and amounts on deposit in the Series 2015-A funds, accounts and subaccounts established hereunder are hereby irrevocably pledged to the payment of the interest on and principal and redemption price, if any, of the Series 2015-A Bonds as provided herein, and the Series 2015-A Revenues shall not be used for any other purpose while any of the Series 2015-A Bonds remain Outstanding; provided, however, that out of the Series 2015-A Revenues there may be allocated such sums for such purposes as are expressly permitted by Section 5.03.

(b) The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Corporation shall be deemed to be held, and to have been collected or received, by the Corporation as agent of the Trustee and shall forthwith be paid by the Corporation to the Trustee.

Section 5.02 Receipt and Deposit of Revenues in the Bond Fund. In order to carry out and effectuate the pledge contained in Section 5.01 hereof, the Trustee agrees and covenants that all Series 2015-A Revenues when and as received shall be received in trust hereunder for the benefit of the Owners and shall be deposited when and as received in the Series 2015-A Bond Fund. All Revenues shall be accounted for through and held in trust in the Series 2015-A Bond Fund, and the Corporation shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues, whether received by the Corporation in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Corporation.

Section 5.03 Establishment and Maintenance of Accounts for Use of Money in the Bond Funds. (a) Subject to Section 6.04, all money in the Series 2015-A Bond Fund shall be set aside by the Trustee in the following respective special accounts within the Series 2015-A Bond Fund (each of which is hereby created and each of which the Trustee hereby covenants and agrees to maintain) in the following order of priority:

(1) Series 2015-A Interest Account,

(2) Series 2015-A Principal Account, and

(3) Series 2015-A Redemption Account.

(b) All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(1) Interest Account. (A) On or before each Interest Payment Date, the Trustee shall set aside from the Series 2015-A Bond Fund and deposit in the Series 2015-A Interest Account that amount of money which, together with any money contained in the Series 2015-A Interest Account, is equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2015-A Bonds on such Interest Payment Date.

(B) No deposit need be made in the Series 2015-A Interest Account if the amount contained in the Series 2015-A Interest Account is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2015-A Bonds on such interest payment date.

(C) All money in the Series 2015-A Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2015-A Bonds as it shall become due and payable (including accrued interest on any Series 2015-A Bonds purchased or redeemed prior to maturity).

(2) Principal Accounts. (A) On or before November 1 of each year, beginning on November 1, 2016, the Trustee shall set aside from the Series 2015-A Bond Fund and deposit in the Series 2015-A Principal Account an amount of money equal to the aggregate principal amount of all Outstanding Series 2015-A Bonds maturing on such November 1. No deposit need be made in the Series 2015-A Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2015-A Bonds maturing by their terms on such November 1.

(B) All money in each Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as they shall become due and payable, except that any money in any Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such sinking account was created.

(3) Redemption Account. In addition to the above accounts, the Trustee shall establish and maintain within the Series 2015-A Bond Fund, when required, a special account designated the "Series 2015-A Redemption Account." All money in the Redemption Account shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized in this section. Any Net Proceeds which, in accordance with a Written Request of the City or the Corporation delivered to the Trustee pursuant to Section 6.08 and all other amounts received by the Trustee in connection with the redemption of the Bonds pursuant to Section 2.03 are to be used to redeem Bonds and shall be deposited by the Trustee in the respective Redemption Account. The Trustee shall, on the scheduled redemption date, withdraw from the Redemption Account and pay to the Owners entitled thereto an amount equal to the redemption price of the Series 2015-A Bonds to be redeemed on such date.

(4) Application of Series 2015-A Funds. Any delinquent Basic Lease Payments and any proceeds of rental interruption insurance with respect to the Leased Property subject to the Facility Lease Agreement shall be applied first to the Series 2015-

A Interest Account for the immediate payment of interest payments past due and then to the Series 2015-A Principal Account for immediate payment of principal payments past due according to the tenor of any Series 2015-A Bond. Any remaining money representing delinquent Basic Lease Payments and any proceeds of rental interruption insurance with respect to the Leased Property subject to the Facility Lease Agreement shall be deposited in the Series 2015-A Bond Fund to be applied in the manner provided herein.

Section 5.04 Investment of Moneys in Funds and Accounts. Moneys in any Bond Fund, the Costs of Issuance Fund and any accounts and subaccounts therein shall, upon the Written Request of the City or the Corporation at least two Business Days before the investment, be invested by the Trustee in Permitted Investments. In the absence of a Written Request of the City or the Corporation, the Trustee may invest moneys in such funds and accounts in Permitted Investments described in subparagraph 7 of the definition of Permitted Investments. The obligations in which moneys in the said funds, accounts and subaccounts are invested shall mature on or prior to the date on which such moneys are estimated to be required to be paid out hereunder. Any interest, income or profits from the deposits or investments of all funds, accounts and subaccounts hereunder shall be deposited to the Series 2015-A Interest Account. For purposes of determining the amount of deposit in any fund, account or subaccount held hereunder, all Permitted Investments credited to such fund or account shall be valued, on or about [_____] 1 during each year that Bonds are Outstanding, at the cost thereof (adjusting for any amortized premium or discount to maturity). Except as otherwise provided in this Section, Permitted Investments representing an investment of moneys attributable to any fund, account or subaccount and all investment profits or losses thereon shall be deemed at all times to be a part of said fund, account or subaccount. The Trustee shall maintain records with respect to each investment, including: (i) purchase date; (ii) purchase price; (iii) any accrued interest paid; (iv) face amount; (v) coupon rate; (vi) periodicity of interest payments; (vii) disposition price; (viii) any accrued interest received; and (ix) disposition date. The Trustee will furnish the Corporation and the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee may act as principal or agent in the acquisition or disposition of investments, and to the extent permitted under the Tax Certificate may commingle the funds, accounts and subaccounts established hereunder for investment purposes. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Article V.

The Corporation and the City acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Corporation and the City the right to receive brokerage confirmations of securities transactions as they occur, the Corporation and the City specifically waive receipt of such confirmations to the extent permitted by law. Securities and investment transactions made by the Trustee under this Indenture will be set forth in the cash transaction statements provided by the Trustee to the Corporation and the City.

ARTICLE VI
COVENANTS OF THE CORPORATION, THE CITY AND THE TRUSTEE

Section 6.01 Punctual Payment and Performance. The Corporation will punctually pay the interest on and the principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants contained herein and in the Bonds.

Section 6.02 Against Encumbrances. The Corporation will not make any pledge of or place any charge or lien upon the Revenues except as provided herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except the Bonds.

Section 6.03 Against Sale or Disposition of the Leased Property. Except as provided in the Lease Agreement, the Corporation will not sell or otherwise dispose of the Leased Property, enter into any agreement which impairs the use of the Leased Property or any part thereof necessary to secure adequate Revenues for the payment of the interest on and principal of and redemption premiums, if any, with respect to the Bonds, or which would otherwise impair the rights of the Owners with respect to the Revenues.

Section 6.04 Reserved.

Section 6.05 Payment of Claims. The Corporation will pay and discharge or cause to be paid and discharged any and all lawful claims for labor, materials or supplies which, if unpaid, might become a legal charge or lien upon the Leased Property or the Revenues or any part thereof or upon any funds under the control of the Corporation or the Trustee superior to or on a parity with the charge and lien upon the Revenues securing the Bonds, or which might impair the security of the Bonds.

Section 6.06 Payment of Taxes and Compliance with Governmental Regulations. The Corporation will pay and discharge or cause to be paid and discharged all applicable taxes, assessments and other governmental charges that may be levied, assessed or charged upon the Leased Property or any part thereof or upon the Revenues or any part thereof promptly as and when the same shall become due and payable. The Corporation will duly observe and conform with all valid applicable regulations and requirements of any governmental authority relative to the use of the Leased Property or any part thereof, but the Corporation shall not be required to comply with any such regulations or requirements so long as the application or the validity thereof shall be contested in good faith.

Section 6.07 Insurance. The Corporation will maintain or cause to be maintained insurance with respect to the Leased Property as required by the Lease Agreement.

Section 6.08 Insurance Proceeds and Condemnation Awards; Title Insurance. (a) The Trustee shall receive all moneys which may become due and payable under any insurance policies obtained pursuant to Article IV of the Lease Agreement and pursuant to any condemnation awards in a separate fund to be established and maintained by the Trustee and designated the "Series 2015-A Insurance Proceeds and Condemnation Awards Fund," and shall

apply the proceeds of such insurance as provided herein. The Trustee shall permit withdrawals of said proceeds from time to time upon receiving the Written Request of the City, stating that the City or the Corporation has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, in such reasonable detail as the Trustee may in its discretion require.

(b) The Trustee shall not be responsible for the sufficiency of any insurance required by the Lease Agreement and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City. Delivery to the Trustee of the schedule of insurance policies under the Lease Agreement shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies. The Trustee may request, in writing, that the City deliver to the Trustee certificates or duplicate originals or certified copies of each insurance policy described in the schedule required to be delivered by the City to the Trustee pursuant to Section 4.7 of the Lease Agreement.

(c) Proceeds of any policy of insurance, title insurance or condemnation award received by the Trustee in respect of the Leased Property shall be applied and disbursed by the Trustee as follows:

(1) If the City determines that the loss, damage, title defect or taking giving rise to such proceeds has not materially affected the operation of the Leased Property and will not result in an abatement of Basic Lease Payments payable by the City under the Lease Agreement, such proceeds shall at the election of the City as set forth in a Written Request of the City, be deposited in the (i) Redemption Account and such proceeds shall be applied to cause the redemption of the Outstanding Bonds of the Series relating to the lost, damaged or title defective Leased Property in the manner provided in Section 2.03(a), or (ii) respective Principal and Interest Accounts for application to the next two successive Basic Lease Payments of the Series relating to the lost, damaged or title defective Leased Property;

(2) If any portion of the Leased Property has been affected by such loss, damage, title defect or taking, and if the City determines that such loss, damage, title defect or taking will result in an abatement of Basic Lease Payments payable by the City under the Lease Agreement, and the City has not within 90 days of such damage, destruction or taking notified the Trustee of its intent to repair or replace the damaged, destroyed or taken Leased Property, then the Trustee shall immediately deposit such proceeds in the Redemption Account and such proceeds shall be applied to cause the redemption of Outstanding Bonds of the Series relating to the damaged or title defective Leased Property in the manner provided in Section 2.03(a); or

(3) If the Trustee receives a Written Request of the City within 90 days of such loss, damage, defect or taking to the effect that the City desires to repair or replace the damaged, defective or taken Leased Property, accompanied by a Certificate of the City to the effect that such repair or replacement will take less than 24 months and, upon completion, the Leased Property will have a fair rental value at least equal to the

fair rental value of the Leased Property prior to the damage or taking, the Trustee shall disburse the proceeds pursuant to Section 6.08(a) above.

Section 6.09 Accounting Records and Reports. The Corporation will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee (who shall have no duty to inspect), at reasonable hours and under reasonable conditions. Not more than six months after the close of each Fiscal Year, the Corporation shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year, and including a profit and loss statement and balance sheet.

Section 6.10 Lease Agreement and Other Documents. The Corporation will at all times maintain and vigorously enforce all of its rights under the Lease Agreement, and will promptly collect all rents and charges due for the use of the Leased Property as the same become due under the Lease Agreement, and will promptly and vigorously enforce its rights against any tenant or other lessee who does not pay such rents or charges as they become due under the Lease Agreement. The Corporation will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation, abatement or termination of the Lease Agreement by the lessee thereunder.

Section 6.11 Other Liens. The Corporation will keep the Leased Property free from judgments and liens (except Permitted Encumbrances) and free from all claims, demands and encumbrances of whatsoever prior nature or character to the end that the security for the Bonds provided herein will at all times be maintained and preserved free from any claim or liability which might hamper the Corporation in conducting its business or interfere with the City's use and occupancy of the Leased Property, and the Trustee at its option (after first giving the Corporation ten days' written notice to comply therewith and failure of the Corporation to so comply within such period) may defend against any and all actions or proceedings in which the validity hereof is or might be questioned, or may pay or compromise any claim or demand asserted in any such action or proceeding; provided, however, that in defending such actions or proceedings or in paying or compromising such claims or demands the Trustee shall not in any event be deemed to have waived or released the Corporation from liability for or on account of any of its agreements and covenants contained herein, or from its liability hereunder to defend the validity hereof and the pledge of the Revenues made herein and to perform such agreements and covenants.

Section 6.12 Prosecution and Defense of Suits. (a) The Corporation will promptly from time to time take or cause to be taken such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Leased Property, whether now existing or hereafter developing, and shall prosecute or cause to be prosecuted all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and hold the Trustee harmless from all loss, cost, damage and expense, including attorney's fees, which it may incur by reason of any such defect, cloud, suit, action or proceeding.

(b) The Corporation will defend against every suit, action or proceeding except those arising out of the wrongful, willful act or actions of the Trustee at any time brought against the Trustee upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights of the Trustee hereunder; provided, however, that the Trustee at its election may appear in and defend any such suit, action or proceeding.

Section 6.13 Further Assurances. Whenever and so often as requested to do so by the Trustee, the Corporation will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

Section 6.14 Continuing Disclosure. Pursuant to Section 4.13 of the Facility Lease Agreement, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Corporation shall have no liability to the Owners or any other person with respect to S.E.C. Rule 15c2-12. The Trustee hereby covenants and agrees that it will comply with and carry out all of its obligations under the provisions of the Continuing Disclosure Certificate and Section 4.13 of the Lease Agreement. Notwithstanding any other provision of this Indenture, failure of the City or the Trustee to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee, upon payment of its fees and expenses, including counsel fees, and receipt of indemnity satisfactory to it, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under Section 4.13 of the Lease Agreement, or to cause the Trustee to comply with its obligations under this Section 6.14.

ARTICLE VII
THE TRUSTEE

Section 7.01 Appointment and Acceptance of Duties. The Trustee hereby accepts and agrees to the trusts hereby created to all of which the Corporation agrees and the respective owners of the Bonds, by their purchase and acceptance thereof, agree.

Section 7.02 Duties, Immunities and Liabilities of Trustee. (a) The Trustee shall, prior to an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) So long as no Event of Default has occurred and is continuing, the Corporation may remove the Trustee at any time and shall remove the Trustee if at any time

requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and the Bond Insurer, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may resign by giving written notice of such resignation to the Corporation, the City and the Bond Insurer and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the bond register. Upon receiving such notice of resignation, the Corporation shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, at the expense of the Corporation, or any Owner (on behalf of himself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Corporation, the Bond Insurer and its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, at the written request of the Corporation or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Corporation and the City shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts hereunder by first class mail, postage prepaid, to the Owners at their addresses listed in the bond register.

(e) Any Trustee appointed under the provisions of this Section shall be a trust company, corporation or bank authorized to exercise trust powers or having the powers of a trust company, having a corporate trust office in California, having a combined capital and surplus of at least one hundred million dollars ($100,000,000), and subject to supervision or examination by

federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, corporation or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(g) The Trustee shall not be responsible for the sufficiency, timeliness or enforceability of the Revenues.

(h) The Trustee shall not be accountable for the use or application by the Corporation, the City or any other party of any funds which the Trustee has released under this Indenture.

(i) The Trustee may employ attorneys, agents or receivers in the performance of any of its duties hereunder and shall not be answerable for the misconduct of any such attorney, agent or receiver selected by it with reasonable care.

Section 7.03 Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 7.02, shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 7.04 Compensation. (a) The Corporation shall pay the Trustee, or cause the Trustee to be paid, reasonable compensation for its services rendered hereunder and shall reimburse the Trustee for reasonable expenses, including attorney's fees, incurred by the Trustee in the performance of its obligations hereunder.

(b) The Corporation agrees, to the extent permitted by law, to indemnify the Trustee and its respective officers, directors, members, employees, attorneys and agents for, and to hold them harmless against, any loss, liability or expense incurred without negligence or willful misconduct on their part arising out of or in connection with the acceptance or administration of the trusts imposed by this Indenture, including performance of their duties hereunder, including the costs and expenses of defending themselves against any claims or liability in connection with the exercise or performance of any of their powers or duties hereunder. Such compensation and indemnity shall survive the termination or discharge of the Indenture and resignation or removal of the Trustee.

Section 7.05 Liability of Trustee. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Corporation, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture, the Site Lease, the Lease Agreement or of the Bonds, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless the Trustee shall have been negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder shall not be construed as a mandatory duty.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Lease Agreement unless and until it shall have actual knowledge thereof, or shall have received written notice thereof at the Corporate Trust Office of the Trustee. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be responsible for reviewing the contents of any financial statements furnished to the Trustee pursuant to Section 6.09 and may rely conclusively on the certificates provided hereunder to establish the compliance with financial covenants hereunder.

(f) All indemnifications and releases from liability granted herein to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

(g) The Trustee shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(h) Before taking any action under Article IX hereof or this Article at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

Section 7.06 Right to Rely on Documents. (a) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may but need not be counsel of or to the Corporation or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(b) Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Corporation, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.07 Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Corporation, the City and any Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

ARTICLE VIII
AMENDMENT OF THE INDENTURE

Section 8.01 Amendment of the Indenture. (a) The Indenture and the rights and obligations of the Corporation, the City and of the Owners may be amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of at least a majority in aggregate principal amount of the affected Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.02, are filed with the Trustee. No such amendment shall (i) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the Corporation to pay the interest on or principal of or redemption premium, if any, on any Bond at the time and place and at the rate and in the currency provided herein without the express written consent of the Owner of such Bond; (ii) permit the creation by the Corporation of any pledge of the Revenues as provided herein superior to or on a parity with the pledge created hereby for the benefit of the Bonds; or (iii) modify any rights or obligations of the Trustee without its prior written assent thereto.

(b) The Indenture and the rights and obligations of the Corporation, the City and the Owners may also be amended at any time by a Supplemental Indenture without the

consent of any Owners, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel and only for any one or more of the following purposes:

(1) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Corporation may deem desirable or necessary and not inconsistent herewith and which shall not materially adversely affect the interests of the Owners; or

(2) to make any other change or addition hereto which shall not materially adversely affect the interests of the Owners, or to surrender any right or power reserved herein to or conferred herein on the Corporation; or

(3) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III; or

(4) to add provisions relevant to the issuance of Additional Bonds the interest on which is intended to be excluded from gross income of the holders thereof for federal income tax purposes; or

(5) to provide for the issuance of Additional Bonds supported by credit enhancement, liquidity enhancement or reserve fund surety instruments.

Section 8.02 Disqualified Bonds. Bonds owned or held by or for the account of the Corporation or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this Article VIII, and shall not be entitled to consent to or take any other action provided in this Article VIII, provided, however, that the Trustee shall not be deemed to have knowledge that any Bond is owned or held by or for the account of the Corporation or the City unless the Corporation or the City is the registered Owner or the Trustee has received written notice that any other registered Owner is holding for the account of the Corporation or City.

Section 8.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Corporation may determine that the Bonds may bear a notation by endorsement in form approved by the Corporation as to such action, and in that case upon demand of the Owner of any Outstanding Bond and presentation of his Bond for such purpose at the Corporate Trust Office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Corporation shall so determine, new Bonds so modified as, in the opinion of the Corporation, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond such new Bonds shall be exchanged at the Corporate Trust Office of the Trustee without cost to each Owner for Bonds then Outstanding upon surrender of such Outstanding Bonds.

Section 8.04 Amendment by Mutual Consent. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds owned by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX
EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

Section 9.01 Events of Default. Any one or more of the following events shall be called an "Event of Default" with respect to a Series of Bonds under this Indenture:

(a) default shall be made in the due and punctual payment of the interest on any Bond of such Series when and as the same shall become due and payable;

(b) default shall be made in the due and punctual payment of the principal of or redemption premium, if any, on any Bond of such Series when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) default shall be made by the Corporation or the City in the performance of any of the other agreements or covenants required herein to be performed by the Corporation or the City, respectively, and such default shall have continued for a period of 60 days after the Corporation and the City shall have been given notice in writing of such default by the Trustee; or

(d) the Corporation or the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Corporation or the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Corporation or the City or of the whole or any substantial part of its property.

Section 9.02 Proceedings by Trustee. (a) Subject to Section 9.10 herein, upon the happening and continuance of any Event of Default the Trustee in its discretion may, and at the written request of the Owners of not less than 25% in aggregate principal amount of the defaulted Bonds Outstanding shall, do the following:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners and require the Corporation to enforce all rights of the Owners of Bonds, including the right to require the Corporation to receive and collect Revenues and to enforce its rights under the Lease Agreement and to require the Corporation to carry out any other covenant or agreement with Owners of Bonds and to perform its duties hereunder;

(2) bring suit upon the Bonds;

(3) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and

(4) as a matter of right, have a receiver or receivers appointed for the Revenues and the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

(b) Notwithstanding the foregoing, neither this Indenture nor the Bonds provide for the remedy of acceleration of principal or interest due with respect to the Bonds prior to their stated due dates.

Section 9.03 Effect of Discontinuance or Abandonment. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Corporation, the City, the Trustee and the Owners shall be restored to their former positions and rights under this Indenture, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.04 Rights of Owners. (a) Anything in this Indenture to the contrary notwithstanding, subject to the limitations and restrictions as to the rights of the Owners in Sections 9.02 above and 9.05 and 9.10 below, upon the happening and continuance of any Event of Default, the Owners of not less than 25% in aggregate principal amount of the defaulted Bonds then Outstanding shall have the right upon providing the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Indenture.

(b) The Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines is prejudicial to rights of other Owners or would subject the Trustee to personal liability.

Section 9.05 Restriction on Owners' Action. In addition to the other restrictions on the rights of Owners to request action upon the occurrence of an Event of Default and to enforce remedies set forth in this Article IX, no Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under this Indenture, or any other remedy under this Indenture or on said Bonds, unless such Owner previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless the Owners of not less than 25% in aggregate principal amount of the defaulted Bonds then Outstanding shall have made written request of the Trustee to institute any such suit, action, proceeding or other remedy, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers in this Indenture granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of this Indenture or for any other remedy under this Indenture; it being understood and intended that no one or more Owners of the Bonds secured by this Indenture shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture or under the Bonds, except in the manner in this Indenture provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner in this Indenture provided, and for the equal benefit of all Owners of Outstanding Bonds; subject, however, to the provisions of this Section.

Section 9.06 Power of Trustee to Enforce. All rights of action under this Indenture or under any of the Bonds secured by this Indenture which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceedings instituted by the Trustee shall be brought in its own name, as Trustee, for the equal and ratable benefit of the Owners of the Bonds subject to the provisions of this Indenture.

Section 9.07 Remedies Not Exclusive. No remedy in this Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under this Indenture or now or hereafter existing at law or in equity or by statute.

Section 9.08 Waiver of Events of Default; Effect of Waiver. (a) The Trustee shall waive any Event of Default hereunder and its consequences upon the written request of the Owners of at least a majority in aggregate principal amount of all Outstanding defaulted Bonds. If any Event of Default shall have been waived as herein provided, the Trustee shall promptly give written notice of such waiver to the Corporation, the City and shall give notice thereof by first class mail, postage prepaid to all Owners of Outstanding defaulted Bonds if such Owners had previously been given notices of such Event of Default; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default, or impair any right or remedy consequent thereon.

(b) No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.09 Application of Moneys. (a) Any moneys received by the Trustee pursuant to this Article IX, together with any moneys which upon the occurrence of an Event of Default are held by the Trustee in any of the funds and accounts hereunder (other than moneys held for Bonds not presented for payment) shall, after payment of all fees and expenses of the Trustee, and the fees and expenses of its counsel, be applied as follows:

(1) unless the principal of all of the Outstanding defaulted Bonds shall be due and payable,

FIRST: to the payment of the persons entitled thereto of all installments of interest then due on the defaulted Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND: to the payment of the persons entitled thereto of the unpaid principal of and premium, if any, on any of the defaulted Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal of and premium, if any, on such defaulted Bonds due on any particular date, then to the payment ratably, according to the amount due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD to be held for the payment to the persons entitled thereto as the same shall become due of the principal of, interest, and premium, if any, on the defaulted Bonds, which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full such principal and premium, if any, due on any particular date, together with interest then due and owing thereon, payment shall be made in accordance with the FIRST and SECOND paragraphs hereof.

(2) if the principal of all of the Outstanding defaulted Bonds shall be due and payable, to the payment of the principal, and premium, if any, and interest then due and unpaid upon the Outstanding defaulted Bonds without preference or priority of any of principal, premium or interest over the others or of any installment of interest, or of any Outstanding defaulted Bond over any other Outstanding defaulted Bond, ratably, according to the amounts due respectively for principal, premium, and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective amounts of interest specified in the Outstanding defaulted Bonds.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 9.09, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall give, by mailing by first class mail as it may deem appropriate, such notice of the deposit with it of any such moneys.

ARTICLE X
DEFEASANCE

Section 10.01 Discharge of Bonds. (a) If the Corporation shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds of a Series the interest thereon and the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Revenues as provided herein, and all agreements, covenants and other obligations of the Corporation to the Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Corporation all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to

the Corporation all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds.

(b) Subject to the provisions of Section 10.01(a), when any of the Bonds shall have been paid and if, at the time of such payment, the Corporation shall have kept, performed and observed all the covenants and promises in such Bonds and in this Indenture required or contemplated to be kept, performed and observed by the Corporation or on its part on or prior to that time, then this Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of this Indenture and such lien and all covenants, agreements and other obligations of the Corporation hereunder shall cease, terminate, become void and be completely discharged as to such Bonds.

(c) Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and exchange provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of, redemption premium, if any, and interest on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of this Indenture or the discharge of this Indenture in respect of any Bonds, those provisions of this Indenture contained in Section 7.04 relating to the compensation and indemnification of the Trustee shall remain in effect and shall be binding upon the Trustee and the Corporation.

(d) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsections (a), (b) and (c) of this Section 10.01 if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 2.03 of this Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with Section 2.03 of this Indenture; (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or Defeasance Securities which are not subject to redemption prior to maturity except by the holder thereof (including any such Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall, as verified by an independent Certified Public Accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, with respect to such Bonds; and (iii) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owners of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that such Bonds are deemed to have been paid in

accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds. Defeasance Securities deposited with the Trustee may be replaced with other Defeasance Securities, subject to verification of sufficiency by an independent Certified Public Accountant, and profits, gains, income and any other economic benefits arising from such substitution shall inure to the benefit of, and be paid to, the City.

Section 10.02 Unclaimed Money. Anything contained herein to the contrary notwithstanding and subject to applicable law, any money held by the Trustee in trust for the payment and discharge of any of the Bonds which remains unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee shall be repaid by the Trustee to the Corporation as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Corporation for the payment of such Bonds; provided, however, that before being required to make any such payment to the Corporation, the Trustee shall, upon the Written Request of the Corporation and at the expense of the Corporation, cause to be published once a week for two successive weeks in a Financial Newspaper, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than 30 days after the date of the first publication of each such notice, the balance of such money then unclaimed will be returned to the Corporation.

ARTICLE XI
RESERVED

ARTICLE XII
MISCELLANEOUS

Section 12.01 Liability of Corporation and City Limited to Revenues. (a) Notwithstanding anything contained herein, neither the Corporation nor the City shall be required to advance any money derived from any source of income other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Corporation or the City may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose without incurring an indebtedness.

(b) The Bonds shall be limited obligations of the Corporation and shall be payable solely from the Revenues and amounts on deposit in the funds and accounts established hereunder. The Bonds do not constitute a debt or liability of the City or of the State of California and neither the faith and credit of the City or of the State are pledged to the payment of the principal of or interest on the Bonds.

Section 12.02 Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Corporation, the City, the Trustee, and the Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Corporation or any

member, officer or employee thereof shall be for the sole and exclusive benefit of the Corporation, the Trustee, and the Owners of the Bonds.

Section 12.03 Successor Is Deemed Included In All References to Predecessor. Whenever herein either the Corporation or any member, officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Corporation or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Corporation or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 12.04 Execution of Documents by Owners. (a) Any declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the office of the Trustee.

(b) Any declaration, request or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Corporation in good faith and in accordance therewith.

Section 12.05 Waiver of Personal Liability. No member, officer or employee of the Corporation or the City shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, with respect to the Bonds by reason of their issuance, but nothing herein contained shall relieve any member, officer or employee of the Corporation or the City from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 12.06 Acquisition of Bonds by Corporation or City. All Bonds acquired by the Corporation or the City, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Section 12.07 Destruction of Canceled Bonds. Whenever provision is made for the return to the Corporation of any Bonds which have been canceled pursuant to the provisions hereof, the Trustee shall destroy such Bonds and furnish to the Corporation a certificate of such destruction.

Section 12.08 Content of Certificates. (a) Every Certificate of the Corporation with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (i) a statement that the person or persons making or giving such certificate have

read such agreement, condition, covenant or provision and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (iv) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

(b) Any Certificate of the Corporation may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Corporation, upon a representation by an officer or officers of the Corporation unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 12.09 Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

Section 12.10 Funds, Accounts and Subaccounts. Any fund, account or subaccount required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account, subaccount or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account, subaccount or a fund; but all such records with respect to all such accounts, subaccounts and funds shall at all times be maintained in accordance with sound corporate trust industry practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Section 12.11 Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular article, section, subdivision or clause hereof.

Section 12.12 Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Corporation, the City or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way

affect the validity hereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them hereunder or any applicable provisions of law. The Corporation, the City and the Trustee hereby declare that they would have executed and delivered the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 12.13 Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Corporation and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 12.14 Law Governing. This Indenture shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

Section 12.15 Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, and, if to the Trustee, addressed to U.S. Bank National Association, Global Corporate Trust Services, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Account Administrator, or if to the City, addressed to the Office of the City Administrative Officer, City of Los Angeles, 200 North Main Street, City Hall East Room 1500, Los Angeles, California 90012, Attention: MICLA Coordinator, or if to the Corporation, addressed to Municipal Improvement Corporation of Los Angeles c/o City Administrative Officer, 200 North Main Street, City Hall East Room 1500, Los Angeles, California 90012, Attention: MICLA Coordinator, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 12.16 Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in this Indenture.

IN WITNESS WHEREOF, the Municipal Improvement Corporation of Los Angeles has caused this Indenture to be signed in its name by its Assistant Secretary and Treasurer, the City of Los Angeles has caused this Indenture to be signed in its name by its Assistant City Administrative Officer and, in token of its acceptance of the trusts created hereunder, U.S. Bank National Association has caused this Indenture to be signed by its duly authorized officer, all as of the day and year first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By _____
Assistant Secretary and Treasurer

ATTEST:

Holly L. Wolcott, City Clerk

By:_____
Deputy City Clerk

CITY OF LOS ANGELES

By _____
Assistant City Administrative Officer

Approved as to form and legality this ___ day of November, 2015

Michael N. Feuer,
City Attorney

By _____
Deputy/Assistant City Attorney

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Officer

EXHIBIT A

FORM OF SERIES 2015-A BOND

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

No. _____ $_____

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
TAXABLE LEASE REVENUE REFUNDING BOND, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

NEITHER THIS BOND NOR THE PAYMENT OF THE PRINCIPAL OR ANY PART THEREOF NOR ANY INTEREST THEREON CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF LOS ANGELES OR STATE OF CALIFORNIA AND NEITHER THE FAITH AND CREDIT OF THE CITY OF LOS ANGELES NOR THE STATE OF CALIFORNIA ARE PLEDGED TO THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THIS BOND.

Interest Rate	**Maturity Date**	**Dated Date**	**CUSIP**
___%			

REGISTERED OWNER: CEDE & CO

PRINCIPAL SUM: _____ DOLLARS

The Municipal Improvement Corporation of Los Angeles, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner specified above or registered assigns on the

maturity date specified above (subject to any right of prior redemption provided for) the principal sum specified above, together with interest thereon from the interest payment date next preceding the date of authentication hereof (unless such date of authentication is during the period commencing after the last day of the month preceding an interest payment date, whether or not said day is a business day (the "Record Date") through and including the next succeeding interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless such date of authentication is prior to the first Record Date, in which event it shall bear interest from the Dated Date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable on May 1, 2016, and semiannually thereafter on May 1 and November 1 in each year; provided, however, that if on the date of authentication of this Bond, interest is then in default on this Bond, such Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment.

The principal of this Bond shall be payable in lawful money of the United States of America at the corporate trust office of the Trustee in St. Paul, Minnesota upon presentation and surrender of this Bond or such other place as designated by the Trustee.

Payment of interest on this Bond due on or before the maturity or prior redemption, thereof shall be made to the person in whose name such Bond is registered, as of the Record Date preceding the applicable interest payment date, on the registration books kept by the Trustee at its corporate trust office, such interest to be paid by check mailed by first class mail on such interest payment date to the registered owner at his address as it appears on such books as the Record Date; provided that upon the written request of an Owner by $1,000,000 or more in aggregate principal amount of the Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds. Interest on this Bond shall be payable in lawful money of the United States of America and shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center)" (the "Bonds") in the aggregate principal amount of [_____] Dollars ($[_____]), all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, Series, maturities and interest rates), and is issued under and pursuant to the provisions of an Indenture, dated as of November 1, 2015 (the "Indenture"), by and among the City of Los Angeles, the Corporation and U.S. Bank National, Association, as trustee (the "Trustee") (copies of which are on file at the office of the Secretary of the Corporation and at the corporate trust office of the Trustee).

The Bonds are limited obligations of the Corporation and are payable, as to interest thereon and principal thereof, solely from the revenues derived from basic lease payments paid by the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California (the "City") for the use of the Leased Property (as defined in the Indenture) as long as the City has such use of the Leased Property, and amounts on deposit in the funds, accounts and subaccounts established under the Indenture, all as set forth in the Indenture ("Revenues"). All the Bonds are equally and

ratably secured in accordance with the terms and conditions of the Indenture by a pledge of the Revenues, which Revenues shall be held in trust for the security and payment of the interest on, principal of and redemption premiums, if any, with respect to the Bonds as provided in the Indenture.

The Bonds are special, limited obligations of the Corporation and do not constitute a debt, liability or obligation of the City or of the State of California (the "State") or any political subdivision thereof and neither the faith and credit of the City nor the State are pledged to the payment of the principal of or interest on the Bonds.

Additional lease revenue bonds payable from the Revenues may be issued which will rank equally as to security with the Bonds, but only subject to the conditions and upon compliance with the procedures set forth in the Indenture. Reference is hereby made to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms under which the Bonds are issued, the provisions with regard to the nature and extent of the Revenues, and the rights of the registered owners of the Bonds. All of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Corporation and the registered owner of this Bond, to all the provisions of which the registered owner of this Bond, by acceptance hereof, agrees and consents. Each registered owner hereof shall have recourse to all of the provisions of the Indenture and shall be bound by all of the terms and conditions thereof.

The Corporation has agreed and covenanted that, for the payment of the interest on, the principal of and redemption premium, if any, with respect to this Bond and all other Bonds of this issue authorized by the Indenture when due, there has been created and will be maintained by the Trustee a special fund into which all Revenues shall be deposited, and the Corporation has allocated such Revenues solely to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Corporation will pay promptly when due the interest on and the principal of and redemption premium, if any, on this Bond and all other Bonds of this issue authorized by the Indenture out of said special fund, all in accordance with the terms and provisions set forth in the Indenture.

The Bonds are subject to redemption prior to their respective maturity dates, in authorized denominations, on any date, as a whole or in part, from net insurance proceeds or condemnation awards, upon the terms and conditions of, and as provided in, the Indenture, at the principal amount thereof together with accrued interest to the date of redemption. If less than all outstanding Bonds are to be redeemed at any time, the Trustee shall use the net insurance proceeds or condemnation awards attributable to the portion of the Property destroyed, damaged, stolen or taken to redeem, by lot among all maturities of Bonds, as directed in writing by the City, on behalf of the Corporation. If less than all the outstanding Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed in any manner that it deems appropriate.

The Bonds are subject to optional redemption prior to their stated maturity dates, at the option of the Corporation, in whole or in part, on any date, at a redemption price equal to the greater of:

(1) 100 percent of the principal amount of the Bonds to be redeemed; and

(2) the sum of the present values of the remaining scheduled payments of principal and interest on the Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus [12.5] basis points; plus in each case, accrued and unpaid interest on the Bonds being redeemed to the date fixed for redemption.

For the purpose of determining the Treasury Rate, the following definitions will apply:

"Treasury Rate" means, with respect to any redemption date for a particular Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the applicable Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Bond, (1) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Deal Quotations, or (2) if the Designated Investment Banker obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the Corporation.

"Reference Treasury Dealer" means [_____] and its respective successors and three other firms, specified by the Corporation from time to time, that are primary U.S. Government securities dealers in the City of New York (each a "Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Corporation shall substitute another Primary Treasury Dealer.

"Reference Treasury Deal Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Bond, the average, as determined by the Designated Investment Banker, of the bid and

asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

As provided in the Indenture, notice of redemption of this Bond shall be given by first class mail not less than 30 days nor more than 60 days before the redemption date to the registered owner hereof. If notice of redemption has been duly given and money for the payment of the redemption price is held by the Trustee, then on the redemption date designated in such notice, this Bond shall become due and payable, and from and after the date so designated, interest on this Bond shall cease to accrue and the registered owner of this Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

This Bond is transferable only on the books required to be kept for that purpose at the office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Indenture and upon surrender of this Bond together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee shall not be required to register the transfer of or exchange any Bond (1) during the period commencing on the day five business days before the date on which Bonds are to be selected for redemption and ending on such date of selection, or (2) which has been selected for redemption in whole or in part.

The Corporation and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Bond shall be overdue, and neither the Corporation nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of this Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Bond to the extent of the sum or sums so paid.

The rights and obligations of the Corporation and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the Corporation to pay the interest hereon or principal hereof at the time and place and at the rate and in the currency provided herein without the express written consent of the registered owner of this Bond, (2) permit the creation by the Corporation of any pledge of the Revenues superior to or on a parity with the pledge created by the Indenture for the benefit of the Bonds, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto, all as more fully set forth in the Indenture.

If the Corporation shall pay or cause to be paid or there shall otherwise be paid to the registered owners of all outstanding Bonds the interest thereon, the principal thereof and the redemption premiums, if any, thereon at the times and in the manner stipulated herein and in the Indenture, then the registered owners of such Bonds shall cease to be entitled to the pledge of the

Revenues as provided in the Indenture, and all agreements, covenants and other obligations of the Corporation to the registered owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied.

This Bond shall not be entitled to any benefit, protection or security under the Indenture or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been manually executed and dated by the Trustee.

It is hereby certified that all acts and proceedings required by law necessary to make this Bond, when executed by the Corporation, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligation of the Corporation have been done and taken, and have been in all respects duly authorized.

IN WITNESS WHEREOF, the Municipal Improvement Corporation of Los Angeles has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of a member of its Board of Directors and attested to by the manual or facsimile signature of its Assistant Secretary and Treasurer, and has caused this Bond to be dated November __, 2015.

MUNICIPAL IMPROVEMENT CORPORATION
OF LOS ANGELES

By _____
Board Member

ATTEST:

By _____
Assistant Secretary and Treasurer

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on _____.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

[FORM OF ASSIGNMENT TO APPEAR ON SERIES 2015-A BONDS]

For value received the undersigned hereby sells, assigns and transfers unto _____, whose tax identification number is _____, the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ _____, attorney, to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

_____

Dated: _____

NOTE: The signature to this Assignment must correspond with the name as written upon the face of the bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____

NOTE: The signature must be guaranteed by an eligible guarantor institution.

EXHIBIT B

FORM OF COSTS OF ISSUANCE FUND REQUISITION

To: Treasurer, City of Los Angeles

Re: Municipal Improvement Corporation of Los Angeles
Taxable Lease Revenue Refunding Bonds, Series 2015-A
(Los Angeles Convention Center) Costs of Issuance Fund

Requisition No. _____

The undersigned, on behalf of the Municipal Improvement Corporation of Los Angeles (the "Corporation"), hereby requests payment, from the Costs of Issuance Fund identified above, the total amount shown below to the order of the payee or payees named below, as payment or reimbursement for services rendered, costs incurred or expenditures made in connection with the issuance of the Bonds identified above, as reflected in the related invoice(s) attached hereto. The payee(s), the purpose and the amount of the disbursement requested are as follows:

Payee	Purpose	Amount
[name and address]		$
	Total	$

The undersigned hereby certify that each obligation mentioned herein has been properly incurred, is a proper charge against the Costs of Issuance Fund and has not been the basis of any previous disbursement from the Costs of Issuance Fund. A copy of the bill or statement for each obligation mentioned herein is attached hereto.

Dated: _____, 2015

CITY OF LOS ANGELES

By: _____
[Title]

Exhibit D
Assignment Agreement

NP Draft 10/02/15

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
NIXON PEABODY LLP)
555 West 5th Street, 46th Floor)
Los Angeles, California 90013)
Attention: Charles C. Wolf, Esq.)

(Space above for Recorder's use)

ASSIGNMENT AGREEMENT

by and between the

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

relating to the

$[_____]
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

Dated as of November 1, 2015

NO DOCUMENTARY TRANSFER TAX DUE. This Assignment Agreement is recorded for the benefit of the City of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

ASSIGNMENT AGREEMENT

THIS **ASSIGNMENT AGREEMENT**, dated as of November 1, 2015 (this "**Assignment Agreement**"), by and between the **MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES** (the "**Corporation**") and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America and authorized to accept assignments of the nature herein set forth, as trustee (the "**Trustee**");

WITNESSETH

WHEREAS, the City of Los Angeles, California (the "**City**") and the Corporation have entered into a Site Lease, dated as of the date hereof (the "**Site Lease**"), pursuant to which the City agrees, among other things, to lease to the Corporation the real property, buildings and improvements described in Exhibit A hereto and made a part hereof (collectively, the "**Site**");

WHEREAS, the City and the Corporation have entered into a Facility Lease Agreement, dated as of the date hereof (the "**Facility Lease**"), pursuant to which the Corporation agrees, among other things, to sublease the Site to the City, in consideration for which the City has agreed to pay basic lease payments (the "**Basic Lease Payments**") and additional rental, all as more particularly described in the Facility Lease;

WHEREAS, the City, the Corporation and the Trustee have entered into an Indenture, dated as of the date hereof (the "**Indenture**"), pursuant to which the Corporation is issuing its $[_____] Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015–A (Los Angeles Convention Center) (the "**Bonds**"); and

WHEREAS, the Corporation desires to assign and transfer certain of its rights, title and interests in and to the Site Lease and the Facility Lease to the Trustee on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, the parties hereto agree as follows:

Section 1. **Definitions**. All capitalized terms used herein without definition shall have the meanings given to such terms in the Indenture.

Section 2. **Assignment**. The Corporation does hereby presently and unconditionally sell, assign and transfer to the Trustee, for the benefit of the Owners, from time to time, of the Bonds, all of the Corporation's rights, title and interests in and to the Site Lease and the Facility Lease, including without limitation the Corporation's right to receive Basic Lease Payments, as well as its rights to enforce payment of such Basic Lease Payments when due or otherwise to protect its interest and exercise all remedies in the event of a default or termination by the City under the Facility Lease, in accordance with the terms thereof; provided, however, that the Corporation retains the right to indemnification and payment or reimbursement

for any costs or expenses. The right to receive Basic Lease Payments and other rights of the Corporation assigned hereunder shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Indenture and the Facility Lease. This Assignment Agreement constitutes a collateral assignment of the Site Lease and the Facility Lease by the Corporation to the Trustee as security for the Corporation's obligations under the Indenture.

Section 3. **Acceptance of Assignment**. The Trustee hereby accepts the assignment of such of the Corporation's rights under the Site Lease and the Facility Lease as are assigned pursuant to the terms of this Assignment Agreement, for the purpose of securing such Basic Lease Payments and rights to the Owners, from time to time, of the Bonds.

Section 4. **No Additional Rights or Duties**. This Assignment Agreement shall not confer any rights nor impose any duties, obligations or responsibilities upon the Trustee beyond those expressly provided in the Site Lease, the Facility Lease and the Indenture. This Assignment Agreement shall not impose any duties, obligations or responsibilities upon the Corporation or the City beyond those expressly provided in the Site Lease, the Facility Lease and the Indenture or as otherwise set forth herein.

Section 5. **Further Assurances**. The Corporation will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Assignment Agreement, and to further assure and confirm to the Trustee and the Owners, from time to time, of the Bonds the rights and benefits intended to be conveyed pursuant hereto.

Section 6. **Governing Law**. This Assignment Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 7. **Counterparts**. This Assignment Agreement may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same agreement.

Section 8. **Amendment**. This Assignment Agreement may be amended by the parties hereto in writing, but only in accordance with and as permitted by the terms of the Indenture.

IN WITNESS WHEREOF the parties hereto have executed this Assignment Agreement as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Assignor

By:_____
Assistant Secretary and Treasurer

U.S. BANK NATIONAL ASSOCIATION, as Trustee and Assignee

By:_____
Authorized Officer

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____, 2015, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

[Affix Notary Seal Above]

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____, 2015, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

[Affix Notary Seal Above]

EXHIBIT A

DESCRIPTION OF LEASED PROPERTY

South Hall of the
Los Angeles Convention Center

Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, together with;

those portions of Wright's Subdivision of the Sisters of Charity Tract, recorded in book 5, page 431 of Miscellaneous Records; those portions of Harvey Tract, recorded in book 10, page 77 of Miscellaneous Records; and that portion of Delong Street (Vacated) as shown on said Wright's Subdivision; all lying easterly of the easterly Right-of-Way line of the Caltrans Right-of-Way, as shown on Caltrans Right-of-Way Map F-1358, and westerly of the westerly line of said Parcel 1, Official Map No. 2.

EXCEPTING therefrom Parcels 1 and 2, described below.

Containing 22.770 acres, more or less.

PARCEL 1:
That portion of Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, described as follows:

COMMENCING at the centerline intersection of Venice Boulevard and Figueroa Street as shown on said Official Map; thence northeasterly along said centerline of Figueroa Street North 27'57'40" East, 240.89 feet; thence northerly along the line described as the centerline of Parcel 2 of the document recorded as Instrument No. 92-625889 of Official Records, North 61°33'16" West, 49.50 feet to a point on the northwesterly line of Figueroa Street (49.5 foot half-width) and the **TRUE POINT OF BEGINNING;**

thence continuing along said centerline of Parcel 2 the following courses:

North 61'33'16" West, 182.95 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 848.56 feet; thence along said curve through a central angle of 12°15'43", an arc length of 181.60 feet to the point of reverse curvature; a radial line passing through said point bears South 40°42'27" West; thence westerly along said reverse curve, having a radius of 250.00 feet, though a central angle of 35°18'20", an arc length of 154.05 feet;

thence continuing along said centerline of Parcel 2 and its westerly prolongation North 84°35'53" West, 80.30 feet, more or less, to a point on the easterly line of the Caltrans right-of-way as shown on Caltrans Right-of-Way Map F-1358, said point being on a curve, concave westerly and having a radius of 240.00 feet; a radial line passing through said point bears South 84°35'49" East;

thence southerly along said right-of-way the following courses: southerly along said curve through a central angle of 23°22'16", an arc length of 97.90 feet; thence South 28°38'39" West, 51.00 feet; thence South 79°38'36" West 5.00 feet to a point on the westerly line of said Parcel 1, said point being on a curve, concave easterly and having a radius of 400.00 feet; a radial line passing through said point bears South 86°52'50" West; thence southerly along said curve and said right-of-way through a central angle of 04°01'04", an arc length of 28.05 feet; thence South 27°30'44" West 2.11 feet to a point on the northeasterly line of Venice Boulevard (37.5 foot half-width);

thence southeasterly along said northeasterly line South 61°20'52" East, 994.98 feet to a point on the northwesterly line of said Figueroa Street; thence northeasterly along said northwesterly line North 27°57'40" East 203.20 feet to the TRUE POINT OF BEGINNING.

Containing 2.745 acres, more or less.

PARCEL 2:
That portion of Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, together with; those portions of Wright's Subdivision of the Sisters of Charity Tract, recorded in book 5, page 431 of Miscellaneous Records, lying easterly of the easterly Right-of-Way line of the Caltrans Right-of-Way, as shown on Caltrans Right-of-Way Map F-1358, and westerly of the westerly line of said Parcel 1, Official Map No. 2; described as follows:

COMMENCING at the most easterly corner of said Parcel 1; thence northwesterly along the northeasterly line of said Parcel 1, said line also being the southwesterly line of Pico Boulevard (51 foot half-width) as shown on said Official Map No. 2, North 61°33'15" West, 429.79 feet to the **TRUE POINT OF BEGINNING;** thence South 28°21'07" West, 10.12 feet; thence South 73°22'49" West, 107.44 feet; thence North 61°33'05" West, 679.54 feet, more or less, to a point on said easterly line of said Caltrans Right-of-Way; thence northeasterly along said right-of-way the following courses:

North 27°42'35" East, 6.11 feet to the beginning of a non-tangent curve, concave southeasterly and having a radius of 155.00 feet; a radial line passing through said point bears North 87°18'55" West; thence northeasterly along said curve through a central angle of 25°00'28", an arc length of 67.65 feet; thence departing said curve on a tangent line North 27°41'33" East, 6.49 feet to the beginning of a tangent curve, concave southeasterly and having a radius of 15.00 feet; thence northeasterly along said curve through a central angle of 33°02'41", an arc length of 8.65 feet to a point on said northeasterly line of said Parcel 1, said line also being the southwesterly line of Pico Boulevard; thence southeasterly along said line South 61°33'15" East 768.65 feet to the TRUE POINT OF BEGINNING.

Containing 1.448 acres, more or less.

Exhibit E
Facility Lease Agreement

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

NIXON PEABODY LLP
555 West 5th Street, 46th Floor
Los Angeles, California 90013
Attention: Charles C. Wolf, Esq.

(Space above for Recorder's use)

FACILITY LEASE AGREEMENT

Dated as of November 1, 2015

by and between the

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Lessor

and the

CITY OF LOS ANGELES, as Lessee

$[_____]
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

NO DOCUMENTARY TRANSFER TAX DUE. This Facility Lease Agreement is recorded for the benefit of the City of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

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Certificate of Acceptance

FACILITY LEASE AGREEMENT

THIS FACILITY LEASE AGREEMENT (the "Lease Agreement"), dated as of November 1, 2015, is made and entered into by and between the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, as lessor (the "Corporation"), and the CITY OF LOS ANGELES, a charter city and municipal corporation duly organized and existing under the Constitution and laws of said State, as lessee (the "City").

WITNESSETH

WHEREAS, the City is authorized pursuant to the laws of the State of California and its charter to lease and acquire real and personal property for municipal purposes; and

WHEREAS, the Corporation is authorized under its Articles of Incorporation and its Bylaws to provide assistance to the City for any municipal purpose thereof, including acquiring, financing and refinancing land and equipment and acquiring and constructing various public facilities and the leasing of such facilities, land and equipment to the City for the use, benefit and enjoyment of the public; and

WHEREAS, the City owns the Los Angeles Convention Center (the "Convention Center"), which has been financed and refinanced through various lease revenue transactions, of which $25,315,000 Los Angeles Convention and Exhibition Center Authority Taxable Lease Revenue Bonds, 1998 Series A (the "1998 Bonds"), and $253,060,000 Los Angeles Convention and Exhibition Center Authority Lease Revenue Refunding Bonds, Series 2008 A (the "2008 Bonds" and, together with the 1998 Bonds, the "Prior Bonds"), are outstanding; and

WHEREAS, certain capital improvements to the Convention Center have been financed with the proceeds of the sale of short term commercial paper (the "Prior Commercial Paper") issued by the Corporation, of which not more than $9,400,000 is outstanding; and

WHEREAS, the City has determined that compliance with the rules for tax-exempt financing limits the flexibility, utility and benefits of operating the Convention Center and therefore desires to refinance the Prior Bonds and the Prior Commercial Paper with taxable obligations; and

WHEREAS, the City has also determined that refinancing the Prior Bonds allows the City to divide the Convention Center into separate parcels that will maximize flexibility for future financings, including implementation of a Convention Center commercial paper program and financing a renovation and refurbishment of portions of the Convention Center; and

WHEREAS, in furtherance of the refinancing described above, the Corporation proposes to lease from the City certain land (the "Land") owned by the City and more particularly described in the attached Exhibit A which is incorporated herein by this reference, and the building and related improvements (the "Improvements" and collectively with the Land, the "Property") located thereon, pursuant to a Site Lease (the "Site Lease") dated as of the date hereof, and sublease the Property to the City pursuant to this Lease Agreement; and

WHEREAS, all acts, conditions and things required by law to exist, to have occurred and to have been performed precedent to and in connection with the execution and entering into of this Lease Agreement do exist, have occurred and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual agreements and covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND EXHIBITS

SECTION 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Lease Agreement have the meanings herein specified. Certain capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture.

"Additional Bonds" means the lease revenue bonds issued from time to time, pursuant to Article III of the Indenture and as contemplated by Section 7.3(d) of this Lease Agreement.

"Additional Payments" means the amounts payable by the City pursuant to Section 3.7 of this Lease Agreement.

"Assignment Agreement" means the Assignment Agreement dated as of November 1, 2015 by and between the Corporation and the Trustee whereby the Corporation assigns to the Trustee for the benefit of the Bond Owners certain of the Corporation's rights under the Site Lease and this Lease Agreement, including the right to receive Basic Lease Payments.

"Basic Lease Payments" means the payments required to be made by the City on any date pursuant to Section 3.4 of this Lease Agreement including any prepayment thereof pursuant to Article IX hereof.

"Bond" or "Bonds" means the Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) and any Additional Bonds.

"Bond Fund" means the Series 2015-A Bond Fund established and held by the Trustee pursuant to Sections 4.01 and 5.02 of the Indenture.

"City" means the City of Los Angeles, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State.

"City Representative" means the City Administrative Officer, any Assistant City Administrative Officer, the City Controller, the Chief Deputy City Controller, the City Treasurer, any Deputy City Treasurer, or such other employee of the City as the City Administrative Officer, or the City Controller or the City Treasurer shall designate in writing, acting on behalf of the City with respect to this Lease Agreement and the Indenture.

"Closing Date" means the day when the Bonds are issued to the original purchasers and, in the case of the Series 2015-A Bonds, November [19], 2015.

"Code" means the Internal Revenue Code of 1986, as amended.

"Corporation" means the Municipal Improvement Corporation of Los Angeles, a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law of the State and any successor entity.

"Corporation Representative" means the President, Vice President, Secretary, Treasurer or any Assistant Secretary or Assistant Treasurer of the Corporation, or any other person authorized by resolution of the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to this Lease Agreement or the Indenture.

"Improvements" means that certain South Hall of the Convention Center and the related improvements, all located on the Land.

"Indenture" means the agreement entitled "Indenture" and dated as of November 1, 2015, by and among the Trustee, the City and the Corporation, together with any duly authorized and executed amendments and supplements thereto.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the Trustee or the City.

"Insurance Proceeds and Condemnation Awards Fund" means the Series 2015-A Insurance Proceeds and Condemnation Awards Fund by that name established and held by the Trustee pursuant to Section 6.08 of the Indenture.

"Land" means that certain Land more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

"Lease Agreement" or "Lease" means this Facility Lease Agreement together with any duly authorized and executed amendments hereto.

"Lease Payment Date" means the fifteenth (15th) day of April and October in each year during the Term of this Lease Agreement, commencing April 15, 2016, except that if the Principal Corporate Trust Office of the Trustee is not open for business on any such date, then that Lease Payment Date shall be the next day on which such office is open for business.

"Lease Payments" shall mean the Basic Lease Payments and the Additional Payments.

"Net Proceeds" means any insurance proceeds (including self-insurance proceeds) or condemnation award, paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Official Statement" means the Official Statement dated November [__], 2015, relating to the Series 2015-A Bonds.

"Owner" or "Bond Owner" or "Owner of a Bond", or any similar terms when used with respect to a Bond means the person in whose name such fully registered Bond shall be registered on the Registration Books.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of Section 4.1 hereof, permit to remain unpaid; (ii) the Site Lease; (iii) this Lease Agreement (including any amendment thereto); (iv) the pledge under the Indenture; (v) any encumbrance, indebtedness and leases permitted under Section 7.2 and 7.3 hereof; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law or any mechanics or other liens permitted under Section 4.2 hereof; (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which, by the execution and delivery of this Lease Agreement, the City certifies will not materially impair the use of the Property; (viii) easements, rights of way and licenses granted to persons who develop or use the real property adjacent to the Property which, by the execution and delivery of this Lease Agreement, the City certifies will not damage, reduce the fair market value of or materially impair the use of the Property; and (ix) the leases with tenants of the Property in existence as of the date hereof and as may come into existence in the future.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee, in St. Paul, Minnesota.

"Property" means the Land and the Improvements, including all improvements and facilities currently existing thereon, together with all other improvements, facilities and property hereafter acquired, constructed and improved on the Property pursuant to Section 4.2 hereof, but excluding improvements or items excluded under Section 4.2 hereof and excluding, for Property subsubleased pursuant to Section 7.2 hereof, new improvements (other than modifications of existing improvements) subsequently constructed on such subsubleased Property with moneys other than proceeds of the Bonds.

"Rental Period" means each twelve-month period during the Term of this Lease Agreement commencing on November 1 in any year and ending on October 31 in the next succeeding year; except that the first Rental Period during the term of this Lease Agreement shall commence on the Closing Date and end on October 31, 2016.

"Series 2015-A Bonds" means the $[_____] initial aggregate principal amount of Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) to be issued pursuant to the Indenture.

"Site Lease" means the Site Lease dated as of November 1, 2015 by and between the City, as lessor, and the Corporation, as lessee, including any amendments thereto, pursuant to which the City leases the Property to the Corporation.

"State" means the State of California.

"Supplemental Indenture" means a Supplemental Indenture entered into pursuant to Article III or Article VIII of the Indenture.

"Term of this Lease Agreement" or "Term" means the time during which this Lease Agreement is in effect, as provided for in Section 3.2 hereof.

"Trustee" means U.S. Bank National Association, a national banking association under the laws of the United States, or any successor thereto acting as Trustee pursuant to the Indenture.

SECTION 1.2. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Lease Agreement:

EXHIBIT A: Description of the Property.

EXHIBIT B: Schedule of Basic Lease Payments to be paid by the City hereunder, showing the date and amount of each such Basic Lease Payment.

ARTICLE II
REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The City is a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State.

(b) Authorization. The Constitution and laws of the State and the Charter of the City authorize the City to enter into this Lease Agreement, to enter into the transactions contemplated hereby and to carry out its obligations under this Lease Agreement, and the City has duly authorized, executed and delivered this Lease Agreement.

(c) No Violations. Neither the execution and delivery of this Lease Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon the Property or assets of the City, or upon the Property, except Permitted Encumbrances.

SECTION 2.2. Representations, Covenants and Warranties of the Corporation. The Corporation represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State and has full legal power to own, hold, improve and equip real and personal property, and to lease and sell the same. The Corporation has the power to enter into this Lease Agreement, to enter into the transactions contemplated hereby and to carry out its obligations under this Lease Agreement, and the Corporation, by proper actions of its board of directors, has duly authorized the execution and delivery of this Lease Agreement.

(b) No Encumbrances. The Corporation will not pledge the Basic Lease Payments or other amounts derived from the Property and from its other rights under this Lease Agreement, and will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Corporation, the Trustee and the City as provided herein and in the Indenture, the Assignment Agreement and Permitted Encumbrances. Except as expressly provided in this Lease Agreement, the Corporation shall promptly take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time.

(c) No Violations. Neither the execution and delivery of this Lease Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon the Property or assets of the Corporation, or upon the Property, except Permitted Encumbrances.

ARTICLE III
AGREEMENT TO LEASE; TERMINATION OF THIS LEASE; LEASE PAYMENTS

SECTION 3.1. Lease. The Corporation hereby subleases the Property to the City, and the City hereby subleases the Property from the Corporation, on the terms and conditions hereinafter set forth. The City hereby agrees and covenants during the Term of this Lease Agreement that, except as hereinafter expressly provided, it will use the Property solely for municipal purposes so as to afford the public the benefit contemplated by this Lease Agreement and so as to permit the Corporation to carry out its agreements and covenants contained in the Indenture and further agrees that it will not abandon the Property. Notwithstanding the foregoing, the Corporation (for itself and its assigns) acknowledges that the portions of the Property are and will be leased or licensed to and occupied by private parties for private purposes.

SECTION 3.2. Term of Agreement. The Term of this Lease Agreement shall commence on the Closing Date, and shall end on November 1, 2024, unless such term is otherwise terminated or extended as hereinafter provided. If on November 1, 2024, the Bonds shall not be discharged by their terms, or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of this Lease Agreement shall be extended until the Bonds shall be discharged by their terms (but not later than November 1, 2034). If prior to November 1, 2024, the Bonds shall be discharged by their terms, the Term of this Lease Agreement shall thereupon end.

SECTION 3.3. Possession. The City agrees to accept possession and use of the Property as the owner of the leasehold interest thereof on the Closing Date, and shall pay the first Basic Lease Payment with respect to the Property on April 15, 2016.

SECTION 3.4. Lease Payments, Basic Lease Payments.

(a) Obligation to Pay. Subject to the provisions of Articles V and IX hereof, the City agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Property during each Rental Period, the Basic Lease Payments for all of the Property in the respective amounts specified in Exhibit B, to be due and payable on the respective Lease Payment Dates specified in Exhibit B, plus the Additional Payments required under Section 3.7 hereof. Any amount held in the Interest Account or the Principal Account of the Bond Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Basic Lease Payments in part but not in whole pursuant to Article IX hereof and other amounts required for payment of past due principal of or interest on any Bonds not presented for payment or otherwise) shall be credited towards the Basic Lease Payment next due and payable; and no Basic Lease Payment need be made on any Lease Payment Date if the amounts then held in the Interest Account and Principal Account of the Bond Fund and available for such purpose are at least equal to the Basic Lease Payment then required to be paid. The Lease Payments for the Property payable in any Rental Period shall be for the use of such Property for such Rental Period. Notwithstanding any dispute between the Corporation and the City, the City shall make all Basic Lease Payments when due and shall not withhold any Basic Lease Payment pending final resolution of the dispute.

(b) Effect of Prepayment. If the City prepays all remaining Lease Payments in full pursuant to Article IX, the City's obligations under this Lease Agreement shall thereupon cease and terminate, including but not limited to the City's obligation to pay Basic Lease Payments under this Section 3.4, subject however, to the provisions of Section 9.1 in the case of prepayment by application of a security deposit. If the City purchases the Property pursuant to Section 9.2 of this Lease Agreement or prepays the Lease Payments in part but not in whole pursuant to Section 9.3 as a result of any insurance or condemnation award with respect to the Property, such prepayment shall be credited entirely towards the prepayment of the Lease Payments allocable to such Property as follows: (i) Additional Payments due or to become due pursuant to Section 3.7 attributable to such purchased Property shall be paid or provided for through the date of such deposit, (ii) the principal components of each remaining Basic Lease Payment shall be reduced on a pro rata basis in integral multiples of $5,000; and (iii) the interest component of each remaining Basic Lease Payment attributable to such Property shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed pursuant to Section 2.03(a), 2.03(c) or 6.08(c) of the Indenture.

(c) Rate on Overdue Payments. If the City should fail to make any of the Basic Lease Payments required in this Section 3.4, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid.

(d) Fair Rental Value. The Lease Payments for the Property for each Rental Period shall constitute the total rental for such Property for such Rental Period, and shall be paid by the City in each Rental Period for and in consideration of the right of the use of, and the continued quiet use and enjoyment of the Property during such Rental Period. The parties hereto have agreed and determined that the total of all Lease Payments for the Property is not greater than the total fair rental value of the Property. Further, the Lease Payments for the Property for each

Rental Period do not exceed the fair rental value of the Property for such Rental Period. In making such determination, consideration has been given to the appraised or market value of the Property, the insured value of the Property, the cost of improvements made or to be made to the Property, the current and future value of rent paid by tenants of the Property other than the City, other obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

(e) Budget and Appropriation. The City covenants to take such action as may be necessary to include all Lease Payments due hereunder in its annual budgets and to make the necessary annual appropriations for all such Lease Payments. In so providing for the payment of Lease Payments in its annual budgets, the City may take into account moneys on deposit in the various funds and accounts under the Indenture that are properly available to make Lease Payments. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such official to enable the City to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the City. The obligations of the City to make Basic Lease Payments or Additional Payments do not constitute obligations for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the City to make Basic Lease Payments or Additional Payments constitutes an indebtedness of the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

(f) Assignment. The City understands and agrees that this Lease Agreement and the right to receive all Basic Lease Payments have been assigned by the Corporation to the Trustee in trust for the benefit of the Owners of the Bonds pursuant to the Assignment Agreement and the Indenture, and the City hereby consents to such assignment. The Corporation hereby directs the City, and the City hereby agrees to pay to the Trustee at the Principal Corporate Trust Office of the Trustee, all payments payable by the City pursuant to this Section 3.4 and all amounts payable by the City pursuant to Article IX.

SECTION 3.5. Quiet Enjoyment. During the Term of this Lease Agreement, the Corporation shall provide the City with quiet use and enjoyment of the Property, and the City shall during such Term peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the City and at the City's cost, join in any legal action in which the City asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Property as provided in Section 6.2.

SECTION 3.6. Leasehold Interest. During the Term of this Lease Agreement, the Corporation shall hold a leasehold interest in the Property. If the City prepays the Lease Payments for all of the Property in full pursuant to Article IX or makes the advance deposit permitted by Section 9.1, or pays all Lease Payments for all of the Property during the Term of this Lease Agreement as the same become due and payable, all right, title and interest of the

Corporation in the Property, respectively, shall be transferred to and vested in the City and the Site Lease and this Lease Agreement shall terminate with respect to such Property.

SECTION 3.7. Additional Payments. In addition to the Basic Lease Payments, the City shall pay as Additional Payments (i) all taxes, fees or assessments levied upon the Property or upon any interest therein of the Corporation or the Trustee, (ii) insurance premiums, if any, on insurance required under this Lease Agreement, (iii) all fees and expenses of the Trustee, and expenses of the City required to comply with this Lease Agreement and the Indenture, and (iv) any other fee, costs, or expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Lease Agreement or the Indenture, including any amounts necessary to indemnify and defend the Corporation.

Additional Payments due under this Section shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or within thirty (30) days after notice in writing from the Trustee to the City stating the amount of Additional Payments then due and payable and the purpose thereof.

ARTICLE IV
MAINTENANCE; TAXES; INSURANCE AND OTHER MATTERS

SECTION 4.1. Maintenance; Utilities, Taxes and Assessments. During the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City. In exchange for the Lease Payments herein provided, the Corporation agrees to sublease the Property to the City. The City shall, at its own expense, during the Term of this Lease Agreement maintain the Property, or cause the same to be maintained, in good order, condition and repair and shall replace any portion of the Property which is destroyed; provided that the City shall not be required to repair or replace any such portion of the Property pursuant to this Section 4.1 if there shall be applied to the prepayment of Basic Lease Payments insurance proceeds or other legally available funds sufficient to prepay (i) all of the Bonds Outstanding or (ii) any portion thereof relating to the Property or such portion thereof and the Basic Lease Payments allocable to the remaining portion of the Property will be sufficient to pay principal of and interest on the Bonds Outstanding after such prepayment. The City shall provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Property. It is understood and agreed that in consideration of the payment by the City of the rental herein provided for, the City is entitled to occupy and use the Property, and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Property during the Term of this Lease Agreement, except as the City may otherwise provide. The Corporation shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to the Property. The City hereby expressly waives the right to make repairs or to perform maintenance of the Property at the expense of the Corporation and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the Civil Code of the State relating thereto. The City shall keep the Property free and clear of all liens, charges and encumbrances, subject only to the provisions of Section 4.10 hereof. The City shall pay for the furnishing of all utilities which may be used in or upon the Property during the Term of this Lease Agreement. Such payment shall be made by the

City directly to the respective utility companies furnishing such utility services or products, under such contract or contracts therefor as the City may make.

The City shall also pay or cause to be paid all taxes, charges, fees and assessments of any type or nature, if any, charged to the Corporation or the City affecting the Property or their respective interests therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the City that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation and the Trustee.

SECTION 4.2. Modification of Property. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Property. All such additions, modifications and improvements, including those which comprise fixtures, repairs, replacements, additions or modifications to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement, except for (i) those fixtures, repairs, replacements or modifications which are added to the Property by the City at its own expense and which may be removed without damaging the Property, and (ii) any items added to the Property by the City pursuant to Section 4.9 hereof. The City shall have the right to conduct a survey of any parcel of land constituting a portion of the Property and to alter or change the boundaries of said parcel as a result of said survey so long as such change or alteration does not interfere with the improvements constructed on said parcel and so long as the remaining parcel together with the improvements thereon does not have a fair rental value less than the Basic Lease Payments attributable to said parcel and improvements. Additions, modifications and improvements shall not cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and such Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section, shall have a fair rental value which is approximately equal to or greater than the fair rental value of the Property immediately prior to the making of such additions, modifications and improvements. The City will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any repair or replacements made by the City pursuant to this Section; provided that if any such lien is established and the City shall first notify the Corporation (or cause the Corporation to be notified) of the City's intention to do so, the City may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item,

in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the City.

SECTION 4.3. Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained, commencing upon its possession of the Property pursuant to this Lease Agreement and thereafter throughout the Term of this Lease Agreement, a program of general liability insurance protecting the Corporation, the City, and their respective officers, directors, agents, assigns and employees. Such program shall provide for indemnification of said parties against loss or liability for damages for bodily and personal injury, death or property damage occasioned by use of the Property. Such insurance shall be satisfied by a risk retention program.

SECTION 4.4. Fire and Extended Coverage Insurance. The City shall procure and maintain, or cause to be procured and maintained, commencing upon its possession of the Property pursuant to this Lease Agreement, and thereafter throughout the Term of this Lease Agreement, insurance against loss or damage to any structures or equipment constituting any part of the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, which coverage may exclude earthquake insurance.

In the event of any uninsured loss to the Property resulting from earthquake, (a) the City shall apply for and use its best efforts to obtain financial assistance from the United States of America to be used for the repair, reconstruction or replacement of such Property, and (b) the City shall repair or replace the Property or defease the outstanding Bonds from moneys, if any, legally available therefor.

Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the lesser of the Outstanding principal amount of the Bonds and 100% of the replacement cost of the Property (including all improvements thereon) (it being understood and agreed that in the event of the loss of such Property and the redemption of Bonds from the Net Proceeds of such insurance, that the remaining Property will have a fair rental value equal to or exceeding the remaining Lease Payments). Such insurance may be subject to deductible clauses of not to exceed $100,000 for any one loss. Such insurance may be satisfied by a combination of commercial insurance, risk pooling under a joint powers authority or similar statutory provision, self-funded loss reserves and, to the extent permitted by law, risk retention programs all in such proportions as are deemed appropriate by professional risk management personnel or independent consultants. The City shall include in its annual budget an item to provide funds for commercial insurance covering physical property damage to the Property.

Without limiting the specific purposes of the budgeted item mentioned above, the City covenants that it shall use such budgeted funds and the proceeds of any purchased insurance to accomplish one of the following purposes in the event of the loss or destruction of or unrepaired damage to any portion of the Property which would otherwise result in abatement of all or a portion of the Basic Lease Payments:

(i) to acquire, construct or repair diligently (at the City's cost) replacement Property having a useful life not less than the remaining Lease Term of the Property so lost, destroyed or damaged to be and become subject to this Lease Agreement at a cost such that the fair market rental value of the Property leased pursuant to this Lease Agreement (including such replacement Property) for each remaining Rental Period are not less than the Lease Payments for each Rental Period over the remaining term of this Lease Agreement;

(ii) to deposit with the Trustee, as assignee of the Corporation, in a special account to be held in trust by the Trustee, an amount (not less than $50,000) sufficient, under Section 9.3 of this Lease Agreement, to purchase the portion of the Property so destroyed or irreparably damaged, and to instruct the Trustee at the time of said deposit that said amount is to be used as a special fund for prepayment of Basic Lease Payments pertaining to the Property destroyed or irreparably damaged; or

(iii) to apply such funds in accordance with Section 5.2 of this Lease Agreement and Section 6.08 and 2.03(a) of the Indenture to redeem Bonds so that the Basic Lease Payments to be made on the remaining Property will be sufficient to pay principal of and interest on the Bonds that remain Outstanding and will not exceed the fair market rental value for each Rental Period over the remaining term of this Lease Agreement.

To the extent that an event of loss, destruction or unrepaired damage should result in an abatement of Basic Lease Payments pending the acquisition of replacement Property pursuant to Section 4.4(i) above, the City may substitute replacement Property for the Property so lost, destroyed or damaged to be and become subject to this Lease Agreement, such replacement Property having a fair rental value such that the fair rental value of the Property leased pursuant to this Lease Agreement (including such replacement Property) for each remaining Rental Period is not less than the Lease Payments for each Rental Period over the remaining term of this Lease Agreement. The City may also make such a substitution of Property as an alternative to taking the actions described in Section 4.4(i) and (ii) herein.

SECTION 4.5. Rental Interruption Insurance. The City shall procure and maintain, commencing upon its possession of the Property pursuant to this Lease Agreement, and throughout the Term of this Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property for a period of 24 months during the Term of this Lease Agreement as a result of any of the hazards covered in the insurance required by Section 4.4 hereof, in an amount to insure against loss of substantial use and possession of the Property. The provider of such insurance shall be rated at least "A" by A.M. Best & Company. The Trustee shall be the beneficiary under such policy and any amounts received thereunder shall be credited towards the Lease Payments in the order in which such Lease Payments come due and payable.

SECTION 4.6. Title Insurance. The City shall obtain, at its own expense, on or before commencement of the Term of this Lease Agreement, a CLTA title insurance policy in the amount equal to the aggregate principal amount of the Series 2015-A Bonds or the appraised value of the Property, whichever is greater, insuring the Corporation's leasehold estate in the Property, subject only to Permitted Encumbrances. All Net Proceeds received under the policy

shall be deposited with the Trustee and shall be credited towards the prepayment of the remaining Lease Payments pursuant to Section 9.3 hereof.

SECTION 4.7. Insurance Net Proceeds; Form of Policies; Certificates of Effectiveness. Each policy of insurance required by Sections 4.4 and 4.5 hereof shall name the Trustee as a loss payee as its interests may appear and shall provide that all proceeds thereunder shall be payable to the Trustee and applied as provided in Section 5.2. The City shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement, and shall promptly furnish or cause to be furnished to the Trustee on or before September 1 annually a certificate of a City Representative stating that such payments have been made and that the insurance policies required by this Lease Agreement are in force and effect. All such policies shall provide that the Trustee shall be given thirty (30) days' notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

SECTION 4.8. Advances. If the City shall fail to perform any of its obligations under this Article, the Corporation may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as Additional Payments as soon as possible.

SECTION 4.9. Installation of City's Personal Property. The City may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City, in which neither the Corporation nor the Trustee shall have any interest, and such items may be modified or removed by the City. Nothing in this Lease Agreement shall prevent the City from purchasing or leasing items to be installed pursuant to this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

SECTION 4.10. Liens. The City shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Corporation and the City as herein provided, and Permitted Encumbrances. Except as expressly provided in this Article, the City shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The City shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

SECTION 4.11. Substitution of Property. The City shall, at any time, have the right to substitute for all or a portion of the Property other property of comparable value, and of a comparable essential nature to the City, and having a remaining useful life not less than the useful life of the portion of Property substituted for, but only by providing the Trustee and the Rating Agencies with a written certificate describing both the new Property and the Property for

which it is to be substituted, and stating that such portion of Property is of comparable value and has a useful life not less than the useful life of the Property described in Exhibit A for which it is being substituted, an executed amendment to this Lease Agreement and an executed and acknowledged memorandum of lease for the new Property. The City must obtain prior to any such substitution confirmation from the Rating Agencies that such substitution shall not result in a downgrading or suspension of the ratings on the Bonds. All costs and expenses incurred in connection with such substitution including without limitation the cost of acquiring such Property, shall be borne by the City. In the event of such substitution, the Property substituted for the original Property shall become fully subject to the terms hereof, and the City shall obtain, in the case of new real property to be substituted for the Property, a policy of CLTA title insurance insuring the Corporation's leasehold estate in the new real property so that the combined policies of CLTA title insurance on all of the leasehold estate(s) in the Property subject to this Lease Agreement will be not less than the aggregate principal amount of Outstanding Bonds. Notwithstanding any substitution of Property pursuant to this Section, there shall be no reduction in the Basic Lease Payments due from the City hereunder and there shall be no reduction in the aggregate fair rental value of the Property as a result of such substitution.

SECTION 4.12. Hazardous Waste. The City shall not cause or permit the Property or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the City cause or permit, as a result of any intentional or unintentional act or omission on the part of the City or any tenant or subtenant, a release of Hazardous Materials onto the Property. The City shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The City shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Property (A) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, (B) to the satisfaction of the Trustee for the Bonds (for purposes of this Section 4.12, the "Trustee"), and (C) in accordance with the orders and directives of all Federal, state and local governmental authorities, and (ii) defend, indemnify, and hold harmless the Trustee and the Bond Insurer from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (A) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, and/or (C) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the mortgage trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. In the event that the Trustee elects to control, operate, sell or otherwise claim property rights in the Property, the City shall deliver the Property free of any and all Hazardous Materials so that the conditions of the Property shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Property. Prior to any

such delivery of the Property, the City shall pay the Trustee, from its own funds, any amounts then required to be paid under subsection (ii) above. For purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 9601 et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other Federal, state or local environmental law, ordinance, rule, or regulation.

SECTION 4.13. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate in accordance with its terms. Notwithstanding any other provision of this Lease Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder. However, the Trustee, upon payment of its fees and expenses, including counsel fees, and receipt of indemnity satisfactory to it, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section 4.13.

ARTICLE V
DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

SECTION 5.1. Damage; Eminent Domain. The City covenants that if the Property is damaged in a manner which substantially interferes with its use, such Property will be promptly repaired or replaced at the City's expense, unless (a) such damage, together with other components of the Property lost, damaged or destroyed, would not result in the abatement of any portion of the Lease Payments because, for example, the fair rental value of the remaining useable Property is sufficient to support the Lease Payments unabated, or (b) the City elects to apply the Net Proceeds of insurance and any other legally available funds to the redemption of Bonds pursuant to Section 6.08 and 2.03(a) of the Indenture such that the Basic Lease Payments for the undamaged Property will be sufficient to pay principal of and interest on the Bonds that remain Outstanding. If all of the Property shall be taken permanently under the power of condemnation or eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily, under the power of eminent domain, (i) this Lease Agreement shall continue in force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (ii) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any condemnation or eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the City and the Corporation such that the resulting Lease Payments do not exceed fair rental value for the use and occupancy of the remaining usable portion of the Property.

SECTION 5.2. Application of Net Proceeds.

(a) From Insurance Proceeds. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Property by fire or other casualty shall be deposited in the Insurance Proceeds and Condemnation Awards Fund by the Trustee promptly upon receipt thereof and applied as set forth in Section 6.08 of the Indenture.

(b) From Eminent Domain Award. The Net Proceeds of any condemnation or eminent domain award resulting from any event described in Section 5.1 hereof shall be deposited in the Insurance Proceeds and Condemnation Awards Fund and applied as set forth in Section 6.08 of the Indenture.

SECTION 5.3. Abatement of Rent. Lease Payments shall be abated during any period in which by reason of damage, destruction or otherwise (other than by condemnation or eminent domain which is provided for above) there is substantial interference with the use and possession or occupancy by the City of the Property, so that the remaining Lease Payments then due for use of the Property that was not affected are not greater than the fair rental value for use of the unaffected Property. The City and the Corporation shall calculate the rental abatement amount on an annual basis taking into account the entire twelve month period commencing November 1 within which the damage or destruction occurs. If at any time it shall be necessary to calculate rental abatement, for purposes of calculation for any twelve month period commencing November 1 and ending on the immediately following October 31, the total amount of Lease Payment payable within such twelve month period shall be divided by 365 days (except for twelve-month periods including February 29, 2016, 2020 and 2024, in which case the divisor shall be 366 days). The maximum amount of daily rental abatement for such twelve-month period shall not exceed the result of such calculation. Such abatement shall continue for the period commencing with such interruption of use and ending with the substantial completion of the work of repair or reconstruction. In the event of any such interruption of use, this Lease Agreement shall continue in full force and effect and the Lease Payments shall not be subject to abatement under this Section 5.3 to the extent that the proceeds of rental interruption insurance pursuant to Section 4.5 or amounts in the Bond Fund are available to pay Lease Payments which would otherwise be abated under this Section 5.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VI
DISCLAIMER OF WARRANTIES; ACCESS

SECTION 6.1. Disclaimer of Warranties. The Corporation and its assigns make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Property, or any other representation or warranty with respect to the Property. In no event shall the Corporation or its assigns be liable for incidental, indirect, special or consequential damages, in connection with existence, furnishing, functioning or the City's use of the Property.

SECTION 6.2. Access to the Property. The City agrees that the Corporation and any Corporation Representative, and the Corporation's successors or assigns, shall have the right at

all reasonable times to inspect the Property. The City further agrees that the Corporation, any Corporation Representative, and the Corporation's successors or assigns shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the City to perform its obligations hereunder; provided, however, that neither the Corporation nor the Corporation's assigns shall have any obligation to cause such proper maintenance.

SECTION 6.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Corporation and the Trustee, and their respective officers, agents, successors and assigns, harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the City including without limitation, as a result of the use, presence, storage, disposal or release of any hazardous waste on or about the Property, (ii) any breach or default on the part of the City in the performance of any of its obligations under this Lease Agreement, (iii) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or negligence of any sublessee of the City with respect to the Property, or (v) the acquisition of the Property. No indemnification is made under this Section or elsewhere in this Lease Agreement for willful misconduct, negligence, or breach of duty under this Lease Agreement by the Corporation, its officers, agents, employees, successors or assigns.

ARTICLE VII
ASSIGNMENT, SUBLEASING AND AMENDMENT

SECTION 7.1. Assignment by the Corporation. The Corporation's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the City under this Lease Agreement have been pledged and assigned to the Trustee pursuant to the Assignment Agreement and the Indenture, to which pledge and assignment the City hereby consents.

SECTION 7.2. Assignment and Subleasing by the City. This Lease may not be assigned by the City. The City may subsublease the Property or any portion thereof, subject to all of the following conditions:

(i) This Lease and the obligation of the City to make Lease Payments hereunder shall remain obligations of the City;

(ii) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Trustee a true and complete copy of such subsublease;

(iii) No such subsublease by the City or any further subsublease or use of such Property shall cause the Property to be used for any unlawful purpose;

(iv) Each subsublease and all further subleases of the portion of the Property occupied on the Closing Date by the City shall be subject to termination upon default by the City hereunder and shall not diminish the rights and remedies of the Trustee to the Property thereon in such event of a default;

(v) Each subsublease and subsequent subsublease shall contain such provisions for the maintenance of insurance on any improvements constructed on the subsublease Property and such provisions for the allocation of proceeds from such insurance and the allocation of proceeds from eminent domain or condemnation proceedings as shall be satisfactory in the opinion of Independent Counsel to maintain the rights of the Trustee to such proceeds;

(vi) Each subsublease and subsequent subsublease shall contain provisions securing the timely payment of all taxes, fees, charges and assessments arising from or related to the subsubleased Property, and securing such Property from the establishment and maintenance of any mechanics or other liens for labor or materials furnished in connection with such improvements;

(vii) Improvements existing on the subsubleased Property at the time of the subsublease may be modified by a subsublessee only in accordance with the provisions of Section 4.2 hereof; and

(viii) Prior to any subsublease becoming effective, the City shall furnish the Trustee such opinions of counsel and certificates as the Trustee may reasonably require to evidence the satisfaction of the above conditions precedent to any subsublease.

SECTION 7.3. Amendment of this Lease Agreement. Except as set forth below, the City will not alter, modify or cancel, or agree or consent to alter, modify or cancel this Lease Agreement excepting only such alteration or modification as may be permitted by Article X of the Indenture.

This Lease may be amended without the consent of the Owners of the Bonds for any of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the City or the Corporation, other agreements, conditions, covenants and terms hereafter to be observed or performed by the City or the Corporation, or to surrender any right reserved herein to or conferred herein on the City or the Corporation, and which in either case shall not adversely affect the interests of the Owners;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the City or the Corporation may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the Owners;

(c) to modify the legal description of the Property to add or delete the property description of Property, or to provide for substitution or addition of Property pursuant to this Lease Agreement;

(d) to make any modifications or changes to this Lease Agreement including any increase or decrease in Basic Lease Payments resulting therefrom in order to enable the execution and delivery of Additional Bonds on a parity with the Bonds (unless otherwise provided in any Supplemental Indenture) in accordance with Article III of the Indenture and to

make any modifications or changes necessary or appropriate in connection with the execution and delivery of Additional Bonds;

(e) to reflect the substitution of the Property under Section 4.11 of this Lease Agreement; or

(f) to make any other modification or change to the provisions of this Lease Agreement which does not materially adversely affect the interests of the Owners of the Bonds.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. Event of Default Defined. The following shall be "events of default" under this Lease Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Lease Agreement, with respect to the Property, any one or more of the following events:

(i) Failure by the City to pay any Basic Lease Payment or other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of ten (10) days.

(ii) Failure by the City to observe and perform any covenant, condition or agreement in this Lease Agreement or the Indenture on its part to be observed or performed, other than as referred to in clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation, the Trustee, or the Owners of not less than five percent (5%) in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if the Trustee receives a certificate from a City Representative to the effect that corrective action is being instituted by the City within the applicable period and is being diligently pursued to correct the default.

(iii) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

SECTION 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 hereof shall have occurred and be continuing, the Corporation may exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; provided, however, that notwithstanding anything herein or in the Indenture to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the City is expressly made a condition and upon the

breach thereof the Corporation may exercise any and all rights of entry and re-entry upon the Property and any improvements thereon, and also, at its option, with or without such entry, may terminate this Lease Agreement; provided that no acts of the parties hereto may terminate the City's obligation to make the Lease Payments except only in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Corporation or termination of the Lease, the City shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in the event such rent and/or damages shall be payable to the Corporation at the time and in the manner as herein provided, to wit:

(a) If the Corporation does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the City agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property or, in the event the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of obtaining possession of the Property or exercise of any other remedy by the Corporation. The City hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the City to obtain possession and re-lease the Property in the event of default by the City in the performance of any covenants herein contained to be performed by the City and to remove all personal property whatsoever situated upon the Property and to place such property in storage or other suitable place in the County of Los Angeles, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such possession and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The City hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City that may be in or upon the Property. The City agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate this Agreement shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The City further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its service in re-leasing the Property.

(b) In an event of default hereunder, the Corporation at its option may terminate this Lease Agreement and re-lease all or any portion of the Property. In the event of the termination

of this Lease Agreement by the Corporation at its option and in the manner hereinafter provided on account of default by the City (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the City nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing shall be the absolute property of the Corporation and the City shall have no right thereto, nor shall the City be entitled to apply any surplus as a credit in the event of a subsequent deficiency in the rentals received by the Corporation from the Property. Neither notice to pay rent or to deliver up possession of the Property given pursuant to law nor any proceeding taken by the Corporation shall of itself operate to terminate this Lease Agreement, and shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the City of the election on the part of the Corporation to terminate this Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the Term hereof or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

SECTION 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 8.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 8.5. Application of Proceeds. All net proceeds received from the re-lease or other disposition of the Property under this Article VIII, and all other amounts derived by the Corporation or the Trustee as a result of an event of default hereunder, shall be transferred to the Trustee promptly upon receipt thereof and shall be deposited with the Trustee to be applied in accordance with Article IX of the Indenture.

SECTION 8.6. Trustee and Bond Owners to Exercise Rights. The Corporation has assigned certain rights and remedies under this Article VIII to the Trustee pursuant to the Assignment Agreement and Section 5.01 of the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

ARTICLE IX
PREPAYMENT OF LEASE PAYMENTS

SECTION 9.1. Security Deposit. Any prepayment of Basic Lease Payments pursuant to Section 9.2 hereof shall be accomplished by the City's securing the payment of Basic Lease Payments by a deposit with the Trustee of: (i) cash in an amount which, together with amounts on deposit in the Bond Fund and the Insurance and Condemnation Fund, is sufficient to pay all unpaid Basic Lease Payments for all of the Property, in accordance with the Lease Payment Schedule set forth in Exhibit B and any Additional Payments to become due pursuant to Section 3.7 hereof, or (ii) Federal Securities together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Federal Securities then on deposit in the Bond Fund and the Insurance and Condemnation Fund, be fully sufficient to pay all unpaid Basic Lease Payments for all of the Property (including any premium thereon) and any unpaid Additional Payments pursuant to Section 3.7 hereof on their respective Lease Payment Dates or by prepayment thereof pursuant to Section 9.2 hereof, as the City shall instruct at the time of said deposit. In the event of a deposit pursuant to this Section, all obligations of the City for said Basic Lease Payments for all of the Property, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, Basic Lease Payments from the deposit made by the City pursuant to this Section and the obligation of the City to make any subsequent Additional Payments, and this Lease Agreement shall terminate with respect to all of the Property on the date of said deposit automatically and without further action by the City or the Corporation; provided however that the City and the Corporation shall execute and file such documents as may be reasonably necessary or desirable to confirm such termination. Said deposit shall be deemed to be and shall constitute a special fund for the payment of Basic Lease Payments in accordance with the provisions of this Lease Agreement. In the event said deposit shall be insufficient to pay any Additional Payments which become due pursuant to Section 3.7 hereof, the City shall, immediately upon notification, increase such deposit in an amount sufficient to cover the deficiency. The Trustee shall not be liable for any insufficiency in such deposit.

SECTION 9.2. Purchase Option; Prepayment of Basic Lease Payments. The City may exercise its option to prepay the Basic Lease Payments for all of the Property on any date by paying a prepayment price equal to (i) the aggregate principal amount of Bonds Outstanding with respect to all of the Property, (ii) the interest on such Bonds accrued to such date, (iii) prepayment penalty equal to the applicable redemption premium (if any) payable on the Bonds on such date pursuant to Section 2.03(c) of the Indenture and (iv) all Additional Payments to become due under Section 3.7 hereof. Such prepayment price shall be deposited with the Trustee to be applied to the redemption of Bonds pursuant to Section 2.03(c) of the Indenture. The City shall give the Trustee notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

SECTION 9.3. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain Award. The City shall be obligated to prepay the Lease Payment allocable to any portion of the Property, in whole or in part, on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance award or a condemnation or eminent domain award with respect to such portion of the Property theretofore deposited with the Trustee for such purpose

pursuant to Article V hereof and Section 6.08 of the Indenture. The City and the Corporation hereby agree that such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments and not used to repair or replace the damaged or taken Property, shall be credited towards the City's obligations under this Section 9.3.

SECTION 9.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full for all of the Property under this Article IX, such that the Indenture shall be discharged by its terms as a result of such prepayment, all monies then on deposit in the Bond Fund and the Insurance and Condemnation Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE X
MISCELLANEOUS

SECTION 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon actual receipt, by first class mail personal delivery or overnight courier:

If to the City:	Office of the City Administrative Officer City of Los Angeles 200 North Main Street City Hall East Room 1500 Los Angeles, California 90012 Attn: MICLA Coordinator
Corporation:	Municipal Improvement Corporation of Los Angeles c/o City Administrative Officer 200 North Main Street City Hall East, Room 1500 Los Angeles, California 90012 Attn: Assistant Secretary and Treasurer
If to the Trustee:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attn: Corporate Trust Services

The Corporation, the City and the Trustee by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

SECTION 10.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Corporation and the City and their respective successors and assigns.

SECTION 10.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 10.4. Net-net-net Lease. This Lease shall be deemed and construed to be a "net-net-net" lease and the City hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever. The City's obligation to make Lease Payments in the amount and on the terms and conditions specified in this Lease Agreement shall be absolute and unconditional without any right of set-off or counterclaim.

SECTION 10.5. Further Assurances and Corrective Instruments. The Corporation and the City agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement. In addition, the City shall, on an ongoing basis, execute and deliver all documents and make or cause to be made all filings and recordings necessary or desirable in order to perfect, preserve and protect the interest of the Trustee in the Property to the extent possible under applicable law.

SECTION 10.6. Governing Law. This Lease shall be construed and governed in accordance with the laws of the State.

SECTION 10.7. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Lease Agreement.

END OF LEASE AGREEMENT TEXT

IN WITNESS WHEREOF, the Corporation has caused this Lease Agreement to be executed in its corporate name by its duly authorized officer and sealed with its corporate seal; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

MUNICIPAL IMPROVEMENT
CORPORATION OF LOS ANGELES,
as Lessor

By:_____
Assistant Secretary and Treasurer

CITY OF LOS ANGELES,
as Lessee

By:_____
Assistant City Administrative Officer

ATTEST:
Holly L. Wolcott, City Clerk

By:_____
Deputy City Clerk

Approved as to form and legality:
this _____ day of November, 2015

Michael N. Feuer,
City Attorney

By:_____
Deputy/Assistant City Attorney

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____, 2015, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

[Affix Notary Seal Above]

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____, 2015, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

[Affix Notary Seal Above]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

South Hall of the
Los Angeles Convention Center

Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, together with;

those portions of Wright's Subdivision of the Sisters of Charity Tract, recorded in book 5, page 431 of Miscellaneous Records; those portions of Harvey Tract, recorded in book 10, page 77 of Miscellaneous Records; and that portion of Delong Street (Vacated) as shown on said Wright's Subdivision; all lying easterly of the easterly Right-of-Way line of the Caltrans Right-of-Way, as shown on Caltrans Right-of-Way Map F-1358, and westerly of the westerly line of said Parcel 1, Official Map No. 2.

EXCEPTING therefrom Parcels 1 and 2, described below.

Containing 22.770 acres, more or less.

PARCEL 1:
That portion of Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, described as follows:

COMMENCING at the centerline intersection of Venice Boulevard and Figueroa Street as shown on said Official Map; thence northeasterly along said centerline of Figueroa Street North 27'57'40" East, 240.89 feet; thence northerly along the line described as the centerline of Parcel 2 of the document recorded as Instrument No. 92-625889 of Official Records, North 61°33'16" West, 49.50 feet to a point on the northwesterly line of Figueroa Street (49.5 foot half-width) and the **TRUE POINT OF BEGINNING;**

thence continuing along said centerline of Parcel 2 the following courses:

North 61'33'16" West, 182.95 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 848.56 feet; thence along said curve through a central angle of 12°15'43", an arc length of 181.60 feet to the point of reverse curvature; a radial line passing through said point bears South 40°42'27" West; thence westerly along said reverse curve, having a radius of 250.00 feet, though a central angle of 35°18'20", an arc length of 154.05 feet;

thence continuing along said centerline of Parcel 2 and its westerly prolongation North 84°35'53" West, 80.30 feet, more or less, to a point on the easterly line of the Caltrans right-of-way as shown on Caltrans Right-of-Way Map F-1358, said point being on a curve, concave westerly and having a radius of 240.00 feet; a radial line passing through said point bears South 84°35'49" East;

thence southerly along said right-of-way the following courses: southerly along said curve through a central angle of 23°22'16", an arc length of 97.90 feet; thence South 28°38'39" West, 51.00 feet; thence South 79°38'36" West 5.00 feet to a point on the westerly line of said Parcel 1, said point being on a curve, concave easterly and having a radius of 400.00 feet; a radial line passing through said point bears South 86°52'50" West; thence southerly along said curve and said right-of-way through a central angle of 04°01'04", an arc length of 28.05 feet; thence South 27°30'44" West 2.11 feet to a point on the northeasterly line of Venice Boulevard (37.5 foot half-width);

thence southeasterly along said northeasterly line South 61°20'52" East, 994.98 feet to a point on the northwesterly line of said Figueroa Street; thence northeasterly along said northwesterly line North 27°57'40" East 203.20 feet to the TRUE POINT OF BEGINNING.

Containing 2.745 acres, more or less.

PARCEL 2:

That portion of Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, together with; those portions of Wright's Subdivision of the Sisters of Charity Tract, recorded in book 5, page 431 of Miscellaneous Records, lying easterly of the easterly Right-of-Way line of the Caltrans Right-of-Way, as shown on Caltrans Right-of-Way Map F-1358, and westerly of the westerly line of said Parcel 1, Official Map No. 2; described as follows:

COMMENCING at the most easterly corner of said Parcel 1; thence northwesterly along the northeasterly line of said Parcel 1, said line also being the southwesterly line of Pico Boulevard (51 foot half-width) as shown on said Official Map No. 2, North 61°33'15" West, 429.79 feet to the **TRUE POINT OF BEGINNING;** thence South 28°21'07" West, 10.12 feet; thence South 73°22'49" West, 107.44 feet; thence North 61°33'05" West, 679.54 feet, more or less, to a point on said easterly line of said Caltrans Right-of-Way; thence northeasterly along said right-of-way the following courses:

North 27°42'35" East, 6.11 feet to the beginning of a non-tangent curve, concave southeasterly and having a radius of 155.00 feet; a radial line passing through said point bears North 87°18'55" West; thence northeasterly along said curve through a central angle of 25°00'28", an arc length of 67.65 feet; thence departing said curve on a tangent line North 27°41'33" East, 6.49 feet to the beginning of a tangent curve, concave southeasterly and having a radius of 15.00 feet; thence northeasterly along said curve through a central angle of 33°02'41", an arc length of 8.65 feet to a point on said northeasterly line of said Parcel 1, said line also being the southwesterly line of Pico Boulevard; thence southeasterly along said line South 61°33'15" East 768.65 feet to the TRUE POINT OF BEGINNING.

Containing 1.448 acres, more or less.

EXHIBIT B

SCHEDULE OF BASIC LEASE PAYMENTS

[To Come]

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Facility Lease Agreement, dated as of November 1, 2015, by and between the Municipal Improvement Corporation of Los Angeles (the "Corporation") and the City of Los Angeles (the "City"), from the Corporation to the City, is hereby accepted by the undersigned on behalf of the City pursuant to authority conferred by resolution of the Los Angeles City Council adopted on October [__], 2015, and the City consents to recordation thereof by its duly authorized officer.

Dated as of November [__], 2015

CITY OF LOS ANGELES

By:_____
Authorized Officer

Exhibit F
Site Lease

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
NIXON PEABODY LLP)
555 West 5th Street, 46th Floor)
Los Angeles, California 90013)
Attention: Charles C. Wolf, Esq.)

(Space above for Recorder's use)

SITE LEASE

Dated as of November 1, 2015

by and between

CITY OF LOS ANGELES,
as Lessor

and

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES,
as Lessee

$[_____]
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
TAXABLE LEASE REVENUE REFUNDING BONDS, SERIES 2015-A
(LOS ANGELES CONVENTION CENTER)

NO DOCUMENTARY TRANSFER TAX DUE. This Site Lease is recorded for the benefit of the City of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

SITE LEASE

THIS SITE LEASE, dated as of November 1, 2015, is made by and between the CITY OF LOS ANGELES, a municipal corporation and charter city in the State of California (the "City"), having an address at 200 North Main Street, Room 1500, Los Angeles, California 90012, Attention: MICLA Coordinator, and the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, a California nonprofit public benefit corporation (the "Corporation"), having an address c/o City Administrative Officer at 200 North Main Street, Room 1500, City Hall East, Los Angeles, California 90012, Attention: Assistant Secretary and Treasurer.

Section 1. Leased Property. The City hereby leases to the Corporation and the Corporation hereby rents from the City all of the City's right, title and interest in the real property (the "Property") described in Exhibit A hereto (which Exhibit A is hereby incorporated herein by this reference), subject to the following terms and conditions. In consideration of the lease by the City to the Corporation of all the City's right, title and interest in the Property, the Corporation shall sublease the Property back to the City pursuant to that certain Facility Lease Agreement (the "Lease Agreement"), dated as of November 1, 2015, by and between the City and the Corporation.

Section 2. Term. The Term of this Site Lease shall commence on the Closing Date and shall end on [November] 1, 2024, unless such term is otherwise terminated or extended as hereinafter provided. If on [November] 1, 2024, the Indenture shall not be discharged by its terms, or if the Lease Payments payable under the Lease Agreement shall have been abated at any time and for any reason, then the Term of this Site Lease shall be extended until the Indenture shall be discharged by its terms (but not later than [November] 1, 2034). If prior to [November] 1, 2024, the Indenture shall be discharged by its terms, the Term of this Site Lease shall thereupon end.

Section 3. Rental. The Corporation shall pay to the City as and for rental hereunder the sum of One Dollar ($1.00), all of which shall be payable within ten (10) days after the date hereof.

Section 4. Termination. Upon the termination or expiration of this Site Lease, the Corporation shall quit and surrender the Property in the same good order and condition as the same was in at the time of commencement of the Term hereunder, except for acts of God and reasonable wear and tear and any actions taken by the City that may affect the condition of the Property, and the Corporation agrees that any permanent improvements and structures existing upon the Property at the time of such termination or expiration of this Site Lease shall remain thereon and title thereto shall vest in the City.

Section 5. Ownership. The City represents and covenants that it is the sole owner of and holds fee title to the Property free and clear of any encumbrances other than Permitted Encumbrances, and has full power and authority to enter into this Site Lease and the Lease Agreement.

Section 6. Payments and Taxes. The City shall be responsible for all documentary stamps to be affixed to any documents to be recorded pursuant hereto, and for any other tax, recording fees and other expenses payable by reason of the improvement and/or lease of the Property.

Section 7. Indemnity. The City agrees to indemnify the Corporation for and to hold the Corporation harmless against any and all claims, taxes, and any and all expenses (including reasonable attorney's fees), losses and liabilities paid, suffered or incurred as a result of such claims, made at any time by any person with regard to the Property on or prior to the date hereof or arising on or prior to the date hereof.

Section 8. Purpose. The Corporation shall use the Property for the purposes described in the Lease Agreement and for such other purposes as may be incidental thereto.

Section 9. Assignment. The Corporation shall not assign, mortgage, hypothecate or otherwise encumber this Site Lease or any rights hereunder or the leasehold created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Property without the written consent of the City (unless a default or Event of Default under the Lease Agreement or the Indenture shall have occurred and be continuing, in which case the consent of the City shall not be required), except that the City expressly approves and consents to the Lease Agreement, the Assignment Agreement, and the Indenture, the pledge and assignment to the Trustee, and the granting to the Trustee of a security interest in and lien on, all of the Corporation's right, title and interest in and to the Property, including the Corporation's right to receive Basic Lease Payments, pursuant to the Indenture.

Section 10. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time.

Section 11. Expiration. The Corporation agrees, upon the expiration of this Site Lease, to quit and surrender the Property.

Section 12. Quiet Enjoyment. The Corporation at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Property.

Section 13. Eminent Domain. If the Property shall be taken under the power of eminent domain, the interest of the Corporation shall be recognized and is hereby determined to be the aggregate amount of unpaid Basic Lease Payments and Additional Lease Payments with respect to the Property under the Lease Agreement through the remainder of its term (excluding any contingent or potential liabilities), and such proceeds shall be paid to the Trustee, as assignee of the interest of the Corporation hereunder, in accordance with the terms of the Assignment Agreement, the Lease Agreement and the Indenture.

Section 14. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given such terms in the Lease Agreement.

Section 15. Amendments. This Site Lease may be amended or modified any time the Lease Agreement is amended to modify the legal description of the Property, to add or delete the property description of the Property, or to provide for substitution, addition or release of Property

in conformity with the Lease Agreement. No change, modification or waiver of any provisions hereof will be valid unless in writing, signed by the party to be bound. This Site Lease will be binding upon, inure to the benefit of and be enforceable by the parities hereto and their respective heirs, executors, administrators, successors and assigns.

Section 16. No Merger. The parties intend and agree that there shall be no merger of interest in the Property on behalf of the City or the Corporation of the City's fee ownership of the Property with any interest of the City or the Corporation under this Site Lease or under the Lease Agreement.

Section 17. Governing Law. This Site Lease shall be governed by and interpreted in accordance with the laws of the State of California.

Section 18. Execution in Counterparts. This Site Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Site Lease as of the date first above written.

CITY OF LOS ANGELES

By:_____
Assistant City
Administrative Officer
"Lessor"

Attest By:
Holly L. Wolcott,
City Clerk

By:_____
Deputy City Clerk

Approved as to form and legality
this ___ day of November, 2015:

Michael N. Feuer,
City Attorney

By:_____
Deputy/Assistant City Attorney

MUNICIPAL IMPROVEMENT
CORPORATION OF LOS ANGELES

By:_____
Assistant Secretary and Treasurer
"Lessee"

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____, 2015, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

[Affix Notary Seal Above]

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____, 2015, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

[Affix Notary Seal Above]]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

South Hall of the
Los Angeles Convention Center

Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, together with;

those portions of Wright's Subdivision of the Sisters of Charity Tract, recorded in book 5, page 431 of Miscellaneous Records; those portions of Harvey Tract, recorded in book 10, page 77 of Miscellaneous Records; and that portion of Delong Street (Vacated) as shown on said Wright's Subdivision; all lying easterly of the easterly Right-of-Way line of the Caltrans Right-of-Way, as shown on Caltrans Right-of-Way Map F-1358, and westerly of the westerly line of said Parcel 1, Official Map No. 2.

EXCEPTING therefrom Parcels 1 and 2, described below.

Containing 22.770 acres, more or less.

PARCEL 1:
That portion of Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, described as follows:

COMMENCING at the centerline intersection of Venice Boulevard and Figueroa Street as shown on said Official Map; thence northeasterly along said centerline of Figueroa Street North 27'57'40" East, 240.89 feet; thence northerly along the line described as the centerline of Parcel 2 of the document recorded as Instrument No. 92-625889 of Official Records, North 61°33'16" West, 49.50 feet to a point on the northwesterly line of Figueroa Street (49.5 foot half-width) and the **TRUE POINT OF BEGINNING;**

thence continuing along said centerline of Parcel 2 the following courses:

North 61'33'16" West, 182.95 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 848.56 feet; thence along said curve through a central angle of 12°15'43", an arc length of 181.60 feet to the point of reverse curvature; a radial line passing through said point bears South 40°42'27" West; thence westerly along said reverse curve, having a radius of 250.00 feet, though a central angle of 35°18'20", an arc length of 154.05 feet;

thence continuing along said centerline of Parcel 2 and its westerly prolongation North 84°35'53" West, 80.30 feet, more or less, to a point on the easterly line of the Caltrans right-of-way as shown on Caltrans Right-of-Way Map F-1358, said point being on a curve, concave westerly and having a radius of 240.00 feet; a radial line passing through said point bears South 84°35'49" East;

thence southerly along said right-of-way the following courses: southerly along said curve through a central angle of 23°22'16", an arc length of 97.90 feet; thence South 28°38'39" West, 51.00 feet; thence South 79°38'36" West 5.00 feet to a point on the westerly line of said Parcel 1, said point being on a curve, concave easterly and having a radius of 400.00 feet; a radial line passing through said point bears South 86°52'50" West; thence southerly along said curve and said right-of-way through a central angle of 04°01'04", an arc length of 28.05 feet; thence South 27°30'44" West 2.11 feet to a point on the northeasterly line of Venice Boulevard (37.5 foot half-width);

thence southeasterly along said northeasterly line South 61°20'52" East, 994.98 feet to a point on the northwesterly line of said Figueroa Street; thence northeasterly along said northwesterly line North 27°57'40" East 203.20 feet to the TRUE POINT OF BEGINNING.

Containing 2.745 acres, more or less.

PARCEL 2:
That portion of Parcel 1 of Official Map No. 2, recorded in Official Map book 5, pages 38-40, together with; those portions of Wright's Subdivision of the Sisters of Charity Tract, recorded in book 5, page 431 of Miscellaneous Records, lying easterly of the easterly Right-of-Way line of the Caltrans Right-of-Way, as shown on Caltrans Right-of-Way Map F-1358, and westerly of the westerly line of said Parcel 1, Official Map No. 2; described as follows:

COMMENCING at the most easterly corner of said Parcel 1; thence northwesterly along the northeasterly line of said Parcel 1, said line also being the southwesterly line of Pico Boulevard (51 foot half-width) as shown on said Official Map No. 2, North 61°33'15" West, 429.79 feet to the **TRUE POINT OF BEGINNING;** thence South 28°21'07" West, 10.12 feet; thence South 73°22'49" West, 107.44 feet; thence North 61°33'05" West, 679.54 feet, more or less, to a point on said easterly line of said Caltrans Right-of-Way; thence northeasterly along said right-of-way the following courses:

North 27°42'35" East, 6.11 feet to the beginning of a non-tangent curve, concave southeasterly and having a radius of 155.00 feet; a radial line passing through said point bears North 87°18'55" West; thence northeasterly along said curve through a central angle of 25°00'28", an arc length of 67.65 feet; thence departing said curve on a tangent line North 27°41'33" East, 6.49 feet to the beginning of a tangent curve, concave southeasterly and having a radius of 15.00 feet; thence northeasterly along said curve through a central angle of 33°02'41", an arc length of 8.65 feet to a point on said northeasterly line of said Parcel 1, said line also being the southwesterly line of Pico Boulevard; thence southeasterly along said line South 61°33'15" East 768.65 feet to the TRUE POINT OF BEGINNING.

Containing 1.448 acres, more or less.

Exhibit G
Escrow Deposit Agreement

ESCROW AGREEMENT

Dated as of

November 1, 2015

By and Among the

LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY,

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent

RELATING TO THE REFUNDING OF
$253,060,000
LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY
LEASE REVENUE REFUNDING BONDS
SERIES 2008A

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of November 1, 2015 (this "Agreement"), is entered into by and among the LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY (the "Authority"), a joint powers agency organized and existing pursuant to a Joint Exercise of Powers Agreement dated January 16, 1967 as amended to the date hereof (the "JPA Agreement") between the City (as hereinafter defined) and the County of Los Angeles, the CITY OF LOS ANGELES (the "City"), a municipal corporation and a charter city of the State of California (the "State") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as escrow agent and trustee for the 2008A Bonds, defined below (the "Escrow Agent" or "Trustee," as applicable, and collectively, the "Agent").

W I T N E S S E T H

WHEREAS, pursuant to an Indenture of Trust, dated as of August 15, 1993 as amended and supplemented to the date hereof, including by a Sixth Supplemental Indenture of Trust dated as of October 1, 2008 (the "Sixth Supplement"), each by and among the Authority, the City and the Trustee (the "Indenture"), the Authority issued its Los Angeles Convention and Exhibition Center Authority Lease Revenue Refunding Bonds, Series 2008A, all of which are currently outstanding (the "2008A Bonds");

WHEREAS, the City desires to defease, pay and redeem as described herein all of the outstanding 2008A Bonds;

WHEREAS, the 2008A Bonds maturing on August 15, 2016, 2017 and 2018 (the "Non-Callable Bonds") are not subject to optional redemption and principal thereof will be paid on their respective maturity dates;

WHEREAS, the 2008A Bonds maturing on August 15, 2020 and 2022 (the "Callable Bonds," and together with the Non-Callable Bonds, the "Refunded Bonds"), are subject to redemption prior to their stated maturity dates, on or after August 15, 2018, at the option of the Authority at the direction of the City on any date at the principal amount of the Callable Bonds called for Redemption, plus accrued but unpaid interest to and including the redemption date, without premium (the "Redemption Price"), in accordance with Section 3.02 of the Sixth Supplement;

WHEREAS, the Board of Directors of the Municipal Improvement Corporation of Los Angeles (the "Corporation") and the City Council of the City each adopted resolutions on [_____, 2015 and _____, 2015], respectively (the "Authorizing Resolutions"), authorizing, among other things, the issuance of refunding bonds to refund all or a portion of the Refunded Bonds;

WHEREAS, concurrently herewith, the City, the Corporation and the Trustee are entering into an Indenture, under which the Corporation will issue its Municipal Improvement Corporation of Los Angeles Taxable Lease Revenue Refunding Bonds, Series 2015-A (Los Angeles Convention Center) (the "Refunding Bonds"), in the aggregate principal amount of

$[_____], pursuant to the Authorizing Resolutions, for the purpose, among other things, of providing funds to defease, pay and redeem the Refunded Bonds; and

WHEREAS, upon (i) making the deposits in the Escrow Fund in accordance with Section 2 hereof and receipt of the verification report called for thereby, and (ii) depositing with the Trustee amounts sufficient to defease the Los Angeles Convention and Exhibition Center Authority Taxable Lease Revenue Bond 1998 Series A, adequate provision for the payment of all revenue bonds contemplated by the JPA Agreement shall have been made as set forth in the proceedings for the issuance thereof and the JPA Agreement shall terminate in accordance with Section 5 thereof, and all property, funds, assets and interests therein of the Authority shall become the property of and be owned by the City pursuant to Section 6 of the JPA Agreement.

NOW, THEREFORE, in consideration of the following, the Authority, the City and the Agent DO HEREBY AGREE as follows:

SECTION 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

SECTION 2. Escrow Fund.

(a) There is established a fund (the "Escrow Fund") to be held in an irrevocably pledged escrow by the Escrow Agent separate and apart from all other funds of the Authority, the City and the Escrow Agent and to be applied solely as provided in this Agreement. The Escrow Agent is hereby designated by the Authority and the City as the depository for the Escrow Fund.

(b) Pledge to Refunded Bonds. Pending application as provided in this Agreement, amounts on deposit in the Escrow Fund are hereby pledged and assigned solely to pay: (i) the interest due on each February 15 and August 15 of the years 2016 through 2018, inclusive, on all of the Refunded Bonds; (ii) the principal payable on the Non-Callable Bonds at their respective maturity dates of August 1, 2016, 2017 and 2018; and (ii) the Redemption Price for the Callable Bonds on August 15, 2018 (the "Redemption Date"), all in accordance with the terms of the Indenture, which amounts shall be held in trust by the Escrow Agent for the holders of the Refunded Bonds.

(c) Deposit of Funds. There shall be deposited in the Escrow Fund by the Escrow Agent the following sum of:

(i) $[_____] to be derived from the proceeds of the sale of the Refunding Bonds received by the Trustee from Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the underwriters, upon the issuance and sale of the Refunding Bonds;

(ii) $[_____] transferred to the Escrow Agent by the Trustee from the Series 2008A Reserve Fund established under the Sixth Supplement; and

(iii) [$[_____] transferred to the Escrow Agent by the Trustee from the [_____ Account in the [_____] Fund established under the Sixth Supplement].

(d) The City represents, and [_____] (the "Verification Agent") has verified, that upon making the deposits pursuant to Section 2(c), the moneys on deposit in the Escrow Fund will be at least equal to an amount sufficient to purchase the aggregate principal amount of direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America set forth in Exhibit A hereto (generally, "Government Obligations," and the Government Obligations specifically set forth in Exhibit A, the "Escrow Securities"), with $[____] to be held in cash following such purchase (the "Initial Cash"), which principal, together with all interest due or to become due on such Escrow Securities and the Initial Cash, will be sufficient to make the payments required by Section 4 hereof.

SECTION 3. Use and Investment of Moneys in Escrow Fund.

(a) The Escrow Agent hereby acknowledges receipt of the moneys described in Section 2(c) and agrees to invest $[_____] of such moneys in the Escrow Securities upon receipt of certification by the Verification Agent that the Escrow Securities will mature in such principal amounts and earn interest in such amounts so that sufficient moneys will be available from maturing principal and interest on the Escrow Securities, together with the Initial Cash, to make all payments required by Section 4 hereof. [Except as provided in Section 3(b) or Section 3(c), any amounts held by the Escrow Agent from time to time under this Agreement shall not be invested in excess of [_____]%.]

(b) Upon the written request of the City, but subject to the conditions and limitations herein set forth, the Escrow Agent shall purchase substitute Government Obligations for the Government Obligations then held hereunder with the proceeds derived from the sale, transfer, redemption or other disposition of Government Obligations then on deposit in the Escrow Fund and any uninvested money then held by the Escrow Agent hereunder in accordance with the provisions of this Section 3(b). Such sale, transfer, redemption or other disposition of Government Obligations then on deposit in the Escrow Fund and substitution of other Government Obligations shall be effected by the Escrow Agent upon the written request of the City but only by a simultaneous transaction and only upon receipt of: (i) certification by a nationally recognized firm of independent certified public accountants that the Government Obligations to be substituted, together with the Government Obligations which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Government Obligations held in the Escrow Fund, together with any uninvested moneys, to make all payments required by Section 4 hereof which have not previously been made; and (ii) receipt by the Escrow Agent of an opinion of Nixon Peabody LLP or other nationally recognized bond counsel (an "Opinion of Bond Counsel") to the effect that the sale, transfer, redemption or other disposition and substitution of Government Obligations will not cause interest on the Refunded Bonds to be included in gross income for federal tax purposes under relevant provisions of the Code and the regulations thereunder in

effect on the date of such sale, transfer, redemption or other disposition and substitution and applicable to obligations issued on the date of issuance and sale of such Refunding Bonds.

(c) Upon the written request of the City, but subject to the conditions and limitations herein set forth, the Escrow Agent will apply any moneys received from the maturing principal of or interest or other investment income on any Government Obligations held in the Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Government Obligations pursuant to Section 3(b) not required for the purposes of said Section, as follows: (i) to the extent such moneys will not be required at any time for the purpose of making a payment required by Section 4 hereof, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Agent, after payment of any amounts then owed to the Escrow Agent, such moneys shall be paid over to the City upon the written request of the City as received by the Escrow Agent, free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing hereunder or under the Indenture; (ii) to the extent such moneys will be required for such purpose at a later date, such moneys shall, to the extent practicable, be invested or reinvested in Government Obligations subject to parameters as to investment or reinvestment delivered by the City to the Escrow Agent (which shall remain in full force and effect unless and until the City provides subsequent parameters in accordance with this clause (ii)) together with an Opinion of Bond Counsel to the effect that such parameters as to investment or reinvestment will not adversely affect the opinion rendered by Nixon Peabody LLP on [_____ __], 2015 as to the defeasance of the Refunded Bonds. Interest earned from such investments or reinvestments shall be paid over to the City upon compliance with the provisions of clause (i) of this Section 3(c), upon the written request of the City.

(d) All Government Obligations purchased pursuant to this Agreement shall be deposited in and held for the credit of the Escrow Fund. Except as provided in this Section 3, no moneys or Government Obligations deposited with the Escrow Agent pursuant to this Agreement nor principal of, or interest payments or other investment income on, any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment and redemption of the Refunded Bonds as provided in Section 4 hereof.

(e) The holders of the Refunded Bonds shall have a lien on the moneys and Government Obligations in the Escrow Fund until such moneys and Government Obligations are used and applied as provided in this Agreement.

(f) The Escrow Agent shall not be held liable for investment losses resulting from compliance with the provisions of this Agreement.

(g) The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Agent will furnish the City periodic cash transaction statements which shall include detail for all investment transactions made by the Escrow Agent hereunder.

SECTION 4. Payment of Refunded Bonds. From the maturing principal of the Government Obligations held in the Escrow Fund and the investment income and other earnings thereon and any uninvested money then held in the Escrow Fund, the Escrow Agent, shall pay:

(a) the interest due on each February 15 and August 15 of the years 2016 through 2018, inclusive, on all of the Refunded Bonds;

(b) the principal payable on the Non-Callable Bonds at their respective maturity dates of August 15, 2016, 2017 and 2018; and

(c) the Redemption Price for the Callable Bonds on the Redemption Date;

provided, however, that, to the extent that amounts remain on deposit in the Escrow Fund following full and complete payment of the principal, interest and Redemption Price with respect to the Redeemed Bonds in accordance with the terms of the Indenture, such amounts shall be transferred to the City after payment of any amounts then owed to the Escrow Agent.

SECTION 5. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the payment and redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any nonnegligent act, nonnegligent omission or nonnegligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the payment and redemption of the Refunded Bonds pursuant to the Indenture or to the validity of this Agreement as to the City and the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. In no event shall the Escrow Agent be liable for any special indirect or consequential damages. The Escrow Agent may consult with counsel, who may or may not be counsel to the City or the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an Opinion of Bond Counsel) may be deemed to be conclusively established by a certificate of the City. Whenever

the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an Opinion of Bond Counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by a certificate signed by a nationally recognized firm of certified public accountants or such Opinion of Bond Counsel.

Any company in which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

The liability of the Escrow Agent to make the payments required by Section 4 shall be limited to the moneys and Government Obligations in the Escrow Fund.

No provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Agent may at any time resign by giving written notice to the City of such resignation. The City shall promptly appoint a successor Escrow Agent by the resignation date. Resignation of the Escrow Agent will be effective upon acceptance of appointment by a successor Escrow Agent. If the City does not appoint a successor, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent.

SECTION 6. Notices of Defeasance and Redemption.

(a) The Authority and the City hereby instruct the Escrow Agent, in its capacity as the Trustee, to send a notice to the Owners and the Bond Insurer (i) of the defeasance of the Refunded Bonds, in substantially the form attached hereto as Exhibit B and (ii) of the redemption of the Callable Bonds, in substantially the form attached hereto as Exhibit C, in accordance with the terms of the Indenture. The Escrow Agent and the City may add further information to the notices as is necessary and appropriate.

(b) The Authority and the City hereby irrevocably designate the Callable Bonds for redemption on the Redemption Date as indicated in Section 4 hereof and hereby irrevocably instructs the Escrow Agent, in its capacity as the Trustee, to give the notice of redemption, not less than 30 nor more than 60 days prior to the Redemption Date, as provided in Section 3.05 of the Sixth Supplement.

(c) The Authority and the City hereby instruct the Escrow Agent, in its capacity as the Trustee, to give any other notices that may be required under the Indenture in the manner and at the times required under the Indenture.

(d) The Trustee will not be responsible for determining the accuracy of any information supplied to it by any person pursuant to the procedures outlined herein, including without limitation, the City.

SECTION 7. Discharge and Satisfaction. As a result of the deposit of the Escrow Securities and Initial Cash pursuant to Section 2 hereof, the Trustee has determined and hereby acknowledges that (a) the Refunded Bonds have been provided for in accordance with Section 1201 of the Indenture and are no longer outstanding thereunder and (b) Indenture is discharged and satisfied with respect to the Refunded Bonds, excepting only such provisions as provided in Section [_____] thereof.

SECTION 8. Performance of Duties. The Agent agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Agent herein provided are in a form satisfactory to it.

SECTION 9. Amendments. The City and the Agent may, without the consent of, or notice to, the Owners of the Refunded Bonds, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of the Owners of the Refunded Bonds and as shall not be inconsistent with the terms and provisions of this Agreement, the Indenture or the Authorizing Resolutions, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Agent for the benefit of the Owners of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and (iii) to include under this Agreement additional funds, securities or properties. The Agent shall be entitled to rely conclusively upon an Opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 10. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which (i) the Refunded Bonds have been fully and completely paid or redeemed as provided in Section 4 hereof, and (ii) any remaining amounts on deposit in the Escrow Fund have been transferred to the City, in accordance with this Agreement.

SECTION 11. Fees and Expenses. The City agrees to pay amounts equal to the fees and expenses of the Agent incurred in consequence of this Agreement and the acceptance thereof by the Agent. The Agent shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof for the payments of fees and expenses for services rendered by it under this Agreement.

SECTION 12. Indemnity. The City agrees to indemnify the Agent, its agents and its officers or employees for and hold the Agent, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Agent) which may be imposed on, incurred by, or asserted against the Agent at any time by reason of the

performance of its duties as Agent hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Agent's or its officers' or employees' or agents' gross negligence or willful misconduct. The Agent's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

SECTION 13. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 14. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 15. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 16. Assignment. This Agreement shall not be assigned by the Agent or any successor thereto without the prior written consent of the City.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

ATTEST: Holly L. Wolcott, City Clerk

By: _____
Deputy City Clerk

LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY

By: _____
Treasurer

ATTEST: Holly L. Wolcott, Secretary

By: _____
Assistant/Deputy Secretary

APPROVED as to form and legality this __ day of November, 2015

Michael N. Feuer
City Attorney and ex officio Attorney for the Authority

By: _____
Deputy/Assistant City Attorney

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent and Trustee

By: _____
Authorized Officer

EXHIBIT A

ESCROW SECURITIES

Type	Maturity Date	1st Interest Date	Principal Amount	Interest Rate	Purchase Cost
Total					

EXHIBIT B

NOTICE OF DEFEASANCE
OF THE
LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2008A

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds (the "Bonds") issued pursuant to that certain Indenture of Trust, dated as of August 15, 1993, as amended to the date hereof (the "Indenture"), including by a Sixth Supplemental Indenture of Trust, dated as of October 1, 2008 (the "Sixth Supplement"), each among the Los Angeles Convention and Exhibition Center Authority (the "Authority"), the City of Los Angeles (the "City") and U.S. Bank National Association (the "Trustee") that the deposit required by Section 1201 of the Indenture, comprised of certain escrow securities set forth in the Escrow Agreement, which principal, together with all interest due or to become due on such escrow securities, and any uninvested cash held by the Escrow Agent in the Escrow Fund, together with investment earnings thereon, sufficient to provide for the payment of the principal of and interest on the designated portion of the Bonds listed below (the "Defeased Bonds"), have been set aside in an Escrow Fund established under that certain Escrow Agreement, dated as of November 1, 2015 (the "Escrow Agreement"), by and between the Authority, the City and U.S. Bank National Association, as Escrow Agent (the "Escrow Agent"), and such Defeased Bonds have been paid in accordance with Section 1201 of the Indenture.

Dated Date	Maturity Date (August 1)	Interest Rate	Principal Amount	CUSIP Number[1] ( )
October 15, 2008	2016	5.000%	$31,070,000	
October 15, 2008	2016	4.250	4,375,000	
October 15, 2008	2017	5.000	32,360,000	
October 15, 2008	2017	4.250	4,810,000	
October 15, 2008	2018	5.000	20,000,000	
October 15, 2008	2018	4.500	18,935,000	
October 15, 2008	2020	5.000	83,795,000	
October 15, 2008	2022	5.125	57,715,000	

[1] None the Authority, the City or the Escrow Agent shall have any responsibility for any defect in the CUSIP numbers appearing herein. CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. and appear in this notice for convenience of reference only.

All obligations of the City and the Authority under the Indenture with respect to the Defeased Bonds and all security provided by the Indenture for the City's and the Authority's obligations thereunder with respect to the Defeased Bonds, will cease and terminate, and the owners of the Defeased Bonds shall hereafter be limited to the application of the Escrow Fund for the payment of the Defeased Bonds.

Dated as of November __, 2015.

LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY

CITY OF LOS ANGELES

By: U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

EXHIBIT C

NOTICE OF REDEMPTION
OF THE
LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2008A

NOTICE IS HEREBY GIVEN that the City of Los Angeles (the "City") intends to exercise the option to redeem the Bonds listed below (the "Redeemed Bonds") on August 15, 2018 (the "Redemption Date") and at the redemption prices set forth below (expressed as a percentage of the principal amounts thereof) plus accrued interest thereon to and including the Redemption Date.

Redeemed Bonds

LOS ANGELES CONVENTION AND EXHIBITION CENTER AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2008A
(Issue Date: October 15, 2008)

Dated Date	Maturity Date (November 1)	CUSIP* ( )	Principal Amount	Redemption Price
October 15, 2008	2020		$83,795,000	100%
October 15, 2008	2022		57,715,000	100

* Neither the City nor the Escrow Agent shall have any responsibility for any defect in the CUSIP numbers appearing herein. CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. and appear in this notice for convenience of reference only.

The redemption price of each of the Redeemed Bonds together with accrued interest to the Redemption Date will become due and payable on the Redemption Date. From and after the Redemption Date, interest on the Redeemed Bonds will cease to accrue. Payment of the Redemption Price will be made upon presentation and surrender of such Redeemed Bonds at:

Registered/Certified Mail:	*Air Courier:*	*In person:*
U.S. Bank National Association	**U.S. Bank National Association**	**U.S. Bank National Association**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dated as of July __, 2018.

CITY OF LOS ANGELES

By: U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

Exhibit H
Good Faith Deposit Agreement

GOOD FAITH DEPOSIT AGREEMENT

Dated as of

June 1, 2015

By and Between

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION
as Custodian

RELATING TO THE CITY OF LOS ANGELES
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015-A

GOOD FAITH DEPOSIT AGREEMENT

THIS GOOD FAITH DEPOSIT AGREEMENT, dated as of June 1, 2015 (this "Agreement"), is entered into by and between the CITY OF LOS ANGELES, a charter city in the State of California (the "City") and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as custodian (the "Custodian").

W I T N E S S E T H

WHEREAS, the Council of the City (the "Council") adopted a resolution on June [5], 2015 authorizing the issuance of refunding bonds to refund and redeem all or any portion of outstanding general obligations bonds (the "Authorizing Resolution");

WHEREAS, the City has approved the issuance and sale of not to exceed $[_____] aggregate principal amount of the City's General Obligation Refunding Bonds, Series 2015-A (the "Series 2015-A"), pursuant to the Authorizing Resolution, for the purpose, among other things, of providing funds which will be sufficient to refund and redeem outstanding general obligations bonds before their respective maturity dates;

WHEREAS, the City has required each bidder for the Series 2015-A Bonds to provide a good faith deposit in the amount of $[_____];

WHEREAS, the Custodian has agreed to accept and hold good faith deposits made by wire transfers from bidders and to return such good faith deposits to the unsuccessful bidders by wire transfer promptly on the bid date after examination of the bids; and

NOW, THEREFORE, in consideration of the following, the City and the Custodian DO HEREBY AGREE as follows:

SECTION 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Authorizing Resolution.

SECTION 2. Appointment of Custodian.

The City hereby appoints the Custodian, and the Custodian hereby accepts its appointment and agrees to serve as custodian, with respect to the acceptance and return of the good faith deposits made by wire transfer, all in accordance with this Agreement.

SECTION 3. Good Faith Deposit Account.

There is hereby established an account to be known as the General Obligation Refunding Bonds Series 2015-A Good Faith Deposit Account (the "Good Faith Deposit Account") to be held by the Custodian, in which the Custodian shall hold bidders' good faith deposits sent to the Custodian by wire transfers. The Custodian will hold the good faith deposits in cash uninvested.

SECTION 4. Responsibilities of Custodian.

(a) The Custodian shall accept from each bidder by wire transfer a good faith deposit, provided that the bidder sends an email to the Custodian referencing (i) the Series 2015-A Bonds, (ii) the name of the bidder and (iii) instructions for the return of the wire transfer should the bidder be unsuccessful.

(b) The Custodian shall notify the City at cao.debt@lacity.org at 8:30 am California time on June 23, 2015 of the names of the bidders from whom the Custodian has received good faith deposits and the amounts of such good faith deposits.

(c) After examination of the bids by the City, the City shall direct the Custodian to, from the Good Faith Deposit Account (1) promptly return by wire transfer the good faith deposits of the unsuccessful bidder(s) and (2) wire transfer the successful bidder(s) good faith deposit(s) to a fund as directed by the City Administrative Officer.

SECTION 5. Performance of Duties.

The Custodian agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Custodian herein provided are in a form satisfactory to it.

SECTION 6. Resignation.

The Custodian may resign at any time by giving written notice thereof to the City. Upon receipt of such written notice, the City shall promptly appoint a successor Custodian and notify the Custodian in writing of such appointment. Upon receipt of such notice from the City, the Custodian shall transfer all amounts held by it in the Good Faith Deposit Account to the City and upon such transfer, the Custodian shall be discharged of any further duties under this Agreement.

SECTION 7. Amendments.

The City and the Custodian may, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not be inconsistent with the terms and provisions of this Agreement or the Authorizing Resolution.

SECTION 8. Term.

This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which any remaining amounts on deposit in the Good Faith Deposit Account have been transferred in accordance with this Agreement.

SECTION 9. Fees and Expenses.

The City agrees to pay amounts equal to the fees and expenses of the Custodian as provided in the fee schedule attached hereto as Exhibit A in consequence of this Agreement and the acceptance thereof by the Custodian. The Custodian shall not have any lien whatsoever upon

any of the moneys deposited in accordance with the terms hereof for the payments of fees and expenses for services rendered by it under this Agreement.

SECTION 10. Indemnity.

The City agrees to indemnify the Custodian, its agents and its officers or employees for and hold the Custodian, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Custodian) which may be imposed on, incurred by, or asserted against the Custodian at any time by reason of the performance of its duties as Custodian hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Custodian's or its officers' or employees' or agents' gross negligence or willful misconduct. The Custodian's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

SECTION 11. Severability.

If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Custodian to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 12. Counterparts.

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 13. Governing Law.

This Agreement shall be construed under the laws of the State of California.

SECTION 14. Assignment.

This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Good Faith Deposit Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

U.S. BANK NATIONAL ASSOCIATION,
as Custodian

By: _____
Authorized Officer

EXHIBIT A

Schedule of Fees for Services as Good Faith Deposit Custodian

Custodial Fee Includes performance of the routine duties as custodian of the Good Faith Deposit. Payable at closing.	$250.00

Attachment C
Resolution for Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Note Program
for the Los Angeles Convention Center

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA APPROVING AND AUTHORIZING THE EXECUTION OF CERTAIN LEGAL DOCUMENTS IN CONNECTION WITH THE ESTABLISHMENT OF THE MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES LOS ANGELES CONVENTION CENTER LEASE REVENUE COMMERCIAL PAPER NOTE PROGRAM TO PROVIDE FOR THE ISSUANCE OF COMMERCIAL PAPER NOTES TO PROVIDE SHORT-TERM FINANCING FOR THE COSTS OF CERTAIN IMPROVEMENTS TO THE CONVENTION CENTER AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

WHEREAS, the City of Los Angeles (the "City") desires to provide short-term financing for the costs of certain improvements to the Convention and Exhibition Facility located upon a site within the City bounded by Chick Hearn Court/11th Street, Figueroa Street, Venice Boulevard and the Harbor Freeway (the "Convention Center") and related expenses (the "Projects"), through the issuance by the Municipal Improvement Corporation of Los Angeles ("MICLA") of its Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) (the "Commercial Paper Notes") from time to time in an aggregate principal amount not to exceed $110,000,000 to finance the Projects (the "Los Angeles Convention Center Lease Revenue Commercial Paper Note Program") pursuant to a Trust Agreement (the "Trust Agreement"), by and among MICLA, the City and U.S. Bank National Association, as the trustee (the "Trustee"), and an Issuing and Paying Agent Agreement (the "Issuing and Paying Agent Agreement"), by and among MICLA, the City and U.S. Bank National Association, as the issuing and paying agent (the "Issuing and Paying Agent"); and

WHEREAS, the City, under its Charter, may enter into lease and lease-purchase agreements as lessee with any person, firm, corporation or public agency, to acquire, construct, install or improve any real property or equipment necessary or useful for the municipal purposes of the City; and

WHEREAS, in order to provide for the issuance by MICLA of the Commercial Paper Notes from time to time, MICLA will lease certain land including the improvements located thereon constituting a portion of the Convention Center (the "Property") from the City pursuant to a Site Lease (the "Site Lease"), by and between the City, as lessor and MICLA, as lessee, and lease-back the Property to the City pursuant to a Sublease (the "Sublease"), by and between the City, as sublessee and MICLA, as sublessor, which Sublease will require the City to make certain base rental payments to MICLA and additional rental for the use and occupancy of the Property and which base rental payments will be assigned to the Trustee pursuant to an Assignment Agreement (the "Assignment Agreement"), by and between MICLA and the Trustee; and

WHEREAS, in order to provide for the payment of principal and interest on the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes, MICLA and the City have requested The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch to issue an irrevocable direct pay letter of credit (the "Credit Facility") pursuant to the terms of a reimbursement agreement among MICLA, the City and The Bank of

Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (the "Reimbursement Agreement"), and in connection therewith, MICLA will enter into a fee letter agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (the "Fee Letter Agreement") and will issue a revolving note (the "Revolving Note") to The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch to evidence the indebtedness of MICLA due and owing to The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch under the Reimbursement Agreement; and

WHEREAS, the City desires to cause the delivery of additional Credit Facilities or additional Alternate Credit Facilities under the Trust Agreement for the Commercial Paper Notes from time to time and/or extend any existing Credit Facility and/or to amend any existing Credit Facility to increase or decrease the maximum principal amount of Commercial Paper Notes supported by such Credit Facility, and to cause any necessary designation of additional subseries of the Commercial Paper Notes (and any corresponding establishment of subaccounts with respect to such additional subseries) from time to time to facilitate such delivery or amendment, in support of a maximum $110,000,000 aggregate principal amount of Commercial Paper Notes, payable from base rental payments made by the City to MICLA pursuant to a sublease of the Property; and

WHEREAS, the Commercial Paper Notes will be placed by J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, as the initial dealers (as more particularly defined in the Trust Agreement, the "Dealers") pursuant to separate commercial paper dealer agreements (the "Dealer Agreements"), by and among MICLA, the City and each of the Dealers, and the Dealers will utilize one or more offering memoranda (the "Offering Memorandum") for the Commercial Paper Notes in connection with the marketing of the Commercial Paper Notes; and

WHEREAS, MICLA desires to authorize and request the City to act as agent for MICLA (the City, in such capacity, the "MICLA Agent") in connection with MICLA's Los Angeles Convention Center Lease Revenue Commercial Paper Note Program and as agent in connection with the use of the proceeds of the Commercial Paper Notes for Project Costs as set forth in the Trust Agreement; and

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

1. The Commercial Paper Notes shall be issued by MICLA from time to time in an aggregate total principal amount of not to exceed $110,000,000 pursuant to the Trust Agreement and the Issuing and Paying Agent Agreement described below, and the Revolving Note shall be issued by MICLA pursuant to the Trust Agreement and the Reimbursement Agreement. This Council hereby approves the issuance by MICLA on behalf of the City of the Commercial Paper Notes from time to time in one or more series or subseries and as tax-exempt or taxable notes pursuant to the Trust Agreement and the Issuing and Paying Agent Agreement as part of MICLA's Los Angeles Convention Center Lease Revenue Commercial Paper Note Program to finance the Projects. MICLA desires to authorize and request the City to act as the MICLA Agent in connection with MICLA's Los Angeles Convention Center Lease Revenue Commercial Paper Note Program and as agent in connection with the use of the proceeds of the Commercial Paper Notes for Project Costs as set forth in the Trust Agreement.

2. The Site Lease, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, is hereby approved. The City Administrative Officer or any Assistant City Administrative Officer or his or her designee (each, an "Authorized Representative") is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver the Site Lease, and the City Clerk or any deputy City Clerk (the "City Clerk") is authorized to attest to the Site Lease, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney or any Deputy City Attorney or Assistant City Attorney (each, the "City Attorney"), such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Site Lease.

3. The Sublease, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, is hereby approved. Any Authorized Representative is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver the Sublease, and the City Clerk is authorized to attest to the Sublease, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Sublease; provided, however, that the aggregate principal amount of the Commercial Paper Notes issued pursuant to the Trust Agreement shall not exceed $110,000,000 and the initial term of the Sublease shall not exceed 30 years, with an extension period up to 10 years thereafter. Any Authorized Representative is hereby authorized to approve the Base Rental Payment schedules to be attached as Exhibit B to the Sublease, which schedules shall include an interest component that reflects the interest expected to accrue on the Commercial Paper Notes.

4. The Trust Agreement, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, is hereby approved. Any Authorized Representative is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver the Trust Agreement, and the City Clerk is authorized to attest to the Trust Agreement, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Trust Agreement.

This Council hereby approves, as the MICLA Agent, the appointment of U.S. Bank National Association, as the initial Trustee under the Trust Agreement. Any Authorized Representative is hereby authorized and directed as the MICLA Agent, without further action of this Council, to replace the Trustee under the Trust Agreement if such Authorized Representative deems it in the best interests of MICLA and the City to do so, provided that no replacement shall require an annual fee in excess of $10,000 for services as the Trustee.

5. The Issuing and Paying Agent Agreement, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, is hereby approved. Any Authorized Representative is hereby authorized and directed, without further action of this

Council, for and in the name of and on behalf of the City, to execute and deliver the Issuing and Paying Agent Agreement, and the City Clerk is authorized to attest to the Issuing and Paying Agent Agreement, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Issuing and Paying Agent Agreement.

This Council hereby approves, as the MICLA Agent, the appointment of U.S. Bank National Association, as the initial Issuing and Paying Agent under the Issuing and Paying Agent Agreement. Any Authorized Representative is hereby authorized and directed as the MICLA Agent, without further action of this Council, to replace the Issuing and Paying Agent under the Issuing and Paying Agent Agreement if such Authorized Representative deems it in the best interests of MICLA and the City to do so, provided that no replacement shall require an annual fee in excess of $10,000 for services as the Issuing and Paying Agent.

6. The Offering Memorandum relating to the Commercial Paper Notes, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, is hereby approved. The Authorized Representatives are authorized and directed, without further action of this Council, to act as the MICLA Agent in connection with the printing and distribution of the Offering Memorandum from time to time to persons who may be interested in purchasing the Commercial Paper Notes. Any Authorized Representative is hereby authorized and directed as the MICLA Agent, without further action of this Council, to cause the printing of, and to distribute, the Offering Memorandum in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of MICLA and the City, and as are approved as to form by the City Attorney, to persons who may be interested in purchasing the Commercial Paper Notes.

Additional offering memoranda (or amendments, supplements or amendment and restatements thereof) relating to the Commercial Paper Notes in connection with the delivery of additional Credit Facilities or additional Alternate Credit Facilities under the Trust Agreement for the Commercial Paper Notes from time to time and/or extension of any existing Credit Facility and/or amendment of any existing Credit Facility as described in paragraph 9 below, are hereby approved; provided that any such additional offering memoranda shall be substantially in the form of the Offering Memorandum approved by this Resolution. Any Authorized Representative is hereby authorized and directed, without further action of this Council, to act as the MICLA Agent in connection with the preparation, printing and distribution of such additional offering memoranda (or amendments, supplements or amendment and restatements thereof).

7. The Dealer Agreements, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, are hereby approved. Any Authorized Representative is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver the Dealer Agreements, and the City Clerk is authorized to attest to the Dealer Agreements, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to

form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Dealer Agreements.

This Council hereby approves, as the MICLA Agent, the placement of the Commercial Paper Notes by the Dealers pursuant to the Dealer Agreements and the distribution of the Offering Memorandum by the Dealers in connection therewith.

Any Authorized Representative is hereby authorized and directed as the MICLA Agent, without further action of this Council, to replace one or more of the Dealers or to retain additional dealers for the Commercial Paper Notes if such Authorized Representative deems it in the best interests of MICLA and the City to do so and any Authorized Representative is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver new Dealer Agreements with such broker-dealers or banks, and the City Clerk is authorized to attest to such new Dealer Agreements, which shall be in substantially the form presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City, and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Dealer Agreements; provided that no replacement shall require an annual fee in excess of 0.10% of the weighted average of the principal amount of the Commercial Paper Notes outstanding.

8. The Reimbursement Agreement and the Fee Letter Agreement, forms of which are before this Council and on file in the office of the City Administrative Officer of the City, are hereby approved. Any Authorized Representative is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver the Reimbursement Agreement and the Fee Letter Agreement, and the City Clerk is authorized to attest to the Reimbursement Agreement and the Fee Letter Agreement, which shall be in substantially the forms presented to this meeting, with such additions and changes therein as such Authorized Representative shall approve as being in the best interests of the City (including without limitation any additions and changes in connection with the delivery of any additional Credit Facilities or additional Alternate Credit Facilities under the Trust Agreement for the Commercial Paper Notes and/or extension of any existing Credit Facility and/or amendment of any existing Credit Facility to increase or decrease the maximum principal amount of Commercial Paper Notes supported by such Credit Facility or to cause any necessary designation of additional subseries of the Commercial Paper Notes and any corresponding establishment of subaccounts with respect to such additional subseries, to facilitate such delivery or amendment), and as are approved as to form by the City Attorney, such approval to be conclusively evidenced by such Authorized Representative's execution and delivery of such Reimbursement Agreement and Fee Letter Agreement. The Revolving Note, a form of which is before this Council and on file in the office of the City Administrative Officer of the City, is hereby approved, and the Revolving Note shall be issued by MICLA pursuant to the Trust Agreement and the Reimbursement Agreement. This Council hereby finds and determines that the Credit Facilities are expected to result in a lower cost of borrowing to MICLA.

9. Any Authorized Representative is hereby authorized and directed, without further action of this Council, to act as the MICLA Agent in connection with the delivery of additional Credit Facilities or additional Alternate Credit Facilities under the Trust Agreement for the

Commercial Paper Notes from time to time and/or extension of any existing Credit Facility and/or amendment of any existing Credit Facility to increase or decrease the maximum principal amount of Commercial Paper Notes supported by such Credit Facility, and to authorize any necessary designation of additional subseries of the Commercial Paper Notes (and any corresponding establishment of subaccounts with respect to such additional subseries) from time to time to facilitate such delivery or amendment, in support of a maximum $110,000,000 aggregate principal amount of Commercial Paper Notes, payable from base rental payments made by the City to MICLA pursuant to a sublease of the Property. Any Authorized Representative is hereby authorized and directed, without further action of this Council, for and in the name of and on behalf of the City, to execute and deliver any amendments, supplements or amendment and restatements or replacements of the Program Documents (as defined below) from time to time to facilitate such delivery or amendment, and the City Clerk is authorized to attest to any such amendments, supplements or amendment and restatements or replacements of the Program Documents, as applicable, in support of a maximum $110,000,000 aggregate principal amount of Commercial Paper Notes, payable from base rental payments made by the City to MICLA pursuant to a sublease of the Property; provided that (i) any such documents shall be substantially in the forms of the equivalent documents executed and delivered by an Authorized Representative pursuant to this Resolution or pursuant to prior authorization from this Council; (ii) any provider of an additional Credit Facility or additional Alternate Credit Facility under the Trust Agreement for the Commercial Paper Notes must be a bank or financial institution rated "A" or "A2" or its equivalent or better by any rating agency; and (iii) no reimbursement agreement or amendment thereto shall require an initial annual fee in excess of 1.95% of the commitment amount.

10. Any Authorized Representative is hereby authorized to approve such other changes and additions to the Commercial Paper Notes, the Site Lease, the Sublease, the Assignment Agreement, the Trust Agreement, the Issuing and Paying Agent Agreement, the Dealer Agreements, the Offering Memorandum, the Credit Facility, the Reimbursement Agreement, the Fee Letter Agreement and the Revolving Note (collectively, the "Program Documents") as he or she shall deem necessary or desirable and with the approval of the City Attorney, the execution and delivery of any such documents, the issuance of the Commercial Paper Notes and the Revolving Note and the distribution of the Offering Memorandum to be conclusive evidence of such approval of any such changes or additions. Any Authorized Representative is hereby further authorized and directed to do any and all things and to execute any and all certificates, agreements (including any custodial agreements, escrow agreements, termination agreements, indemnifications or any other documents necessary to clear title on any of the properties subject to any of the Program Documents or any recordation memoranda or agreements or easement agreements with respect to such properties) and other closing documents, including letters of direction, as are necessary to consummate the transactions contemplated by this Resolution and the Program Documents.

11. Any Authorized Representative is hereby authorized and directed, without further action of this Council, to act as MICLA Agent in connection with MICLA's Los Angeles Convention Center Lease Revenue Commercial Paper Note Program and as agent in connection with the use of the proceeds of the Commercial Paper Notes for Project Costs as set forth in the Trust Agreement.

12. The Authorized Representatives and the officers and employees of the City are, and each of them is, hereby authorized and directed, for and in the name of the City to do any and all things and to execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

13. All actions heretofore taken by the officers and employees of the City with respect to the financing of the Projects or the issuance and delivery of the Commercial Paper Notes are hereby approved, confirmed and ratified.

14. This Resolution shall take effect immediately upon its adoption.

Approved as to Form:
Michael N. Feuer
City Attorney

By: _____
Deputy/~~Assistant~~ City Attorney

Exhibit I
Offering Memorandum

RATINGS: **Moody's** "[_____]"
S&P "[_____]"
Fitch "[_____]"

In the opinion of Nixon Peabody LLP, as Special Tax Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series A Commercial Paper Notes (defined below) when issued in accordance with a Tax and Nonarbitrage Certificate (the "Tax Certificate"), is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series B Commercial Paper Notes (defined below) is excluded from gross income for federal income tax purposes. Special Tax Counsel is further of the opinion that interest on the Commercial Paper Notes (defined below) is exempt from personal income taxes of the State of California ("State") under present State law. See "TAX MATTERS" herein.

$110,000,000
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE COMMERCIAL PAPER NOTES
(LOS ANGELES CONVENTION CENTER),
TAX-EXEMPT SERIES A-1 AND TAXABLE SERIES B-1

This Offering Memorandum has been prepared on behalf of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC (collectively, the "Dealers" and each, a "Dealer") for the Municipal Improvement Corporation of Los Angeles (the "Corporation"), and contains certain information regarding the Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A-1 (the "Tax-Exempt Series A-1 Commercial Paper Notes") and Taxable Series B-1 (the "Taxable Series B-1 Commercial Paper Notes" and together with the Tax-Exempt Series A-1 Commercial Paper Notes, the "Tax-Exempt/Taxable Commercial Paper Notes").

The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (the "Bank") will issue its irrevocable direct-pay letter of credit (as amended from time to time, the "Letter of Credit") which may be drawn upon from time to time in respect of the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes. Timely payment of the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes is dependent upon the availability of proceeds of drawings under the Letter of Credit, and accordingly, this Offering Memorandum does not contain information relating to the ability of the City to make Base Rental (as defined herein) payments. ***The investment decision to purchase the Tax-Exempt/Taxable Commercial Paper Notes should be made solely on the basis of the creditworthiness of the Bank that has issued the Letter of Credit from which will be paid all principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes, rather than the City.*** *Prospective investors should not rely on any source other than proceeds of drawings under the Letter of Credit to pay the principal and actual interest accrued on Tax-Exempt/Taxable Commercial Paper Notes. If, for any reason, the Bank fails to make a payment due under the Letter of Credit, the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes may not be paid when due, and the City would have no obligation to make any payments with respect to the Tax-Exempt/Taxable Commercial Paper Notes apart from the City's obligation to make Base Rental (as defined herein) payments as and when due, as more particularly described herein. The ratings assigned to the Tax-Exempt/Taxable Commercial Paper Notes are based on the creditworthiness of the Bank. See "RATINGS" herein.*

Certain legal matters in connection with the authorization and issuance of the Tax-Exempt/Taxable Commercial Paper Notes are subject to the approval of Hawkins Delafield & Wood LLP, Los Angeles, California, Note Counsel. Certain legal matters will be passed upon for the Corporation and the City by Nixon Peabody LLP, San Francisco, California, Special Tax Counsel. Certain legal matters will be passed on by Hawkins Delafield & Wood LLP, Los Angeles, California, as disclosure counsel to the City, and for the City and the Corporation by Michael N. Feuer, City Attorney. Certain legal matters relating to the Letter of Credit and the Reimbursement Agreement will be passed upon for the Bank by Chapman and Cutler LLP, Chicago, Illinois, Special Counsel to the Bank. Montague DeRose and Associates, LLC, is serving as Financial Advisor to the City in connection with the authorization and issuance of the Tax-Exempt/Taxable Commercial Paper Notes.

J.P. Morgan **Morgan Stanley & Co.**

Offering Memorandum dated [_____], 2015

All references to the documents and other materials are qualified in their entirety by reference to the complete provisions of the documents and other materials referenced. The Dealers have provided the following sentence for inclusion in this Offering Memorandum. The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Dealers do not guarantee the accuracy or completeness of such information. A wide variety of other information, including financial information, concerning the City of Los Angeles (the "City"), is available from publications and websites of the City, the County of Los Angeles and others. Any such information that is inconsistent with the information set forth in this Offering Memorandum should be disregarded. No such information is a part of or incorporated into this Offering Memorandum, except as expressly noted.

The information and expressions of opinion in this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since [_____], 2015. Neither the information nor any opinion contained or expressed herein constitutes a solicitation by the Dealers of the purchase or sale of any instruments. The information contained herein will not typically be distributed or updated upon each new sale of any Tax-Exempt/Taxable Commercial Paper Notes, although such information will be distributed from time to time. Further, the information herein is not intended as substitution for the investors' own inquiry into the creditworthiness of the Bank, and investors are encouraged to make such inquiry.

No dealer, broker, salesperson or other person has been authorized by the Dealers, the Corporation or the City to give any information or to make any representations other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the Dealers, the Corporation or the City.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Tax-Exempt/Taxable Commercial Paper Notes by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Offering Memorandum is not to be construed as a contract with the purchasers of the Tax-Exempt/Taxable Commercial Paper Notes. Statements contained in this Offering Memorandum which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

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THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES

General

The Municipal Improvement Corporation of Los Angeles (the "Corporation") will enter into a Trust Agreement, dated as of November 1, 2015 (as amended and supplemented from time to time, the "Trust Agreement"), with the City and U.S. Bank National Association, as trustee (the "Trustee"), and will enter into an Issuing and Paying Agent Agreement, dated as of November 1, 2015 (as amended and supplemented from time to time,, the "Issuing and Paying Agent Agreement"), with the City and U.S. Bank National Association, as issuing and paying agent (the "Issuing and Paying Agent"), pursuant to which the Corporation is authorized to issue its Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A-1 (the "Tax-Exempt Series A-1 Commercial Paper Notes") and its Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Taxable Series B-1 (the "Taxable Series B-1 Commercial Paper Notes" and together with the Tax-Exempt Series A-1 Commercial Paper Notes, the "Tax-Exempt/Taxable Commercial Paper Notes").

Pursuant to the Trust Agreement and the Issuing and Paying Agent Agreement, the Corporation may issue from time to time the Tax-Exempt/Taxable Commercial Paper Notes in a maximum aggregate principal amount of $110,000,000, and from time to time, any other Series or Subseries of Commercial Paper Notes designated under a Supplemental Trust Agreement (collectively with the Tax-Exempt/Taxable Commercial Paper Notes, the "Commercial Paper Notes"), for the purpose of providing moneys, among other things, (i) for working capital or to finance or refinance capital facilities and improvements thereto, capital expenditures and extraordinary costs, (ii) to fund capitalized interest, (iii) to fund capitalized fees and (iv) to pay the initial costs of issuance of the Commercial Paper Notes. Such other Series or Subseries of Commercial Paper Notes designated under a Supplemental Trust Agreement are not being sold pursuant to this Offering Memorandum.

Principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes shall be payable at maturity in lawful money of the United States of America in immediately available funds at the corporate trust office of the Issuing and Paying Agent to the Owner thereof.

The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (the "Bank") will issue its irrevocable direct-pay letter of credit (as amended from time to time, the "Letter of Credit") which may be drawn upon from time to time in respect of the principal and accrued interest on the Tax-Exempt/Taxable Commercial Paper Notes payable upon their maturity. Timely payment of the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes is dependent upon the availability of proceeds of drawings under the Letter of Credit, and accordingly, this Offering Memorandum does not contain information relating to the ability of the City to make Base Rental (as defined herein) payments. **The investment decision to purchase the Tax-Exempt/Taxable Commercial Paper Notes should be made solely on the basis of the creditworthiness of the Bank that has issued the Letter of Credit from which will be paid all principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes, rather than the City.** Prospective investors should not rely on any source other than proceeds of drawings under the Letter of Credit to pay the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes. If, for any reason, the Bank fails to make a payment due under the Letter of Credit, the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes may not be paid when due, and the City would have no obligation to make any payments with respect to the Tax-Exempt/Taxable Commercial Paper Notes apart from the City's obligation to make Base Rental (as defined herein) payments as and when due, as more particularly described herein. The ratings assigned to the Tax-Exempt/Taxable Commercial Paper Notes are based on the creditworthiness of the Bank. See "RATINGS" herein.

Principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes are payable from the proceeds of Commercial Paper Notes issued to pay such principal and interest and are also payable from Base Rental Payments to be made by the City pursuant to a Sublease, dated as of November 1, 2015 (as amended and supplemented from time to time, the "Sublease"), by and between the Corporation, as sublessor, and the City, as sublessee. See "SECURITY AND SOURCES OF PAYMENT FOR THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES." The payment of principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes is further supported by the Letter of Credit (defined below), the initial Credit Facility (defined below) under the Trust Agreement. See "LETTER OF CREDIT." Any other Series or Subseries of Commercial Paper Notes designated under a Supplemental Trust Agreement will be supported by a separate irrevocable letter of credit, a line or lines of credit, a noncancellable insurance policy or other credit facility.

The Tax-Exempt/Taxable Commercial Paper Notes are authorized in a maximum aggregate principal amount outstanding at any one time of up to $110,000,000. Under the Trust Agreement, the Issuing and Paying Agent may not cause the issuance of Tax-Exempt/Taxable Commercial Paper Notes unless the Corporation has certified to the Issuing and Paying Agent that the Letter of Credit will, upon the issuance of such Tax-Exempt/Taxable Commercial Paper Notes, be in an amount sufficient to pay the principal of all outstanding Tax-Exempt/Taxable Commercial Paper Notes and interest thereon at the rates then in effect with respect to the Tax-Exempt/Taxable Commercial Paper Notes through the maturity dates thereof. The Tax-Exempt/Taxable Commercial Paper Notes are permitted to be issued in denominations of $100,000 and integral multiples of $1,000 in excess thereof and in book-entry form through the book-entry system of The Depository Trust Company, New York, New York ("DTC") as described below. The Tax-Exempt/Taxable Commercial Paper Notes shall bear interest at a rate not in excess of 10% per annum. Interest on the Tax-Exempt/Taxable Commercial Paper Notes is payable on their respective maturity dates. The Tax-Exempt/Taxable Commercial Paper Notes mature not more than 270 days after the date of issuance, and in no event later than the five days prior to the stated expiration or termination date of the Letter of Credit, unless the Corporation shall have arranged for an Alternate Credit Facility.

As used herein, the following terms shall have the meanings set forth below:

"Advance" means, with respect to a Subseries of Commercial Paper Notes, each advance or loan (whether a revolving loan or term loan) of funds made under and/or subject to the provisions contained in the applicable Credit Facility and the applicable Reimbursement Agreement with respect to such Subseries of Commercial Paper Notes.

"Alternate Credit Facility" means, with respect to a Subseries of Commercial Paper Notes, an irrevocable letter of credit, a line or lines of credit, a noncancellable insurance policy or other credit facility provided by an alternate Bank to facilitate the payment of such Subseries of Commercial Paper Notes in accordance with the provisions of the Trust Agreement, as such alternate credit facility may be amended or supplemented from time to time.

"Bank" or "related Bank" or "Banks" means, individually and collectively, as applicable: (i) with respect to the Tax-Exempt/Taxable Commercial Paper Notes, the Bank or upon delivery of an Alternate Credit Facility with respect to the Tax-Exempt/Taxable Commercial Paper Notes, any Alternate Bank issuing an Alternate Credit Facility with respect to the Tax-Exempt/Taxable Commercial Paper Notes; and (ii) with respect to one or more Subseries of Commercial Paper Notes, a provider or providers of a Credit Facility with respect to such Subseries of Commercial Paper Notes or upon delivery of an Alternate Credit Facility with respect to such Subseries of Commercial Paper Notes, any Alternate Bank issuing an Alternate Credit Facility with respect to such Subseries of Commercial Paper Notes.

"Commercial Paper Notes" means, collectively, the Series A-1 Commercial Paper Notes, the Series B-1 Commercial Paper Notes, and any other Series or Subseries of Commercial Paper Notes designated under a Supplemental Trust Agreement.

"Credit Facility" or "applicable Credit Facility" or "Credit Facilities" means, individually and collectively, as applicable: (i) with respect to the Tax-Exempt/Taxable Commercial Paper Notes, that certain irrevocable direct-pay letter of credit issued by the Bank, including any amendments thereto and, upon the issuance of any Alternate Credit Facility with respect to the Tax-Exempt/Taxable Commercial Paper Notes, such Alternate Credit Facility; and (ii) with respect to one or more Subseries of Commercial Paper Notes, an irrevocable letter of credit, a line or lines of credit, a noncancellable insurance policy or other credit facility provided by a provider or providers to facilitate the payment of such Subseries of Commercial Paper Notes, including any amendments thereto and, upon the issuance of any Alternate Credit Facility with respect to such Subseries of Commercial Paper Notes, such Alternate Credit Facility.

"Funding Commitment" means, with respect to a Bank, the then available stated amount of its respective Credit Facility plus the principal amount of Advances evidenced by its Revolving Note.

"Maximum Interest Rate" means, with respect to the Commercial Paper Notes, 10% per annum.

"Maximum Principal Amount" means $110,000,000, or such lesser principal amount of indebtedness designated by the Corporation which, if it bore interest at the Maximum Interest Rate and principal and such interest were payable annually as provided in the Sublease (commencing on the first day of the first Base Rental Period to commence after the date of calculation), could be fully retired from amounts then payable by the City as Maximum Base Rental (as adjusted pursuant to the Sublease) during the remaining term of the Sublease.

"Note" means any Commercial Paper Note or any Revolving Note, and "Notes" means the Commercial Paper Notes and the Revolving Notes.

"Outstanding" means, when used as of any particular time with respect to any Commercial Paper Notes, as the context requires, such Commercial Paper Notes theretofore issued by the Corporation under the Trust Agreement, except: (a) Commercial Paper Notes theretofore cancelled or delivered to the Issuing and Paying Agent for cancellation and, in all cases, with the intent to extinguish the debt represented thereby; and (b) Commercial Paper Notes in lieu of, or in substitution for, which other Commercial Paper Notes have been issued and delivered under the Trust Agreement; and (c) Commercial Paper Notes with respect to which all liability of the Corporation shall have been discharged in accordance with the Trust Agreement.

"Pro Rata Basis" means, as between Subseries of the Commercial Paper Notes, pro rata among Subseries based on the aggregate principal amount of such Subseries of the Commercial Paper Notes Outstanding at such time (and, for Revolving Notes, based on the aggregate principal amount of outstanding Advances evidenced by such Revolving Notes).

"Reimbursement Agreement" or "applicable Reimbursement Agreement" or "Reimbursement Agreements" means, individually and collectively, as applicable: (i) with respect to the Tax-Exempt/Taxable and the related Revolving Note, that certain Letter of Credit and Reimbursement Agreement dated as of November 1, 2015, together with any related fee letter agreement, each by and among the Corporation, the City and the Bank, as the initial Bank, as the same may be amended, supplemented or otherwise modified from time to time or other agreement executed from time to time in connection with the delivery of an Alternate Credit Facility with respect to such Subseries of the Commercial Paper Notes; and (ii) with respect to one or more Subseries of the Commercial Paper Notes

and the related Revolving Note, that certain Letter of Credit and Reimbursement Agreement, together with any related fee letter agreement, each by and among the Corporation, the City and the provider or providers of a Credit Facility with respect to such Subseries of Commercial Paper Notes, as the initial bank, as the same may be amended, supplemented or otherwise modified from time to time or other agreement executed from time to time in connection with the delivery of an Alternate Credit Facility with respect to such Subseries of the Commercial Paper Notes.

"Revolving Note" or "related Revolving Note" or "Revolving Notes" means, individually and collectively, as applicable, with respect to a Subseries of the Commercial Paper Notes, any promissory note or promissory notes issued pursuant to the provisions of the Trust Agreement and the applicable Reimbursement Agreement in evidence of Advances made by the related Bank under the applicable Reimbursement Agreement, having the terms and characteristics contained therein and issued in accordance therewith.

"Series A Commercial Paper Notes" means, collectively, all Subseries of the Series A Commercial Paper Notes, including but not limited to the Tax-Exempt Series A-1 Commercial Paper Notes.

"Series B Commercial Paper Notes" means, collectively, all Subseries of the Series B Commercial Paper Notes, including but not limited to the Taxable Series B-1 Commercial Paper Notes.

All capitalized terms herein that are not otherwise defined shall have the meanings agreed thereto in the Trust Agreement, the Sublease, the Site Lease, the Letter of Credit and the Reimbursement Agreement, as applicable.

Limitation on Issuance. Pursuant to the Trust Agreement, the Corporation will agree and covenant that it shall not issue any Tax-Exempt/Taxable Commercial Paper Notes with a maturity later than five days prior to the stated expiration or termination date of the Letter of Credit unless the Corporation shall have arranged for Alternate Credit Facility pursuant to the provision of the Trust Agreement described below.

Maintenance of Credit Facilities. Pursuant to the Trust Agreement, the Corporation will covenant and agree that at all times while Tax-Exempt/Taxable Commercial Paper Notes remain Outstanding, it will maintain a Credit Facility with respect to the Tax-Exempt/Taxable Commercial Paper Notes in amounts such that, assuming that all then Outstanding Tax-Exempt/Taxable Commercial Paper Notes were to become due and payable immediately, the amount available for borrowing under the Credit Facility would be sufficient to pay the principal of and accrued interest due and payable at the stated maturity of all such Tax-Exempt/Taxable Commercial Paper Notes; *provided, however*, that the Corporation may in accordance with the terms of the Reimbursement Agreement replace such Credit Facility with an Alternate Credit Facility upon five (5) days prior written notice to the applicable Dealers, the Trustee and the Issuing and Paying Agent (such notice to the Trustee including a written direction from MICLA to the Trustee to immediately disseminate notice of the replacement of such Credit Facility to the Owners of Outstanding Commercial Paper Notes of the applicable Subseries) so long as the replacement of such Credit Facility shall not result in a downgrade or withdrawal of the then current ratings on such Tax-Exempt/Taxable Commercial Paper Notes supported by such Credit Facility, evidenced by a written notification from each Rating Agency, and so long as such Credit Facility then in effect with respect to such Tax-Exempt/Taxable Commercial Paper Notes Outstanding prior to the effective date of such Alternate Credit Facility shall remain in effect until all such Tax-Exempt/Taxable Commercial Paper Notes are paid in full or defeased pursuant to the Trust Agreement and the Issuing and Paying Agent shall draw on such Credit Facility then in effect (and not upon any Alternate Credit Facility replacing such Credit Facility then in effect) as needed to pay the principal of and accrued interest due

and payable at the stated maturity of all such Tax-Exempt/Taxable Commercial Paper Notes, but no such draw shall be required for any of such Tax-Exempt/Taxable Commercial Paper Notes defeased pursuant to the provisions of the Trust Agreement. Notwithstanding the foregoing, the Corporation may also in accordance with the terms of the Reimbursement Agreement replace such Credit Facility with an Alternate Credit Facility on any date that all Outstanding Tax-Exempt/Taxable Commercial Paper Notes mature without complying with the rating requirement of the proviso to the preceding sentence. Prior to the effective date of an Alternate Credit Facility for the Tax-Exempt/Taxable Commercial Paper Notes, the Credit Facility being replaced by such Alternate Credit Facility shall remain in effect until all such Tax-Exempt/Taxable Commercial Paper Notes are paid in full or defeased pursuant to the provisions of the Trust Agreement and the Issuing and Paying Agent shall draw on such Credit Facility being replaced (and not upon any Alternate Credit Facility replacing such Credit Facility then in effect) as needed to pay the principal of and accrued interest due and payable at the stated maturity of all such Tax-Exempt/Taxable Commercial Paper Notes, but no such draw shall be required for any of such Tax-Exempt/Taxable Commercial Paper Notes defeased pursuant to the provisions of the Trust Agreement. No Tax-Exempt/Taxable Commercial Paper Note shall be issued if, immediately after the issuance thereof and the application of any proceeds thereof to reimburse the Bank for any Advances made to retire other Tax-Exempt/Taxable Commercial Paper Notes supported by such Credit Facility, the aggregate principal of and accrued interest due and payable at the stated maturity of all Tax-Exempt/Taxable Commercial Paper Notes supported by such Credit Facility would exceed the amount then available to be drawn under such Credit Facility. In furtherance of the foregoing covenant, the Corporation will agree that it will not issue any Tax-Exempt/Taxable Commercial Paper Notes or make any borrowing which will result in a violation of such covenant, will not amend any Credit Facility in a manner which will cause a violation of such covenant and, if and to the extent necessary to maintain compliance with such covenant, will arrange for an Alternate Credit Facility prior to, or contemporaneously with, the expiration of any Credit Facility.

Issuance and Sale of Tax-Exempt/Taxable Commercial Paper Notes. At any time after the execution of the Trust Agreement, the Corporation may determine to issue Tax-Exempt/Taxable Commercial Paper Notes. Tax-Exempt/Taxable Commercial Paper Notes issued for the purpose of funding a Project shall be issued in accordance with written instructions of a Corporation Representative, substantially in the form attached to the Trust Agreement, delivered to the Issuing and Paying Agent by facsimile (or may be given telephonically or by e-mail with confirmation of receipt). Said instructions: (a) shall specify such principal amounts, dates of issue, purchase price, maturities, rates of interest and other terms and conditions which are hereby authorized and permitted to be fixed by a Corporation Representative at the time of sale of such Tax-Exempt/Taxable Commercial Paper Notes; provided that Series A Commercial Paper Notes shall only be issued as interest bearing (and not issued and sold at a discount) (b) so long as the Corporation uses the book-entry system with respect to the Tax-Exempt/Taxable Commercial Paper Notes, shall include a request to the Issuing and Paying Agent to debit the purchaser's account at the Depository against credit to the Issuing and Paying Agent's account at the Depository which purchase shall then be recorded on the books and records of the Issuing and Paying Agent maintained with respect to each Master Note; (c) if the Corporation is no longer using the book-entry system with respect to the Tax-Exempt/Taxable Commercial Paper Notes, shall include a request that the Issuing and Paying Agent authenticate such Tax-Exempt/Taxable Commercial Paper Notes by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Tax-Exempt/Taxable Commercial Paper Notes, and the rules of the New York Clearinghouse shall apply thereto; (d) shall contain provisions representing that all action on the part of the Corporation necessary for the valid issuance of such Tax-Exempt/Taxable Commercial Paper Notes then to be issued has been taken, that all provisions of California law necessary for the valid issuance of such Tax-Exempt/Taxable Commercial Paper Notes with provision for interest exemption from California personal income taxation have been complied with, that all provisions of federal law for

the valid issuance of such Tax-Exempt/Taxable Commercial Paper Notes with provision for the exclusion of interest on the Series A Commercial Paper Notes from gross income for federal income tax purposes have been complied with, and that such Tax-Exempt/Taxable Commercial Paper Notes in the possession of the Owners thereof will be valid and enforceable obligations of the Corporation according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and (e) shall also certify that:

(i) each of the following conditions has been satisfied:

(A) a Dealer Agreement or Dealer Agreements shall be in full force and effect providing for the marketing of all such Tax-Exempt/Taxable Commercial Paper Notes Outstanding immediately upon such issuance;

(B) the interest rate on such Tax-Exempt/Taxable Commercial Paper Notes shall not exceed the Maximum Interest Rate;

(C) a Credit Facility or Credit Facilities shall be in full force and effect with respect to all such Tax-Exempt/Taxable Commercial Paper Notes Outstanding immediately after such issuance in an amount sufficient to pay the principal of and accrued interest due and payable at the stated maturity of all such outstanding Tax-Exempt/Taxable Commercial Paper Notes;

(D) [the Corporation shall have received an opinion from Special Tax Counsel that the interest on such Tax-Exempt/Taxable Commercial Paper Notes proposed to be issued will be exempt from California personal income tax and interest on the Series A Commercial Paper Notes will be excluded from gross income for federal income tax purposes];

(E) the principal amount of such Tax-Exempt/Taxable Commercial Paper Notes Outstanding, plus the aggregate principal amount of all Outstanding Commercial Paper Notes plus the amount of any Advances then outstanding under the Revolving Notes, immediately after the issuance of such Commercial Paper Notes shall not exceed the Maximum Principal Amount calculated as of the date of such issuance;

(F) if the issuance of such Commercial Paper Notes is for a purpose other than to pay the principal of and interest on maturing Commercial Paper Notes (or to reimburse the related Bank therefor), the Corporation shall have issued to the City a Debt Service Certificate — Additional Commercial Paper Notes reflecting the issuance of such Tax-Exempt/Taxable Commercial Paper Notes and the City shall have complied with the provisions of the Sublease with respect to the related Minimum Supplemental Rental Payment or the alternative to payment of such Minimum Supplemental Rental Payment; and

(G) the Issuing and Paying Agent shall not have received a No-Issuance Notice with respect to the Tax-Exempt/Taxable Commercial Paper Notes from the Bank. If such notice is received, the Issuing and Paying Agent may only resume issuing such Tax-Exempt/Taxable Commercial Paper Notes if it has received notice from the Bank that the No-Issuance Notice has been rescinded and the Issuing and Paying Agent may resume delivering such Tax-Exempt/Taxable Commercial Paper Notes;

(ii) no Event of Default under the Trust Agreement with respect to the Tax-Exempt/Taxable Commercial Paper Notes has occurred and is continuing as of the date of such instructions;

(iii) the Corporation has full power and authority to perform its duties and obligations with respect to the Notes and the Reimbursement Agreement;

(iv) the Corporation is in compliance with its covenants set forth in the Trust Agreement as of the date of such instructions; and

(v) the principal of and accrued interest due and payable at the stated maturity of Tax-Exempt/Taxable Commercial Paper Notes to be Outstanding as of the date of such issuance does not exceed the amount then available to be drawn under the Credit Facility.

With respect to Tax-Exempt/Taxable Commercial Paper Notes issued to pay the principal of and interest on maturing Tax-Exempt/Taxable Commercial Paper Notes (or to reimburse the Bank therefor), unless the Corporation notifies the Dealer and the Issuing and Paying Agent to the contrary in writing, the Corporation pursuant to the Trust Agreement authorizes and directs the applicable Dealer to direct the Issuing and Paying Agent to issue Commercial Paper Notes in an amount equal to the principal of and interest on maturing Tax-Exempt/Taxable Commercial Paper Notes. In such event, the Corporation will be deemed to be in compliance with the requirements of paragraph (e) above (other than paragraph (e)(i)(F)) unless the Corporation has given notice to the Issuing and Paying Agent that it is not in compliance with those requirements.

THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES ARE SPECIAL OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM THE AMOUNTS PLEDGED THEREFOR IN THE TRUST AGREEMENT, INCLUDING BASE RENTAL PAYMENTS MADE BY THE CITY PURSUANT TO THE SUBLEASE AND AMOUNTS HELD BY THE TRUSTEE AND THE ISSUING AND PAYING AGENT IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED UNDER THE TRUST AGREEMENT. THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE SUBLEASE, NEITHER THE NOTES NOR THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE CORPORATION HAS NO TAXING POWER AND NO OBLIGATION TO PAY BASE RENTAL. UNDER CERTAIN CIRCUMSTANCES, BASE RENTAL PAYMENTS MAY BE ABATED UNDER THE SUBLEASE.

Defeasance

If, when all or any portion of the Tax-Exempt/Taxable Commercial Paper Notes shall have become due and payable in accordance with their terms or otherwise as provided in the Trust Agreement, the entire principal and interest so due and payable upon said Tax-Exempt/Taxable Commercial Paper Notes shall be paid, or if at or prior to the date said Tax-Exempt/Taxable Commercial Paper Notes have become due and payable, sufficient moneys or noncallable, nonprepayable, direct obligations of, or obligations guaranteed by, the United States of America, the principal of and interest on which will provide sufficient moneys for such payment, as verified by a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay said Tax-Exempt/Taxable Commercial Paper Notes in full on the dates that principal of and interest on said Tax-Exempt/Taxable Commercial Paper Notes is due, shall be held in trust by the Trustee or the

Corporation and provision shall also be made for paying all other sums payable under the Trust Agreement by the Trustee or the Corporation with respect to said Tax-Exempt/Taxable Commercial Paper Notes, the pledge created in the Trust Agreement with respect to said Tax-Exempt/Taxable Commercial Paper Notes shall thereupon cease, terminate and become discharged and said Tax-Exempt/Taxable Commercial Paper Notes shall no longer be deemed Outstanding for purposes of the Trust Agreement and all the provisions of the Trust Agreement, including all covenants, agreements, liens and pledges made therein, shall be deemed duly discharged, satisfied and released with respect to said Tax-Exempt/Taxable Commercial Paper Notes.

LETTER OF CREDIT

The following are summaries of certain provisions of the Letter of Credit and the Reimbursement Agreement. The following summaries do not purport to be full and complete statements of the provisions of the Letter of Credit or the Reimbursement Agreement, which documents should be read in full for a complete understanding of all the terms and provisions thereof. Copies of the Letter of Credit and the Reimbursement Agreement (in their current form) may be obtained from the City.

In addition to the foregoing, the Corporation has agreed in the Trust Agreement to maintain a Credit Facility while the Tax-Exempt/Taxable Commercial Paper Notes remain outstanding, provided that the Corporation may replace the Credit Facility upon five (5) days' prior written notice to the Dealers, the Trustee and the Issuing and Paying Agent (such notice to the Trustee including a written direction from MICLA to the Trustee to immediately disseminate notice of the replacement of such Credit Facility to the Owners of Outstanding Commercial Paper Notes of the applicable Subseries) so long as the replacement of the Credit Facility does not result in a downgrade or withdrawal of the then current ratings on the Tax-Exempt/Taxable Commercial Paper Notes, evidenced by a written notification from a Rating Agency, and so long as the Credit Facility then in effect with respect to the Tax-Exempt/Taxable Commercial Paper Notes Outstanding prior to the effective date of any Alternate Credit Facility shall remain in effect until all such Tax-Exempt/Taxable Commercial Paper Notes are paid in full.

The Letter of Credit

The following is a summary of certain provisions of the Letter of Credit to be issued by the Bank. This summary is not to be considered a full statement of the terms of the Letter of Credit and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Offering Memorandum without definition have the respective meanings set forth in the Letter of Credit.

At the request and for the account of the Corporation, the Bank will issue the Letter of Credit in favor of the Issuing and Paying Agent in the initial stated amount of $[115,500,000], which may be drawn upon from time to time in respect of the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes. The stated amount of the Letter of Credit in effect from time to time shall be subject to reductions and reinstatements as set forth in the Letter of Credit. The Issuing and Paying Agent will draw moneys under the Letter of Credit to the extent necessary to pay principal of and interest on Tax-Exempt/Taxable Commercial Paper Notes. Drawings by the Issuing and Paying Agent under the Letter of Credit will reduce the amounts available for subsequent drawings under the Letter of Credit, subject to reinstatement as provided in the Letter of Credit. All drawings under the Letter of Credit will be paid with the Bank's own immediately available funds and will not be paid directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the Bank by the Corporation. The Bank will seek reimbursement for payments made pursuant to drawings under the Letter of Credit only after such payments have been made.

The City and the Corporation may elect to reduce the stated amount of the Letter of Credit from time to time prior to the Letter of Credit Expiration Date to an amount not less than the sum of the face value of all discount Tax-Exempt/Taxable Commercial Paper Notes and the principal amount of all outstanding non-discount Tax-Exempt/Taxable Commercial Paper Notes plus actual interest to accrue thereon to the maturity date thereof.

Under the Trust Agreement, the Issuing and Paying Agent may not cause the issuance of Tax-Exempt/Taxable Commercial Paper Notes unless the Corporation has certified to the Issuing and Paying Agent that the Letter of Credit will, upon the issuance of such Tax-Exempt/Taxable Commercial

Paper Notes, be in an amount sufficient to pay the principal of all outstanding Tax-Exempt/Taxable Commercial Paper Notes and interest thereon at the rates then in effect, with respect to the Tax-Exempt/Taxable Commercial Paper Notes through the maturity dates thereof.

The Letter of Credit shall terminate at [_]:00 p.m., [_____] time, on the date (the earliest of such date to occur referred to herein as the "Letter of Credit Expiration Date") which is the earliest of (i) the date on which the Bank receives a specified written notice from the Issuing and Paying Agent that an Alternate Credit Facility has been substituted for the Letter of Credit in accordance with the Trust Agreement, (ii) the date on which the Bank receives a specified written notice from the Issuing and Paying Agent that the Issuing and Paying Agent elects to terminate the Letter of Credit, or (iii) [_]:00 p.m., [_____] time [_____], 20[__], except as extended pursuant to a notice from the Bank to the Issuing and Paying Agent (the "Stated Termination Date") or terminated earlier as provided in the Letter of Credit; provided, however, that if such date is not a Business Day, the Stated Termination Date shall be the next preceding Business Day. The Stated Termination Date of the Letter of Credit may be extended as provided in the Reimbursement Agreement and the Letter of Credit.

The Reimbursement Agreement

General. The Corporation, the City and the Bank will enter into a Reimbursement Agreement, pursuant to which the Letter of Credit will be issued. Among other things, the Reimbursement Agreement provides for (a) the repayment to the Bank of all draws made under the Letter of Credit, together with specified interest thereon; (b) the payment or reimbursement to the Bank of certain specified fees, costs and expenses; (c) affirmative and negative covenants to be observed on the part of the Corporation and the City; and (d) certain indemnification obligations on the part of the Corporation and the City.

As used herein, "Material City Debt" means any Debt (as defined in the Reimbursement Agreement) of the City that is outstanding in a principal amount of $10,000,000 or more.

As used herein, "Rating Agency" means Fitch, Moody's or S&P.

As used herein, "Related Documents" means the Trust Agreement, the Letter of Credit, the Reimbursement Agreement, the fee letter agreement among the Bank, the City and the Corporation regarding fees and expenses (the "Fee Letter"), the Tax-Exempt/Taxable Commercial Paper Notes, the Revolving Note, the Issuing and Paying Agent Agreement, this Offering Memorandum, the Site Lease, the Sublease, the Assignment Agreement and the Dealer Agreements.

As used herein, "Revolving Note" means the Corporation's revolving note issued to the Bank to evidence the indebtedness of the Corporation due and owing to the Bank under the Reimbursement Agreement with respect to amounts drawn on the Letter of Credit.

Events of Default. The occurrence of any of the following events shall be an "Event of Default" under the Reimbursement Agreement:

(a) The Corporation or the City shall fail to pay (i) any and all amounts owing by the Corporation to the Bank under the Reimbursement Agreement for all amounts drawn under the Letter of Credit, principal advances, term loans and default advances (each, a "Reimbursement Obligation"), or interest thereon as and when due thereunder, subject to the proviso that the unpaid amount of each default advance shall be paid or caused to be paid by the Corporation in each year only to the extent of the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Components subject to the Sublease for such Base Rental Period; (ii) any fee set forth in the Fee

Letter as and when due thereunder and the continuance of such failure for a period of three (3) Business Days; or (iii) any other amount payable under the Reimbursement Agreement, the Fee Letter or under the Revolving Note and the continuance of such failure for a period of thirty (30) days after written notice thereof;

(b) The Corporation or the City shall default in the performance of certain covenants set forth in the Reimbursement Agreement;

(c) The Corporation or the City shall default in the performance of any other material term, covenant or agreement set forth in the Reimbursement Agreement and such failure shall continue for a period of 30 days after written notice thereof shall have been given to the Corporation or the City, as applicable, by the Bank;

(d) Any representation, warranty, certification or material statement made by the Corporation or the City (or incorporated by reference) in the Reimbursement Agreement or by the Corporation or the City in any other Related Document or in any certificate, financial statement or other document delivered pursuant to the Reimbursement Agreement or any other Related Document shall prove to have been incorrect in any material respect when made;

(e) The City shall (A) fail to make any payment on any Material City Debt (other than the Notes) or any interest or premium thereon when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material City Debt; or (B) fail to perform or observe any material term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Material City Debt when required to be performed or observed, and such failure shall not be waived and shall continue after the later of (1) five Business Days after notice of such failure or (2) the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate the maturity of such Material City Debt; or (C) any Material City Debt shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment or an optional prepayment), prior to the stated maturity thereof; provided, however, that in the case of clause (A) or (B) any such failure shall not be considered an Event of Default under the Reimbursement Agreement if the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the acceleration of the maturity of such Material City Debt;

(f) The Corporation or the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, or shall take any action to authorize any of the foregoing;

(g) A case or other proceeding shall be commenced against the Corporation or the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Corporation or the City under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or

levied against a substantial part of the property, assets or business of the Corporation or the City, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(h) Any material provision of the Reimbursement Agreement, the Fee Letter or any other Related Document shall cease for any reason whatsoever to be a valid and binding agreement of the Corporation or the City, or the Corporation or the City shall contest the validity or enforceability thereof;

(i) Any pledge created under the Reimbursement Agreement or under the Trust Agreement to secure any amounts due under the Reimbursement Agreement shall fail to be valid or fully enforceable; or

(j) An event of default shall occur under any of the Related Documents (other than the Reimbursement Agreement) or the City shall fail to make any payment under the Sublease when and as due.

Bank Remedies upon an Event of Default. If any Event of Default under the Reimbursement Agreement shall have occurred and be continuing, the Bank may, by notice to the Corporation and the Issuing and Paying Agent, (i) issue a notice to the Issuing and Paying Agent to cease authenticating Tax-Exempt/Taxable Commercial Paper Notes, (ii) declare the Revolving Note, in whole or in part, all or some advances and term loans, as well as any other Reimbursement Obligation, and all interest thereon to be a default advance under the Reimbursement Agreement due and payable in the manner set forth in and subject to the Reimbursement Agreement, or (iii) take any other action permitted by equity or law. Notwithstanding anything to the contrary contained in the preceding sentence, upon the occurrence or existence of an Event of Default under the Reimbursement Agreement of the type described in paragraph (f) or (g) above, the remedies described in clause (ii) above shall occur immediately and automatically without notice or further action on the part of the Bank or any other person and the remedy described in clause (i) above shall occur by the giving of notice only to the Issuing and Paying Agent. Upon any action by the Bank as contemplated in the foregoing clause (i), the stated amount of the Letter of Credit shall be permanently reduced upon, and by the amount of, each drawing under the Letter of Credit following the occurrence of an Event of Default under the Reimbursement Agreement. Notwithstanding the foregoing, the occurrence of an Event of Default under the Reimbursement Agreement shall not affect the Bank's obligations under the Letter of Credit with respect to Tax-Exempt/Taxable Commercial Paper Notes that are outstanding at the time of the occurrence of such Event of Default under the Reimbursement Agreement, and the Issuing and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Tax-Exempt/Taxable Commercial Paper Notes that are outstanding at the time of the occurrence of such Event of Default under the Reimbursement Agreement.

LETTER OF CREDIT BANK

The following information concerning the Bank has been provided by representatives of the Bank and has not been independently confirmed or verified by the Dealers, the Corporation or the City. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

[Insert]

SECURITY AND SOURCES OF PAYMENT FOR THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES

Letter of Credit

The principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes will be supported by amounts available under the Letter of Credit to be issued in the initial stated amount of $[115,500,000]. The Letter of Credit expires on [_____], 20[__], or such later date to which the Letter of Credit shall have been extended, unless the Corporation shall have arranged for an Alternate Credit Facility. The Bank is not obligated to extend the Stated Termination Date of the Letter of Credit. See "LETTER OF CREDIT-The Reimbursement Agreement." See also "RISK FACTORS-Expiration of Letter of Credit."

The investment decision to purchase the Tax-Exempt/Taxable Commercial Paper Notes should be made solely on the basis of the creditworthiness of the Bank that has issued the Letter of Credit from which will be paid all principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes, rather than the City. Prospective investors should not rely on any source other than proceeds of drawings under the Letter of Credit to pay the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes. If, for any reason, the Bank fails to make a payment due under the Letter of Credit, the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes may not be paid when due, and the City would have no obligation to make any payments with respect to the Tax-Exempt/Taxable Commercial Paper Notes apart from the City's obligation to make Base Rental (as defined herein) payments as and when due, as more particularly described herein. The ratings assigned to the Tax-Exempt/Taxable Commercial Paper Notes are based on the creditworthiness of the Bank. See "RATINGS" herein.

Pledged Property; Assignment

Pursuant to the Trust Agreement, the Corporation will pledge and assign to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, and grants to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, a security interest in and lien on, all its right, title and interest in and to: (a) the Site Lease; (b) the Sublease (except for its right to payment of expenses of the Corporation under the Sublease, its right to indemnification under the Sublease and its right to receive certain notices under the Sublease); (c) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund and the Commercial Paper Note Proceeds Subaccounts within the Payment Account), provided that the proceeds of the sale of a Subseries of Commercial Paper Notes on deposit in any such fund or account shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility and the proceeds of any drawing or payment under a Credit Facility for a Subseries shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility; and (v) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien of the Trust Agreement by the Corporation or by anyone on its behalf, subject only to the provisions of the Trust Agreement, the Site Lease and the Sublease (clauses (i), (ii), (iii), (iv) and (v) of this sentence, collectively, the "Pledged Property").

The Corporation will agree and covenant in the Trust Agreement that all Base Rental and any proceeds of any rental interruption insurance when and as received shall be received by the Corporation in trust under the Trust Agreement for the benefit of the Owners of the Commercial Paper Notes and the Banks (as more particularly set forth in the pledge clause of the Trust Agreement) and shall be deposited when and as received by the Corporation in the Base Rental Account. All Pledged Property shall be

accounted for and applied in accordance with the Trust Agreement, and the Corporation shall have no beneficial right or interest in any of the Pledged Property except as provided in the Trust Agreement. All Pledged Property, whether received by the Corporation in trust or deposited with the Trustee as provided in the Trust Agreement, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses set forth therein, and shall be accounted for separately and apart from all other accounts, funds, moneys or other resources of the Corporation.

The Tax-Exempt/Taxable Commercial Paper Notes are special limited obligations of the Corporation and principal thereof and interest thereon are payable solely from the Pledged Property available for such purpose and moneys drawn by the Issuing and Paying Agent under the Credit Facility as provided in the Trust Agreement, and the Corporation is not obligated to pay such principal or interest except from the Pledged Property available for such purpose.

Sublease; Term

The City will lease certain land, including improvements located thereon, as more particularly described in the Sublease (collectively, the "Property"), to the Corporation pursuant to a Site Lease, dated as of November 1, 2015 (as amended and supplemented from time to time, the "Site Lease"), by and between the City and the Corporation. The City will sublease the Property from the Corporation pursuant to the Sublease. The lease and sublease of the Property pursuant to the Site Lease and the Sublease became effective upon publication of a lease ordinance by the City on [_____], 2015.

Subject to the next succeeding paragraph, with respect to each Component, the term of the Sublease with respect to such Component will begin on the date on which the Trust Agreement is executed and delivered and end on the earliest of: (a) the date set forth with respect to such Component in the base rental payment schedule attached to the Sublease as an exhibit (and in the case of any Property which is added following the date on which the Trust Agreement is executed and delivered or substituted for a Component pursuant to pursuant to the provisions of the Sublease and of the Trust Agreement, the date set forth in base rental payment schedule attached to the Sublease as an exhibit with respect to such additional or substituted Component), (b) the date all Base Rental related to such Component is paid in full, (c) the date of termination of the Sublease with respect to such Component due to casualty or condemnation in accordance with the terms of the Sublease, or (d) the date of release of such Component in accordance with the terms of the Sublease and of the Trust Agreement.

Notwithstanding anything to the contrary contained in the Sublease, including without limitation the provisions of the Sublease with respect to Rental Payments, if, at any time on or prior to the final maturity of all outstanding Commercial Paper Notes, there shall remain outstanding any obligations payable to the Banks under the Reimbursement Agreements, the term of the Sublease with respect to each Component subject to the Sublease at such time shall be extended until such date as all such obligations to the Banks have been satisfied; provided, however, in no event shall the term of the Sublease with respect to any Component extend beyond November 1, 2055. During such extension of the term of the Sublease the City shall pay Base Rental (including any Maximum Base Rental which accrued during any prior Base Rental Period but was not paid during such prior Base Rental Period) in an amount sufficient to satisfy such obligations to the Banks in full; provided, however, that the Base Rental with respect to any Component during any Base Rental Period shall not exceed the then fair rental value with respect to such Component during such Base Rental Period.

Base Rental Payments

Pursuant to the Sublease, the City will agree to pay to the Corporation Base Rental in an amount up to the Maximum Base Rental, and the Additional Rental, with respect to each Component, as provided

in the Sublease, for the use, occupancy and possession of the Property for which such Maximum Base Rental is payable, all on the terms and conditions set forth in the Sublease. The table set forth in Appendix C attached hereto sets forth the Maximum Base Rental with respect to each Component for each Base Rental Period.

The Minimum Required Rental Payment for each Base Rental Period shall be equal to the sum of (a) the Assumed Interest Cost required during such Base Rental Period with respect to the Commercial Paper Notes (based upon the average principal amount of Commercial Paper Notes expected to be Outstanding during such Base Rental Period and the applicable Assumed Interest Rate); (b) the principal amount of Commercial Paper Notes and Revolving Notes the City expects to repay during such Base Rental Period in addition to the Required Principal Reduction Amount and amounts set forth in clause (e) below; (c) the Required Principal Reduction Amount for such Base Rental Period; (d) the Assumed Interest Cost required during such Base Rental Period with respect to the Revolving Notes (based upon the expected average principal amount of the Revolving Notes expected to be Outstanding during such Base Rental Period and the applicable Assumed Interest Rate with respect to such Revolving Notes); and (e) the amount of principal coming due on the Revolving Notes during such Base Rental Period.

The City shall be obligated to pay the Minimum Required Rental Payment for each Base Rental Period, with the interest portion thereof being paid at the applicable Assumed Interest Rate in equal quarterly installments on each Quarterly Payment Date, with an amount equal to the principal portion thereof, including the Required Principal Reduction Amount, being paid not later than the first day of the calendar quarter during which such amount will be used to reimburse a Bank for an Advance used to retire Commercial Paper Notes that will not be remarketed, renewed or refinanced (and to pay the interest thereon), and with any principal due under any Revolving Notes during such Base Rental Period being paid on or prior to the date that is ten days prior to the date such amount is due under such Revolving Notes. Any Base Rental and Additional Rental shall be paid on the terms, in the amounts, at the times and in the manner set forth in the Sublease. The City will make payments of Base Rental directly to the Issuing and Paying Agent, as agent for the Trustee, for deposit into the Base Rental Account and, to the extent not otherwise paid to the Person to whom any amount constituting Additional Rental is owing, will make payment of Additional Rental to the Issuing and Paying Agent for deposit into the applicable Administrative Expense Subaccounts. The amount by which the aggregate Maximum Base Rental for all Components for any Base Rental Period exceeds the amount so deposited in such Base Rental Period shall continue to be an obligation of the City for such Base Rental Period and shall be payable by the City if and to the extent that payment is required pursuant to the Sublease.

In connection with the issuance of Commercial Paper Notes for a purpose other than to pay the principal of and interest on maturing Commercial Paper Notes (or to reimburse the related Bank therefor), the Corporation is required to issue to the City a Debt Service Certificate – Additional Commercial Paper Notes pursuant to the Trust Agreement, and such Debt Service Certificate will indicate whether a Minimum Supplemental Rental Payment is required during the then current Base Rental Period. Such Minimum Supplemental Rental Payment shall be equal to the sum of: (a) the Assumed Interest Cost required during the portion of such Base Rental Period from and after the date of issuance of the additional Commercial Paper Notes with respect to the Commercial Paper Notes (based upon the expected average principal amount of Commercial Paper Notes Outstanding during such Base Rental Period after such issuance and the applicable Assumed Interest Rate); (b) the interest accrued on Commercial Paper Notes during the portion of such Base Rental Period prior to such issuance date; (c) the unpaid portion of the new Required Principal Reduction Amount for such Base Rental Period during which such issuance date occurs; (d) the Required Principal Reduction Amount paid during the portion of such Base Rental Period prior to such issuance date; (e) the Assumed Interest Cost required during the portion of such Base Rental Period from and after such issuance date with respect to the Revolving Notes (based upon the expected average principal amount of the Revolving Notes expected to

be Outstanding during such Base Rental Period after such issuance and the applicable Assumed Interest Rate with respect to such Revolving Notes); (f) the interest accrued on the Revolving Notes during the portion of such Base Rental Period prior to such issuance date; (g) the amount of principal coming due on the Revolving Notes during such Base Rental Period after such issuance; and (h) the principal paid on the Revolving Notes during the portion of such Base Rental Period prior to such issuance date; and less (i) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment relating to the Commercial Paper Notes previously paid or budgeted to be paid for such Base Rental Period during which the issuance date occurs. If the Debt Service Certificate -- Additional Commercial Paper Notes issued by the Corporation to the City pursuant to the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required during the then current Base Rental Period, the City shall budget and appropriate the necessary Minimum Supplemental Rental Payment and promptly pay to the Issuing and Paying Agent such Minimum Supplemental Rental Payment, except as provided in the second following paragraph below; provided, however, that the City may pay such Minimum Supplemental Rental Payment in equal installments on each Quarterly Payment Date remaining in such Base Rental Period so long as all such payments are made in advance of the date required to pay principal of and interest on any Notes. The Corporation will not be required to issue the Debt Service Certificate - Additional Commercial Paper Notes if the issuance of such Additional Notes was taken into account in completing the Debt Service Certificate - Annual for the current Base Rental Period.

If at any time during a Quarterly Payment Period, the amount on deposit in the Capitalized Interest Subaccounts, the Base Rental Account, the Base Rental Payment Subaccounts and/or the Bank Reimbursement Subaccounts shall not be sufficient to pay the principal of and accrued interest on the Commercial Paper Notes and the Revolving Notes during such Quarterly Payment Period, the Required Principal Reduction Amount for such Quarterly Payment Period, if any, and any principal due on the Revolving Notes, the Corporation shall file with the City a Debt Service Certificate--Additional Interest and/or Principal with respect to such deficiency, and such Debt Service Certificate -- Additional Interest and/or Principal will indicate whether a Minimum Supplemental Rental Payment is required. Such Minimum Supplemental Rental Payment shall be equal to the sum of: (a) the amount of interest expected to accrue on Commercial Paper Notes scheduled to mature during the portion of such Base Rental Period after the date of calculation set forth in such Debt Service Certificate; (b) the interest accrued on the Commercial Paper Notes during the portion of such Base Rental Period prior to such calculation date; (c) the unpaid portion of the Required Principal Reduction Amount for such Base Rental Period during which such calculation date occurs; (d) the Required Principal Reduction Amount paid during the portion of such Base Rental Period prior to such calculation date; (e) the amount of interest expected to accrue on the Revolving Notes (based on the applicable Assumed Interest Rate as of such calculation date) during the portion of such Base Rental Period after such calculation date; (f) the interest accrued on the Revolving Notes during the portion of such Base Rental Period prior to such calculation date; (g) the amount of principal coming due on the Revolving Notes during the portion of such Base Rental Period after such calculation date; and (h) the principal paid on the Revolving Notes during the portion of such Base Rental Period prior to such calculation date; and less (i) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment relating to the Commercial Paper Notes previously paid or budgeted to be paid for such Base Rental Period during which such calculation date occurs. If the Debt Service Certificate - Additional Interest and/or Principal filed by the Corporation with the City pursuant to the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required, the City shall budget and appropriate the necessary Minimum Supplemental Rental Payment and promptly pay to the Issuing and Paying Agent such Minimum Supplemental Rental Payment, except as provided in the paragraph below.

The City shall not be required to budget and appropriate the necessary Minimum Supplemental Rental Payment and pay any Minimum Supplemental Rental Payment if the Corporation shall have issued its Commercial Paper Notes to provide funds in an amount equal to or in excess of the amount of the

Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Notes shall have been deposited into the Base Rental Account. Additionally, if the Corporation shall have issued its Commercial Paper Notes to provide funds to pay a portion of the amount of any Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Notes have been deposited into the Base Rental Account, the amount of the Minimum Supplemental Rental Payment may be reduced by the amount of proceeds so deposited.

Notwithstanding any provisions of the Sublease or any other document to the contrary, under no circumstances shall the City be required to pay during any Base Rental Period amounts (exclusive of Additional Rental) in excess of aggregate Maximum Base Rental for all Components for such Base Rental Period; provided that the City shall have the right at any time, to pay Base Rental in excess of that required under the Sublease in order to provide for the retirement of Commercial Paper Notes or the repayment of the Revolving Notes.

Pursuant to the Sublease, if at any time the City shall determine that the annual fair rental value of the Property in any future Base Rental Period is greater than the Minimum Required Rental Payment due in such future Base Rental Period (the difference being referred to herein as the "Excess Fair Rental Value"), the City may revise the schedule of Minimum Required Rental Payments such that a portion of the Minimum Required Rental Payment which would have been due in the then current year shall be paid in such future Base Rental Period to the extent of such Excess Fair Rental Value. Likewise, if at any time the City shall determine that the annual fair rental value of the Property in the then current Base Rental Period is greater than the Minimum Required Rental Payment due in such current Base Rental Period, the City may, at its option, pay additional Base Rental during such current Base Rental Period and such amount shall be credited against the Minimum Required Rental Payment due in any future Base Rental Period as the City shall direct.

The Maximum Base Rental for each Component for each Base Rental Period shall be the amount set forth in Appendix C attached hereto, and shall become due and payable quarterly in advance on each Quarterly Payment Date during the Sublease Term as set forth in the Sublease. Pursuant to the Sublease, the City will agree to pay, from legally available funds, to the extent required thereunder, the aggregate Maximum Base Rental for all Components for each Base Rental Period.

In addition to the Minimum Required Rental Payments and any Minimum Supplemental Rental Payments set forth in the Sublease, the City will agree to pay as Additional Rental all of the following: (i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, *ad valorem* taxes, *ad valorem* and specific lien special assessments and gross receipts taxes, if any, levied upon any Component or upon any interest of the Corporation, the Trustee or the Owners therein or in the Sublease, including taxes and charges contemplated by the provision of the Sublease described under "— Taxes, Other Governmental Charges and Utility Charges" below; (ii) all costs of maintenance, operation, repair and replacement of the Property as required under the Sublease; (iii) insurance premiums, if any, on all insurance required under the provisions of the Sublease; (iv) all fees, costs and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Commercial Paper Notes) of the Trustee, the Issuing and Paying Agent and the Dealers in connection with the Trust Agreement and the Dealer Agreements; (v) all fees, costs and expenses payable to the Banks under the Reimbursement Agreements; and (vi) any other fees, costs or expenses incurred by the Corporation, the Trustee and the Issuing and Paying Agent in connection with the execution, performance or enforcement of the Sublease or any assignment thereof or of the Trust Agreement or any of the transactions contemplated thereby or related to the Property. Amounts constituting Additional Rental payable under the Sublease shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any

other case, within 60 days after notice in writing from the Trustee, the Corporation or the applicable Bank to the City stating the amount of Additional Rental then due and payable and the purpose thereof.

As used in this Offering Memorandum, "Rental Payments" means all Minimum Required Rental Payments, Minimum Supplemental Rental Payments and Additional Rental payable under the Sublease, "Base Rental" means all Minimum Required Rental Payments and Minimum Supplemental Rental Payments, but does not include Additional Rental, and "Maximum Base Rental" means, for each Component for each Base Rental Period, the amount set forth in Exhibit C hereto, as such amounts may be adjusted from time to time in accordance with the terms of the Sublease, but does not include Additional Rental.

The City will covenant under the Sublease to pay to the Corporation Base Rental in an amount up to the Maximum Base Rental, and the Additional Rental, with respect to each Component, as provided in the Sublease, for the use, occupancy and possession of the Property for which such Maximum Base Rental is payable, all on the terms and conditions set forth in the Sublease, for and in consideration for the use and possession, and the continued quiet use and enjoyment, of the Property by the City for and during each Base Rental Period or portion thereof. The City will further covenant to include all Minimum Required Rental Payments, Additional Rental and Minimum Supplemental Rental Payments due under the Sublease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all Minimum Required Rental Payments, Additional Rental, and Minimum Supplemental Rental Payments, subject to abatement during any period in which, by reason of material damage, destruction or condemnation of any Component, or defects in title to any Component, there is substantial interference with the use, occupancy or possession of any Component by the City. See "RISK FACTORS — Abatement." The City and the Corporation will agree in the Sublease that the Minimum Required Rental Payments and any Minimum Supplemental Rental Payments and Additional Rental for each Base Rental Period or portion thereof during the Sublease Term shall constitute the total rental for such Base Rental Period or portion thereof. The City and the Corporation will further agree and determine that the Base Rental payable in respect of any Component during each such Base Rental Period are not in excess of the total fair rental value of such Component for such Base Rental Period. In making such determination, consideration will be given to the uses and purposes served by each such Component and the benefits therefrom that will accrue to the City and the Corporation by reason of the Sublease and to the general public by reason of the City's use of each such Component.

The covenants on the part of the City contained in the Sublease will be deemed to be and will be construed to be ministerial duties imposed by law and by the Charter of the City and it shall be the ministerial duty of each and every public official of the City who bears direct or indirect responsibility for administering the Sublease to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements on the part of the City contained in the Sublease.

The obligation of the City to make Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Notwithstanding anything to the contrary contained in the Sublease, neither the Notes nor the obligation of the City to make Rental Payments constitutes an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

The Sublease is intended to be a triple net lease. The City will agree that the rentals provided for in the Sublease shall be an absolute net return to the Corporation free and clear of any expenses, charges or set-offs whatsoever.

Rental Abatement

Except to the extent of (a) available amounts held by the Issuing and Paying Agent in the Base Rental Account, the Base Rental Payment Subaccounts or the Bank Reimbursement Subaccounts, (b) amounts, if any, received in respect of rental interruption insurance with respect to any Component, and (c) amounts, if any, otherwise legally available to the City for payments in respect of the Sublease or to the Issuing and Paying Agent for payments in respect of the Notes, Rental Payments due under the Sublease will be subject to abatement during any period in which, by reason of material damage, destruction or condemnation of any Component, or defects in title to any Component, there is substantial interference with the use, occupancy or possession of any Component by the City. The amount of annual rental abatement shall be such that the resulting Base Rental in respect of the Property in any Base Rental Period during which such interference continues, excluding any amounts described in clauses (a), (b) or (c) above, do not exceed the fair rental value of the Property for such Base Rental Period with respect to which there has not been substantial interference, as evidenced by a certificate of a City Representative. Such abatement shall continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the affected Component to tenantable condition or correction of the title defect. In the event of any such damage, destruction, condemnation or title defect, the Sublease shall continue in full force and effect, except as set forth in the provisions of the Sublease with respect to application of insurance proceeds or eminent domain.

Insurance

Pursuant to the Sublease, the City will covenant to secure and maintain or cause to be secured and maintained at all times throughout the term of the Sublease with insurers of recognized responsibility or through a program of self-insurance or alternative risk management to the extent specifically permitted in the Sublease, all coverage on the Property required by the Sublease and set forth below. Such insurance shall consist of the following coverages:

(a) Fire and lightning insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) on all structures, facilities and improvements constituting the Property in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost of such structures, facilities and improvements (less a commercially reasonable deductible amount) or (ii) the Maximum Principal Amount. Said extended coverage endorsement shall, in addition to the fire and lightning insurance referenced above, cover loss or damage by explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement, if such coverage is commercially available in reasonable amounts at reasonable cost on the open market from reputable insurance companies.

(b) General liability and automobile insurance which, at a minimum, equates to the following insurance coverage and provision, naming the Corporation and the City, their members, officers, agents and employees as insureds. Said insurance coverage shall insure said parties against liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said insurance coverage shall provide coverage for bodily and personal injury, death and property damage per occurrence. The insurance coverage required under this paragraph shall initially be provided through a program of alternative risk management in accordance with the Sublease as set forth below.

(c) Earthquake insurance in an amount equal to the maximum probable loss of all Components of the Property, as determined by the City's Risk Manager, unless, based upon the written recommendation of the City's Risk Manager annually filed by the City with the Trustee, it is not

obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies.

(d) Rental interruption insurance to cover loss, total or partial, of the use of any Component as a result of any of the hazards covered by the insurance required pursuant to clause (a) and (c) above, in an amount sufficient at all times to pay the Maximum Base Rental payable under the Sublease with respect to such Component for a period equal to 24 months, assuming an interest rate of 5% on the Notes.

(e) A CLTA policy or policies of title insurance for all Components in an amount not less than the greater of (i) the Maximum Principal Amount, and (ii) the aggregate principal amount of the Funding Commitments. Such policy or policies of title insurance shall show title to the particular Component covered by such policy in the name of the Corporation or the City, subject to the Sublease and such other encumbrances as will not, in the opinion of the Corporation, the City and the Banks, materially affect the use, occupancy and possession of the Component and will not result in the abatement of Base Rental payable by the City under the Sublease with respect to such Component.

All policies of insurance required by the Sublease shall be in form certified by the Risk Manager to be in compliance with the requirements of the Sublease, and shall name the Trustee and the Banks as additional insureds and as loss payees. The City shall pay when due the premiums for all insurance policies required by the Sublease, and promptly shall furnish evidence of such payments to the Corporation and the Trustee and, upon request, to the Banks. All insurance required under the Sublease shall be primary to any other insurance available to the Corporation and the Trustee, and shall apply separately to each insured against whom claim is made or suit is brought and shall provide that the Trustee and the Banks shall be given thirty (30) days' prior written notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby, provided that such separate coverage shall not increase the limit of liability under any such insurance. All insurance required to be maintained pursuant to the Sublease may be maintained either separately or as a part of or in conjunction with any other insurance coverage carried by the City. The Trustee shall not be responsible for the sufficiency of any insurance required by the Sublease and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

Notwithstanding anything in the insurance provisions of the Sublease to the contrary, the City shall have the right to adopt additional programs of self-insurance or alternative risk management programs to insure against any of the risks required to be insured against under the terms of the Sublease (except insurance coverage against loss of rental income as required by the Sublease or the title insurance required by the Sublease), in whole or in part. Any such additional alternative risk management program must be approved as reasonable and appropriate by the Risk Manager. The approval of the Risk Manager shall be in the form of a report on the nature of the program and the adequacy of its funding which shall be prepared and filed annually with the Trustee and the Banks during any period when such program is in effect, commencing on or prior to the date such program is implemented. If such annual approving report is not timely filed with the Trustee and the Banks, the Trustee or any Bank may notify the City in writing and thereupon City shall immediately obtain insurance as required by the Sublease or promptly file the annual approving report. In addition, the City Administrative Officer of the City may, if it is in the best interests of the City, approve such other types of insurance, including any increases in the insurance coverage required by this provision, upon the recommendation of a Risk Manager, or in connection with obtaining or maintaining any rating on the Commercial Paper Notes.

Replacement; Maintenance and Repairs

The City shall, at its own expense, during the Sublease Term, maintain each Component, or cause the same to be maintained, in good order, condition and repair and shall repair or replace any Component

which is destroyed or damaged to such an extent that there is substantial interference with the use and possession of such Component by the City which would result in an abatement of Rental Payments or any portion thereof pursuant to the terms of the Sublease, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement; *provided, however*, that the City shall not be required to repair or replace any Component pursuant to the Sublease if there shall be applied to the payment and retirement of Outstanding Notes insurance proceeds, condemnation proceeds or other legally available funds sufficient to pay and retire Notes Outstanding and to pay other amounts owing to the Banks such that (i) the sum of the aggregate principal amount of all Outstanding Commercial Paper Notes plus the amount of any Advances then outstanding under the Revolving Notes following the application of such amounts does not exceed the Maximum Principal Amount (as modified assuming the termination of the Sublease with respect to such damaged, destroyed or taken Component pursuant to the terms of the Sublease, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease) and (ii) the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to the Sublease in any Base Rental Period following the application of such amounts are sufficient to pay in such Base Rental Period the principal of and interest on an aggregate principal amount of Notes (including Revolving Notes) assuming that, on an aggregate basis, an aggregate principal amount of Commercial Paper Notes plus the amount of Advances under the Revolving Notes are outstanding in an aggregate principal amount equal to the Maximum Principal Amount (as modified assuming the termination of the Sublease with respect to such damaged, destroyed or taken Component pursuant to the Sublease, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease), to the extent due and payable in any such subsequent Base Rental Period following the application of such amounts.

The City shall provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of each Component. It is understood and agreed that in consideration of the payment by the City of the Rental Payments provided for in the Sublease, the City is entitled to possession of each Component and the Corporation shall have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of such Component during the Sublease Term with respect to such Component. The Corporation shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to any Component. The City will expressly waive the right to make repairs or to perform maintenance of any Component at the expense of the Corporation and (to the extent permitted by law) will waive the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto. The City shall keep each Component free and clear of all liens, charges and encumbrances other than Permitted Encumbrances.

Taxes, Other Governmental Charges and Utility Charges

The City will covenant in the Sublease to pay during the Sublease Term with respect to each Component as the same respectively become due, all taxes (except for income or franchise taxes, if any, of the Corporation), utility charges and governmental charges of any kind whatsoever, if any, that may at any time be lawfully assessed or levied against or with respect to each such Component; provided, however, that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as the Sublease is in effect with respect to such Component; provided, further, that the City may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner which does not adversely affect the right, title and interest of the Corporation or the Trustee in and to any Component or its rights or interests under the Sublease or subject any portion of any Component to loss or forfeiture. Any such taxes or charges shall constitute Additional Rental under the Sublease and shall be payable directly to the entity assessing such taxes or charges.

Application of Insurance Proceeds and Condemnation Awards

General. All proceeds of insurance received in respect of destruction of or damage to any portion of any Component by fire, earthquake or other casualty or event shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement. If there is an abatement of Rental Payments pursuant to the terms of the Sublease as a result of such casualty or event, and the City elects pursuant to the Trust Agreement to apply such insurance to the payment and retirement of Notes rather than to the replacement or repair of the destroyed or damaged Component, then the Sublease shall terminate with respect to the destroyed or damaged Component as of the later of the date of such election by the City or the date the amount required by the Trust Agreement is received by the Trustee. If the City elects, pursuant to the Trust Agreement to apply such proceeds to the repair or replacement of the portion of any Component which has been damaged or destroyed, in the event there has been an abatement of Rental Payments pursuant to the terms of the Sublease, then Rental Payments without any abatement shall again begin to accrue with respect thereto upon repair or replacement of such portion of such Component. Pursuant to the Sublease, the Corporation will covenant that it will perform and observe its obligations under the provisions of the Trust Agreement, the provisions of which are incorporated in the Sublease by reference as if fully set forth in the Sublease.

Pursuant to the Trust Agreement, if any portion of the Property shall be damaged or destroyed, or shall be taken by eminent domain proceedings, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement, unless the City elects not to repair or replace the Property in accordance with the Trust Agreement as set forth below.

All proceeds of insurance (including any rental interruption) received in respect of destruction of or damage to any portion of any Component by fire, earthquake or other casualty or event shall be paid to the Trustee for application as set forth below.

There shall be established in trust a special fund designated the "Insurance and Condemnation Proceeds Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. The Trustee shall administer the Insurance and Condemnation Proceeds Fund. The Trustee shall deposit all insurance proceeds, condemnation awards and other damage payments with respect to the Property as set forth below.

The proceeds of all insurance (other than any rental interruption, which shall be transferred by the Trustee to the Issuing and Paying Agent, on behalf of the Trustee, for deposit in the Base Rental Account pursuant to the Trust Agreement), including the proceeds of any self-insurance fund and of any condemnation award, received on account of any damage, destruction or taking of the Property or portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in the Insurance and Condemnation Proceeds Fund which it shall establish upon such deposit and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or affected portion thereof upon receipt of a written request of a City Representative. Pending such application, such proceeds shall be invested by the Trustee solely at the written direction of a City Representative, in Qualified Investments that mature not later than the date such moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, a City Representative shall, within 180 days of the occurrence of the event of damage, destruction or taking, notify the Trustee in writing of whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement. If the City elects to replace or repair the Property or portions thereof, subject to the availability of sufficient insurance

proceeds to pay for such repair or replacement, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of damage, destruction or taking that results in an abatement of rental payments pursuant to the Sublease, then the City shall be required to repair or replace any Component which is destroyed or damaged to such an extent that there is substantial interference with the use and possession of such Component by the City which would result in an abatement of Rental Payments or any portion thereof pursuant to the Sublease, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement; *provided, however*, that the City shall not be required to repair or replace any Component pursuant to the Sublease if there shall be applied to the payment and retirement of Outstanding Notes insurance proceeds, condemnation proceeds or other legally available funds sufficient to pay and retire Notes Outstanding and to pay other amounts owing to the Banks such that (i) the Notes Outstanding following the application of such amounts does not exceed the Maximum Principal Amount (as modified assuming the termination of the Sublease with respect to such damaged, destroyed or taken Component pursuant to the Sublease, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease) and (ii) the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to the Sublease in any Base Rental Period following the application of such amounts are sufficient to pay in such Base Rental Period the principal of and interest on an aggregate principal amount of Notes assuming such Notes are Outstanding in an aggregate principal amount equal to the Maximum Principal Amount (as modified assuming the termination of the Sublease with respect to such damaged, destroyed or taken Component pursuant to the Sublease, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease), to the extent due and payable in any such subsequent Base Rental Period following the application of such amounts. Any amounts received by the Trustee under the Trust Agreement in excess of the amount needed to either repair or replace a damaged, destroyed or taken portion of the Property shall be transferred to the Base Rental Account to the extent of any delinquent Base Rental, with the remainder, if any, transferred to the City. In the event of the retirement of Commercial Paper Notes in connection with the damage, destruction or taking of any of the Property, the City shall direct the Issuing and Paying Agent not to issue new Commercial Paper Notes to pay the principal of and interest on such maturing Commercial Paper Notes to be so retired as determined by the City.

Title Insurance. All proceeds of any policy of title insurance received in respect of the Property shall be paid to the Trustee for application as set forth below. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall as soon as possible be deposited in the Insurance and Condemnation Proceeds Fund which it shall establish upon such deposit and applied and disbursed by the Trustee as follows:

Pursuant to the Trust Agreement, proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) If the Corporation and the City (i) determine that the title defect giving rise to such proceeds has not materially affected the use and possession of the Property and will not result in any abatement of Base Rental payable by the City under the Sublease, and (ii) have provided the Trustee with written evidence of such determination, such proceeds shall be remitted to the City.

(b) If the Corporation and the City determine that such title defect will result in an abatement of Base Rental payable by the City under the Sublease, then the Trustee shall apply such amounts to the payment and retirement of Notes Outstanding and to pay other amounts owing to the Banks such that (i) the Notes Outstanding following the application of such amounts does not exceed the Maximum Principal Amount (as modified to disregard the Property subject to such title defect and assuming the

corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease) and (ii) the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to the Sublease in any Base Rental Period following the application of such amounts are sufficient to pay in such Base Rental Period the principal of and interest on an aggregate principal amount of Notes assuming such Notes are Outstanding in an aggregate principal amount equal to the Maximum Principal Amount (as modified to disregard the Property subject to such title defect and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease), to the extent due and payable in any such subsequent Base Rental Period following the application of such amounts. Any amounts received by the Trustee under the Trust Agreement in excess of the amount needed to either repair or replace a damaged, destroyed or taken portion of the Property shall be transferred to the Base Rental Account to the extent of any delinquent Base Rental, with the remainder, if any, transferred to the City. In the event of the retirement of Commercial Paper Notes in connection with the damage, destruction or taking of any of the Property, the City shall direct the Issuing and Paying Agent not to issue new Commercial Paper Notes to pay the principal of and interest on such maturing Commercial Paper Notes to be so retired as determined by the City.

Eminent Domain

Total Condemnation. If any Component, or so much thereof as to render the remainder of such Component unusable for the City's purposes under the Sublease, shall be taken under the power of eminent domain, then the Sublease shall terminate with respect to such Component as of the day possession shall be so taken or as of the date of entry of the interlocutory judgment.

Partial Condemnation. If less than a substantial portion of any Component shall be taken under the power of eminent domain, and the remainder is useable for the City's purposes, then the Sublease shall continue in full force and effect as to the remaining portions of such Component, subject only to such rental abatement as is required by the terms of the Sublease. The City and the Corporation will waive the benefit of any law to the contrary. Any award made in eminent domain proceedings for the taking shall be paid to the Trustee for application in accordance with the provisions of the Trust Agreement. If the City elects, pursuant to the Trust Agreement, to apply such proceeds to the replacement of the condemned portion of any Component, in the event there has been an abatement of Rental Payments pursuant to the terms of the Sublease, then Rental Payments without any abatement shall again begin to accrue with respect thereto upon replacement of the Component.

Liens; Permitted Encumbrances

The City will covenant to promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about any Component and which may be secured by any mechanic's, materialman's or other lien against such Component, or the interest of the Corporation therein, and shall cause each such lien to be fully discharged and released; provided, however, that the City or the Corporation (a) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the City shall forthwith pay and discharge such judgment or lien, or (b) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture. Additionally, subject to the provision of the Sublease described under "—Assignment and Sublease; Addition, Substitution or Release of Property—Assignment and Sublease" below, the Corporation and the City will not create or suffer to be created any lien, charge or encumbrance upon the Property, or upon any real or personal property essential to the

operation of the Property, except Permitted Encumbrances. The Corporation and the City will not sell or otherwise dispose of any portion of the Property or any other property essential to the proper operation of the Property.

Assignment and Sublease; Addition, Substitution or Release of Property

Assignment and Sublease. The City shall not, after the date on which the Trust Agreement is executed and delivered, mortgage, pledge, assign or transfer any interest of the City in the Sublease by voluntary act or by operation of law, or otherwise; provided, however, that the City may, after the date on which the Trust Agreement is executed and delivered, with the prior written consent of the Banks, which consent shall not be unreasonably withheld, sublease all Property or any Component thereof, or may grant concessions to others involving the use of the Property or any Component, whether such concessions purport to convey a leasehold interest or a license to use such Property or Component; provided, further, however, that such sublease or grant shall be subject to the terms of the Sublease and of the Trust Agreement. Subject to the limitations set forth in the Sublease, the City shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under the Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing contained in the Sublease shall be construed to relieve the City of its obligation to pay Base Rental and Additional Rental with respect to each Component as provided in the Sublease or to relieve the City of any other obligations contained therein. In no event shall the City sublease to or permit the use of all or any part of any Component by any person so as to cause interest on the Series A Commercial Paper Notes to be includable in gross income for federal income tax purposes or interest on the Commercial Paper Notes to be subject to State personal income tax.

The Corporation will, concurrently with the execution of the Sublease, pledge and assign all of its right, title and interest in and to the Sublease (except for its right to payment of its expenses specified in the Sublease, its right to indemnification pursuant to the terms of the Sublease and its right to receive certain notices under the terms of the Sublease), including without limitation its right to receive Base Rental payable under the Sublease and to enforce its remedies thereunder, to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, pursuant to the Trust Agreement and the Assignment Agreement, and the City will, concurrently with the execution of the Sublease, approve such pledge and assignment. The parties will further agree to execute any and all documents necessary and proper in connection therewith.

Addition, Substitution or Release of Property. Notwithstanding the provision of the Sublease described under "—Assignment and Sublease" above, if no default or event of default has occurred and is continuing under the Sublease or under any Reimbursement Agreement, the City may acquire from the Corporation, free and clear of the Corporation's rights under the Sublease and the Site Lease, the release or substitution of any Component, subject to the requirements set forth in the Trust Agreement with respect to amendments to the Sublease, Site Lease or Assignment Agreement, or the City may add a component or other property to the Sublease and the Site Lease, subject to the requirements set forth in the Trust Agreement with respect to amendments to the Sublease, Site Lease or Assignment Agreement.

Additions and Improvements; Removal. The City shall have the right during the Sublease Term to make any additions or improvements to any Component, to attach fixtures, structures or signs, and to affix any personal property to any Component, so long as the fair rental value of the Component is not thereby reduced. Title to all fixtures, equipment or personal property affixed by the City on any Component shall remain in the City. Title to any personal property, improvements or fixtures affixed on any Component by any sublessee or licensee of the City shall be controlled by the sublease or license agreement between such sublessee or licensee and the City, which sublease or license agreement shall not be inconsistent with the Sublease.

Amendments to Trust Agreement; Amendments to Site Lease, Sublease and Assignment Agreement

Amendments to Trust Agreement. The Trust Agreement may be amended only in writing by agreement among the City, the Corporation and the Trustee with the written consent of the Banks. No such modification or amendment shall (i) extend the maturity of or reduce the interest rate on any Commercial Paper Note or otherwise alter or impair the obligation of the Corporation to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Commercial Paper Note without the express written consent of the Owner of such Commercial Paper Note, or (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Amendments to Site Lease, Sublease and Assignment Agreement. (a) The Site Lease, Sublease and Assignment Agreement may be amended in writing by agreement between the parties thereto with the written consent of the Banks. The City may, with the consent of the Banks (other than as provided in (d) below), amend the Site Lease, Sublease and Assignment Agreement to substitute other real property and/or improvements (the "Substituted Property") for existing Property or to remove real property or improvements from the definition of Property upon compliance with all of the conditions set forth in subsections (b) and (c) below. After a substitution or removal, the part of the Property for which the substitution or removal has been effected shall be released from the leasehold under the Site Lease, Sublease and Assignment Agreement. The City may amend the Site Lease, Sublease and Assignment Agreement to add real property and/or improvements (the "Additional Property") upon compliance with all of the conditions set forth in subsection (e) below.

(b) No substitution of Property shall take place until the City delivers to the Corporation, the Trustee and the Banks the following:

(i) A written description of all or part of the Property to be released and a description of the Substituted Property to be substituted in its place;

(ii) A Certificate of the City stating that the annual fair market rental value of the Property after a substitution, in each Base Rental Period during the remaining term of the Sublease, is at least equal to the Maximum Base Rental prior to said substitution, as determined by the City on the basis of an appraisal of the Property after said substitution conducted by a qualified appraiser (who may be an employee of the City);

(iii) A valid lease ordinance with respect to the Substituted Property;

(iv) An opinion of Note Counsel to the effect that the amendments to the Site Lease, the Sublease and the Assignment Agreement contemplating substitution have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Corporation, as applicable, enforceable in accordance with their respective terms;

(v) (A) A policy of title insurance in an amount such that the total title insurance on the Property in favor of the Trustee and the Banks is not less than the aggregate amount of the Funding Commitments, insuring the City's leasehold interest in the substituted Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Banks and the Trustee for the benefit of the Owners of the Commercial Paper Notes and (B) in the event of a partial removal, evidence that the title insurance in effect immediately prior thereto is not affected;

(vi) An opinion of Special Tax Counsel that the substitution does not cause the interest on the Series A Commercial Paper Notes to be includable in gross income of the Owners thereof for federal income tax purposes;

(vii) Evidence that the City has complied with the insurance covenants contained in the Sublease and the Reimbursement Agreements with respect to the Substituted Property; and

(viii) Evidence that the City has provided written notification regarding substitution or removal to each Rating Agency then maintaining a rating on the Commercial Paper Notes not less than five (5) days prior to such substitution.

(c) No removal of Property shall take place until the City delivers to the Corporation, the Trustee and the Banks the following:

(i) A written description of all or part of the Property to be released;

(ii) A Certificate of the City stating that the annual fair market rental value of the Property after removal, in each Base Rental Period during the remaining term of the Sublease, is at least equal to the Maximum Base Rental prior to said removal, as determined by the City on the basis of an appraisal of the Property after said removal conducted by a qualified appraiser (who may be an employee of the City);

(iii) An opinion of Note Counsel to the effect that the amendments to the Site Lease, the Sublease and the Assignment Agreement contemplating removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Corporation, as applicable, enforceable in accordance with their respective terms;

(iv) An opinion of Special Tax Counsel that the removal does not cause the interest on the Series A Commercial Paper Notes to be includable in gross income of the Owners thereof for federal income tax purposes;

(v) Evidence that the City has complied with the insurance covenants contained in the Sublease and the Reimbursement Agreements with respect to the Substituted Property; and

(vi) Evidence that the City has provided written notification regarding removal to each Rating Agency then maintaining a rating on the Commercial Paper Notes not less than five (5) days prior to such release.

(d) Notwithstanding the above, the Corporation and the City may, in connection with a reduction of a Funding Commitment, remove Property from the Site Lease, Sublease and Assignment Agreement without the consent of the Banks, but with 30 days' prior written notice to the Banks, if the conditions set forth in the paragraph (c) (other than (c)(ii)(A)) have been met and the fair market value of the remaining Property, based on the fair market value of such Property determined in connection with the first issuance of the Commercial Paper Notes, is at least equal to the aggregate amount of the Funding Commitments after such reduction. Any removal of Property not made in connection with a reduction of a Funding Commitment shall comply with all of the requirements of paragraph (c).

(e) No addition of Property shall take place until the City delivers to the Banks, the Corporation and the Trustee the following:

(i) A Certificate of the City setting forth the Base Rental, if any, for such Additional Property;

(ii) Executed amendments or supplements to the Site Lease, the Sublease and the Assignment Agreement setting forth, among other things, (A) a written, legal description of the Additional Property, (B) the term of the Site Lease, the Sublease and the Assignment Agreement for the Additional Property, and, (C) in the case of the Sublease, a schedule setting forth the additional Base Rental which may be payable with respect to such Additional Property;

(iii) A valid lease ordinance with respect to the Additional Property;

(iv) An opinion of Note Counsel to the effect that the amendments or supplements to the Site Lease, the Sublease and the Assignment Agreement contemplating the addition of Additional Property have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Corporation, as applicable, enforceable in accordance with their respective terms;

(v) An opinion of Special Tax Counsel that the addition of Additional Property does not cause the interest on the Series A Commercial Paper Notes to be includable in gross income of the Owners thereof for federal income tax purposes;

(vi) Evidence that the City has complied with the insurance covenants contained in the Sublease and the Reimbursement Agreement with respect to the Additional Property; and

(vii) a policy of title insurance in an amount, if any, necessary to cause the total title insurance on the Property in favor of the Trustee and the Banks to be not less than the aggregate amount of the Funding Commitments, insuring the City's leasehold interest in the additional Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Banks and the Trustee for the benefit of the Owners of the Commercial Paper Notes.

Default by City under Sublease

Events of Default under Sublease. The following shall be "Events of Default" under the Sublease and the terms "Events of Default" and "default" shall mean, whenever they are used in the Sublease, any one or more of the following events:

(a) If default shall be made in the due and punctual payment of principal of or interest on any Commercial Paper Notes or the Revolving Notes when and as the same shall become due and payable;

(b) If the City shall fail to pay to the Trustee any Rental Payment with respect to any Component as and when the same shall become due and payable;

(c) If the City shall breach any other terms, covenants or conditions contained in the Sublease or in the Trust Agreement and shall fail to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from the Corporation, or its assignee, to the City, or, if such breach cannot be remedied within such 60-day period, shall fail to institute corrective action within such 60-day period and diligently pursue the same to completion, then and in any such event the City shall be deemed to be in default under the Sublease;

(d) Failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Trust Agreement, the Sublease, and the Site Lease, other than such failure as may constitute an Event of Default under clause (b) described above, for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the Corporation by the Trustee or to the Corporation and the Trustee by the Owners of not less than a

majority in aggregate principal amount of the Commercial Paper Notes then Outstanding or if the failure stated in the notice cannot be corrected within such 60-day period, then the Corporation shall fail to institute corrective action within such 60-day period and diligently pursue the same to completion.

(e) The Corporation or the City shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) admit in writing its inability generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Corporation or the City, or of a substantial part of their respective property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Corporation or the City or for a substantial part of their respective property, and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

Remedies on Default. Subject to the rights of the Banks upon default set forth in the Sublease, the Corporation or its assignee shall have the right, at its option, without any further demand or notice (a) to reenter any Component and eject all parties in possession therefrom and, without terminating the Sublease, relet the Component as the agent and for the account of the City upon such terms and conditions as the Corporation may deem advisable, in which event the rents received on such reletting shall be applied first to the expenses of reletting and collection, including expenses for repair or restoration of the Component to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commissions actually paid, and second to Base Rental with respect to such Component in accordance with the Sublease and the Trust Agreement and third to Additional Rental with respect to such Component in accordance with the Sublease; provided, that if a sufficient sum shall not be realized to pay such sums and other charges then the City shall pay to the Corporation any net deficiency existing on the date when the Base Rental or Additional Rental with respect to such Component is due under the Sublease; provided, however, that such reentry and reletting shall be done only with the consent of the City, which consent will be irrevocably given; or (b) in lieu of the above, so long as the Corporation does not terminate the Sublease or the City's possession of any Component, to enforce all of its rights and remedies under the Sublease, including the right to recover Base Rental payments as they become due under the Sublease pursuant to Section 1951.4 of the California Civil Code and to otherwise enforce performance by the City, and to pursue any remedy available in law or in equity, except as expressly provided in the Sublease. Any reentry shall be allowed by the City without hindrance, and the Corporation shall not be liable in damages for any reentry or be guilty of trespass. Notwithstanding any other provision of the Sublease or the Trust Agreement, in no event shall the Corporation have the right to accelerate the payment of any Base Rental with respect to the Property under the Sublease.

Each and every remedy of the Corporation or any assignee of the rights of the Corporation under the Sublease is cumulative and the exercise of one remedy shall not impair the right of the Corporation or its assignee to any or all other remedies. If any covenant validly shall limit the remedies given to the Corporation or any assignee of the rights of the Corporation under the Sublease, the Corporation or its

assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

All damages and other payments received by the Corporation pursuant to this provision of the Sublease shall be applied in the manner set forth in the Trust Agreement.

In furtherance of the foregoing, the City and the Corporation agree that: (i) the City and the Corporation will simultaneously mail to the Banks a copy of any notice given by one to the other; (ii) prior to taking any action upon a default by the other party or its assignee in the performance of any obligation under the terms of the Sublease, the City and the Corporation shall provide written notice thereof to the Banks and thereupon the Banks shall have the right, but not the obligation, to cure any such default. In that connection, neither the City nor the Corporation will take any action to effect a termination of the Sublease or to re-enter or take possession of the Property or any Component as a consequence of such default except upon the prior written direction of the Banks. Furthermore, if the Sublease shall be rejected or disaffirmed pursuant to any bankruptcy law or other law affecting creditors' rights or if the Sublease is terminated for any other reason whatsoever, the Corporation and the City will each use its best efforts to enter into a new lease of the Property at the request of the Banks for the remainder of the term of the Sublease, effective as of the date of such rejection or disaffirmance or termination. So long as any Credit Facility is in effect or any obligations payable to the Banks under the Reimbursement Agreements remain unsatisfied, (i) the Corporation will not accept a voluntary surrender of the Sublease and (ii) the Sublease shall not be modified in any material respect without, in each case, the prior written consent of the Banks. Any provision in the Sublease to the contrary notwithstanding, the Trustee shall exercise the remedies provided for under the Sublease only if and as directed or consented to in writing by all of the Banks and shall not waive any Event of Default without the prior written consent of all of the Banks; provided, that in each such instance, the Banks shall only include a Bank so long as the applicable Credit Facility is in effect and so long as such Bank has not failed to honor a properly presented and conforming drawing on such Credit Facility. Anything in the Sublease to the contrary notwithstanding, the Banks may enter into a written agreement among the Banks appointing one of such Banks to act on their behalf (the "Bank Agent") in connection with any direction or consent provided for in the article of the Sublease relating to Events of Default, and in such event any such direction or consent of the Bank Agent shall constitute the direction or consent of the Banks under such article of the Sublease.

The waiver by the Corporation of any breach by the City, and the waiver by the City of any breach by the Corporation of any term, covenant or condition of the Sublease shall not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition of the Sublease.

Events of Default under Trust Agreement

The terms "Events of Default" and "default" shall mean, whenever they are used in the Trust Agreement, any Event of Default specified in the Sublease.

Notice of Events of Default under Trust Agreement

In the event the Corporation or the City is in default, the Trustee shall give notice of such default to the Owners, the Banks and to each Rating Agency. Such notice shall state that the Corporation or the City is in default and shall provide a brief description of such default. The Trustee in its discretion may withhold notice if it deems it in the best interests of the Owners. The notice provided for in this provision shall be given by first-class mail, postage prepaid, to the Owners within 30 days of such occurrence of default.

Remedies on Default under Trust Agreement

Upon the occurrence and continuance of any Event of Default specified in the Sublease, the Trustee may, with the written consent of the Banks, proceed (and upon written request of the Banks or the Owners of not less than a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding shall, subject to receipt of adequate indemnity as provided in the Trust Agreement, proceed), to exercise the remedies set forth in the Sublease or available to the Trustee under the Trust Agreement.

In addition to the remedies set forth in the preceding paragraph and upon the occurrence and continuance of any Event of Default specified in the Sublease, the Trustee may, and upon written request of the Banks or the Owners of not less than 25% in aggregate principal amount of the Commercial Paper Notes then Outstanding and upon being indemnified to its satisfaction therefor shall, proceed to protect and enforce the rights vested in Owners of the Commercial Paper Notes by the Trust Agreement by appropriate judicial proceedings or proceedings the Trustee deems most effectual. The provisions of the Trust Agreement and all resolutions or orders in the proceedings for the issuance of the Commercial Paper Notes shall constitute a contract with the Owners of the Commercial Paper Notes, and such contract may be enforced by any Owner of the Commercial Paper Notes by mandamus, injunction or other applicable legal action, suit, proceeding or other remedy.

Upon an Event of Default and prior to the curing thereof, the Trustee shall exercise the rights and remedies vested in it by the Trust Agreement and the Sublease with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

Commercial Paper Notes Not Subject to Acceleration

The Commercial Paper Notes are not subject to acceleration and upon the occurrence of an Event of Default, none of the Issuing and Paying Agent, the Banks, any Owner or any other Person may accelerate the maturity of any of the Commercial Paper Notes.

Collection of Base Rental Payments

The Trustee shall take any appropriate action to cause the City to pay any Base Rental payment not paid when due, upon written request and authorization by the Banks or the Owners of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding and unpaid, and upon being satisfactorily indemnified against any expense and liability with respect thereto and receiving payment for its fees and expenses.

No Remedy Exclusive

No remedy conferred in the Trust Agreement upon or reserved to the Trustee or the Banks is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement and the Sublease, or now or hereafter existing at law or in equity, except as expressly waived therein. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee, the Banks or the Owners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than such notice as may be required in the Trust Agreement with respect to Events of Default or by law.

No Additional Waiver Implied by One Waiver

In the event any provision contained in the Trust Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder.

Action by Owners

Subject to the right of the Banks to direct remedial proceedings under the Trust Agreement, in the event the Trustee fails to take any action to eliminate an event of default under the Sublease or Event of Default under the Trust Agreement, the Owners of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Sublease or the Trust Agreement, but only if such Owners shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Direction of Remedies by Banks

Any provision in the Trust Agreement to the contrary notwithstanding, the Trustee shall exercise the remedies provided for under the Trust Agreement with respect to the Commercial Paper Notes or the Sublease or under any applicable law only if and as directed or consented to in writing by all of the Banks and shall not waive any Event of Default without the prior written consent of all of the Banks; provided, that in each such instance, the Banks shall only include a Bank so long as the applicable Credit Facility is in effect and so long as such Bank has not failed to honor a properly presented and conforming drawing on such Credit Facility. Anything in the Trust Agreement to the contrary notwithstanding, the Banks may enter into a written agreement among the Banks appointing one of such Banks to act on their behalf (the "Bank Agent") in connection with any direction or consent provided for in the article of the Trust Agreement relating to Events of Default, and in such event any such direction or consent of the Bank Agent shall constitute the direction or consent of the Banks under such article of the Trust Agreement.

THE LEASED PROPERTY

Pursuant to the Sublease, the City will sublease from the Corporation the Property, which consists of [_____]. The City obtained an appraisal of the Property dated [_____], 2015 from [_____]. The appraised value of the Property, subject to the assumptions and qualifications as set forth in the appraisal, was $[_____].

[Insert]

RISK FACTORS

The following factors, along with all other information in this Offering Memorandum should be considered by potential investors in evaluating the Tax-Exempt/Taxable Commercial Paper Notes. The Tax-Exempt/Taxable Commercial Paper Notes are payable from draws made under the Letter of Credit. Accordingly, the following section does not contain information relating to the ability of the City to make Base Rental payments. In that light, risk factors relating to the financial condition of the City and its ability to make Base Rental payments have not been included herein. The following discussion is not meant to be an exhaustive list of all of the risks associated with a purchase of the Tax-Exempt/Taxable Commercial Paper Notes and does not necessarily reflect the relative importance of the various risks.

Expiration of Letter of Credit

The Letter of Credit expires on [_____], 20[__], subject to extension or earlier expiration in certain circumstances as described therein. If the Letter of Credit is not extended or an Alternate Credit Facility is not obtained by the Corporation, Tax-Exempt/Taxable Commercial Paper Notes cannot be issued with a maturity date less than five days prior to the stated expiration or termination date of the Letter of Credit unless the Corporation shall have arranged for a Alternate Credit Facility with respect to the Tax-Exempt/Taxable Commercial Paper Notes pursuant to the terms of the Trust Agreement. There can be no assurance that the Corporation will be able to obtain an extension of the Letter of Credit or an Alternate Credit Facility. The Bank is under no obligation to extend the Letter of Credit beyond its scheduled expiration.

Bank's Obligations Unsecured

The ability of the Bank to honor draws upon the Letter of Credit is based solely upon the Bank's general credit and is not collateralized or otherwise guaranteed by the United States of America or any agency or instrumentality thereof. No provision has been made for replacement of or substitution for the Letter of Credit in the event of any deterioration in the financial condition of the Bank. Neither the Corporation nor the Bank assumes any liability to any purchaser of the Tax-Exempt/Taxable Commercial Paper Notes as a result of any deterioration of the financial condition of the Bank. Upon any insolvency of the Bank, any claim by the Trustee against the Bank would be subject to bank receivership proceedings.

General Factors Affecting the Bank

The Bank is subject to regulation and supervision by various regulatory bodies. New regulations could impose restrictions upon the Bank which would restrict its ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and the Bank specifically. The banking industry is highly competitive in many of the markets in which the Bank operates. Such competition directly impacts the financial performance of the Bank. Any significant increase in such competition could adversely impact the Bank.

Prospective purchasers of the Tax-Exempt/Taxable Commercial Paper Notes should evaluate the financial strength of the Bank based upon the information contained and referred to herein under the caption "LETTER OF CREDIT BANK" and other information available upon request from the Bank and should not rely upon any governmental supervision by any regulatory entity.

Limited Obligations of the City

The investment decision to purchase the Tax-Exempt/Taxable Commercial Paper Notes should be made solely on the basis of the creditworthiness of the Bank, rather than the City. Prospective investors should not rely on any source other than proceeds of drawings under the Letter of Credit to pay the principal and actual interest accrued on Tax-Exempt/Taxable Commercial Paper Notes. If, for any reason, the Bank fails to make a payment due under the Letter of Credit, the principal and actual interest accrued on the Tax-Exempt/Taxable Commercial Paper Notes may not be paid when due, and the City would have no obligation to make any payments with respect to the Tax-Exempt/Taxable Commercial Paper Notes apart from the City's obligation to make Base Rental (as defined herein) payments as and when due, as more particularly described herein. The ratings assigned to the Tax-Exempt/Taxable Commercial Paper Notes are based on the creditworthiness of the Bank. See "RATINGS" herein.

Provided that in no circumstances shall the City be required to pay during any Base Rental Period amounts (exclusive of Additional Rental) in excess of aggregate Maximum Base Rental for all Components for such Base Rental Period, the City will covenant to include all Minimum Required Rental Payments, Additional Rental and Minimum Supplemental Rental Payments due under the Sublease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all Minimum Required Rental Payments, Additional Rental, and Minimum Supplemental Rental Payments, subject to the abatement provisions of the Sublease. THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE SUBLEASE, NEITHER THE NOTES NOR THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Abatement

Except to the extent of (a) available amounts held by the Issuing and Paying Agent in the Base Rental Account, the Base Rental Payment Subaccounts or the Bank Reimbursement Subaccounts, (b) amounts, if any, received in respect of rental interruption insurance with respect to any Component, and (c) amounts, if any, otherwise legally available to the City for payments in respect of the Sublease or to the Issuing and Paying Agent for payments in respect of the Notes, Rental Payments due under the Sublease shall be subject to abatement during any period in which, by reason of material damage, destruction or condemnation of any Component, or defects in title to any Component, there is substantial interference with the use, occupancy or possession of any Component by the City, and the resulting Rental Payments (and such other funds) may not be sufficient to pay all of the remaining principal of and interest on the Commercial Paper Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES—Rental Abatement."

No Limitation on Incurring Additional Obligations

Neither the Sublease nor the Trust Agreement contains any legal limitations on the ability of the City to enter into other obligations that may constitute additional charges against its General Fund revenues. To the extent that the City incurs additional obligations, the funds available to make Rental Payments may be decreased. The City is currently liable on other obligations payable from General Fund revenues and is currently contemplating entering into other such obligations.

Earthquake and Seismic Conditions

The State is subject to periodic earthquake activity. A number of known and uncharted geologic faults run through the City, and the City lies near the San Andreas Fault, which is the boundary between the Pacific and North American tectonic plates. The Northridge Earthquake that occurred on January 17, 1994 on a previously uncharted fault caused significant damage to certain parts of the City. The 2007 Working Group on California Earthquake Probabilities (WGCEP 2007), a multi disciplinary collaboration of scientists and engineers organized by the Southern California Earthquake Center, the U.S. Geological Survey, and the California Geological Survey and receiving major support from the California Earthquake Authority, released the Uniform California Earthquake Rupture Forecast (UCERF) in April 2008. The UCERF study — represented as being the first comprehensive framework for comparing earthquake likelihoods throughout all of California — determined that California has a 99.7% chance of having a magnitude 6.7 or larger earthquake during the next 30 years and that the likelihood of an even more powerful quake of magnitude 7.5 or greater in the next 30 years is 46%. The UCERF study determined that such a quake is more likely to occur in the southern half of the state (37% chance in 30 years) than in the northern half (15% chance in 30 years).

It is probable that a major earthquake will occur during the Sublease Term. A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy property within the City, a reduction in values of property in the City and a reduction in revenues available to the General Fund to make Rental Payments would be likely to occur.

Seismic activity may also affect the use and occupancy of the Property. The City generally does not maintain earthquake insurance coverage against loss or damage to City property due to earthquakes. Instead, the City relies on its general reserves as well as the expectation that some disaster relief funds, which could be minimal amounts in comparison to the losses, will be available from the Federal Emergency Management Agency ("FEMA") to address any resulting damage from seismic activity. The City has received a waiver from the requirement under federal law that it acquire earthquake insurance on facilities that were the beneficiaries of prior FEMA grants. There is no assurance that, in the event of a natural disaster, sufficient City reserves or FEMA assistance would be available for the repair or replacement of any Component. The Sublease only requires the City to maintain earthquake insurance in an amount equal to the maximum probable loss of all Components of the Property, as determined by the City's Risk Manager, unless, based upon the written recommendation of the City's Risk Manager annually filed by the City with the Trustee, it is not obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies and the City's Risk Manager has recommended that it is not obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies, and therefore, the City does not intend to purchase such insurance coverage during the Sublease Term.

Constitutional and Statutory Limitations on Increase of Revenues

Article XIII A (Limitation on *Ad Valorem* Tax), Article XIII B (Government Spending Limitation), Article XIII C (Voter Approval for Local Tax Levies) and Article XIII D (Assessment and Property Related Fee Reform) of the Constitution of the State of California were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures may be adopted, which may affect the City's revenues and its ability to expend said revenues. The above mentioned measures and any future measures could restrict the City's ability to raise additional funds for its General Fund.

Limitation on Default Remedies

In the event of nonpayment by the City of the Rental Payments, or other default by the City under the Sublease, the enforcement of any remedies provided in the Trust Agreement and in the Sublease by or on behalf of Owners of the Commercial Paper Notes could prove both expensive and time consuming. Although the Trust Agreement and the Sublease provide that if there is a default by the City under the Sublease the Trustee may terminate the Sublease and re-let the Property, such Property may not be easily re-leased and any re-letting of the Property could result in lease payments that would be substantially less than the Rental Payments payable by the City under the Sublease. Furthermore, due to the essential nature of the governmental function of the Components, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to any or all of the Property. The Trustee may exercise any and all remedies available pursuant to law or the Sublease, but the Sublease provides that there shall be no right under any circumstances to accelerate the payment of any Base Rental with respect to the Property thereunder. Additionally, the rights of Owners of the Commercial Paper Notes are subject to the limitations on legal remedies against public entities in the State, including a limitation on enforcement obligations against funds needed to serve the public welfare and interest. In addition, under the United States Bankruptcy Code, a bankruptcy case may be filed by the Corporation or by the City. In general, the filing of any such bankruptcy petition operates as a stay against enforcement of the terms of the agreements to which the bankrupt entity is a party, and in the bankruptcy process, executory contracts such as the Trust Agreement or the Sublease may be subject to the assumption or rejection by the bankrupt party. In the event of any such rejection, the non rejecting party or its assigns may become an unsecured claimant of the rejecting party. The various legal opinions to be delivered concurrently with the Tax-Exempt/Taxable Commercial Paper Notes (including Special Counsel's approving opinion) will be qualified as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion.

Insurance Risk

The Property is subject to a variety of risks of loss. Certain of these risks are described in "Environmental Concerns" below. The City directly assumes virtually all insurable risks without procuring commercial insurance policies. The City administers, adjusts, settles, defends and pays claims from budgeted resources. It is self-insured for workers' compensation as permitted under State law. Funds are budgeted annually to provide for claims and other liabilities based both on the City's historical record of payments and an evaluation of known or anticipated claims. See "SECURITY AND SOURCES OF PAYMENT FOR THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES - Insurance" above. The Sublease permits the City to insure by commercial insurance or through a program of self-insurance or alternative risk management approved as reasonable and appropriate by the City's Risk Manager. See "SECURITY AND SOURCES OF PAYMENT FOR THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES — Insurance" above. Such insurance does not cover acts of terrorism or certain other casualties. Rental or business interruption insurance shall be maintained commencing upon possession of the Property by the City; however, some rental or business interruption insurance policies may require that the insured, such as the City, elect to rebuild a damaged property in order for such rental interruption insurance to be payable under the policy. See "SECURITY AND SOURCES OF PAYMENT FOR THE TAX-EXEMPT/TAXABLE COMMERCIAL PAPER NOTES — Insurance" above. The Property could be damaged or destroyed due to earthquake or other casualty for which the Property is uninsured. The Sublease does not require that the City either insure against or self-insure against every potential risk of loss and there is a risk that damage or destruction of the Property could occur for which no insurance or City funds will be available. Under these circumstances, an abatement of Rental Payments could occur and could continue indefinitely. There can be no assurance that the insurance providers will pay claims under the respective policies

promptly or at all, should a claim be made by the City in connection with loss or damage to a Component under such policies. It is possible that an insurance provider will refuse to pay a claim, especially if it is substantial, and force the City to sue to collect on or settle the insurance claim. Further, there can be no assurances that amounts received as proceeds from insurance will be sufficient to pay and retire Notes Outstanding and to pay other amounts owing to the Banks as required by the Trust Agreement.

The City believes that the insurance arrangements provided in the Sublease will be adequate to reasonably protect the City from the various liabilities that arise from use of the Property and to provide for the payment of Rental Payments in the event that the City loses beneficial use of the Property due to risks for which fire and extended coverage insurance has been obtained. However, no assurance can be given that such insurance arrangements will cover all events causing damage or will be adequate to cover the payment of Rental Payments in all circumstances.

Eminent Domain

If any Component, or any portion thereof, shall be taken under the power of eminent domain, there can be no assurance that condemnation proceeds will be available promptly or that the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to the Sublease in any Base Rental Period following the application of such amounts will be sufficient to pay the principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes as and when due.

Environmental Concerns

Owners or operators of real property may be required by law to remedy conditions of a property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response Compensation and Liability Act of 1980 or the "Superfund Act" is the most widely applicable of these laws, but California laws with regard to hazardous substances are also stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition on the property whether or not the owner or operator created the hazardous substance condition.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," certain acts or omissions of the City in violation of its covenants in the Trust Agreement, the Sublease and the Tax Certificate relating to the Series A Commercial Paper Notes could result in the interest on the Series A Commercial Paper Notes being includable in gross income for purposes of federal income taxation retroactive to the deemed date of issuance of the Series A Commercial Paper Notes. The deemed date of issuance of the Series A Commercial Paper Notes is the first date, after the date of execution by the Corporation and the City of the Tax Certificate relating to the Series A Commercial Paper Notes and the Declaration of New Commercial Paper Program, on which the aggregate principal amount of Series A Commercial Paper Notes exceeds the lesser of $50,000 or 5% of the aggregate maximum principal amount of the program under which the Series A Commercial Paper Notes are authorized to be issued. Should such an event of taxability occur, the Series A Commercial Paper Notes would not be subject to a special prepayment and would remain Outstanding until maturity.

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Tax-Exempt/Taxable Commercial Paper Notes with respect to the payment when due of the Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Sublease or the Trust

Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

The Municipal Improvement Corporation of Los Angeles is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), for the purpose of providing financial assistance to the City by acquiring, constructing, improving, and developing certain equipment and real property together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The Corporation was formed at the request of the City in 1984. The directors of the Corporation receive no compensation. The City indemnifies the directors of the Corporation for any liabilities occurring in connection with the performance of their duties.

CITY OF LOS ANGELES

The City was founded in 1781. The City was incorporated, and the original Charter of the City was adopted, in 1850, and the current Charter of the City was adopted in 1999, with an effective date of July 1, 2000. The City is the second most populous city in the United States of America with an estimated 2010 population of approximately 3.8 million persons. With an area of 470 square miles, the City is located in the southern part of the State of California and is the principal city of a metropolitan region that stretches from the City of Ventura to the north, to the City of San Clemente to the south, and to the City of San Bernardino to the east.

The City operates under a Mayor-Council form of government. The Mayor is elected at-large for a four-year term. As executive officer of the City, the Mayor supervises the administrative process of the City and works with the City Council in matters relating to legislation, budget and finance. The City Council consists of 15 members elected by district for staggered four-year terms. As governing body of the City, the 15-member full-time City Council enacts ordinances, levies taxes, authorizes contracts and public improvements, adopts zoning and other land use contracts, and provides necessary resources for the budgetary departments and offices of the City. City Council action is subject to the approval or veto of the Mayor, and the City Council may override a Mayoral veto by a two-thirds vote. The Charter provides for an independently elected City Attorney and independently elected City Controller.

Public services provided by the City include police; fire and paramedics; residential refuse collection and disposal, wastewater collection and treatment, street maintenance and other public works functions; enforcement of ordinances and statutes relating to building safety; public libraries; recreation and parks; community development; housing and aging services; planning; airports; harbor; power and water services; and, convention center. The City obtains water and electricity from the Los Angeles Department of Water and Power, the largest municipally-owned utility in the United States.

THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE SUBLEASE, NEITHER THE NOTES NOR THE OBLIGATION OF THE CITY TO MAKE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2014 (the "Financial Statements"), including the Independent Auditor's Report, are available on the City's website at http://controller.lacity.org/City_Fiscal_Reports/index.htm by selecting the link entitled "Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2014." No other information from such website is incorporated by reference into this Offering Memorandum. The Financial Statements and Independent Auditor's Report have been filed by the City with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) site at http://emma.msrb.org. No other information from such website is incorporated by reference into this Offering Memorandum. The Financial Statements have been audited by Simpson & Simpson, independent auditors. Simpson & Simpson has not consented to the inclusion by reference of its auditor's report in this Offering Memorandum and Simpson & Simpson has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Offering Memorandum, and no opinion is expressed by Simpson & Simpson or any other auditor with respect to any event subsequent to the date of its report.

FINANCIAL ADVISOR

Montague DeRose and Associates, LLC, is serving as Financial Advisor to the City in connection with the authorization and issuance of the Tax-Exempt/Taxable Commercial Paper Notes. In connection with this Offering Memorandum, the Financial Advisor has relied upon officials of the City and the Corporation and other sources, who have access to relevant data to provide accurate information for the Offering Memorandum, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the City or the Corporation to compile, review, examine or audit any information in the Offering Memorandum.

DEALERS

J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are serving as Dealers for the Commercial Paper Notes.

CERTAIN LEGAL MATTERS

Certain legal matters in connection with the authorization and issuance of the Tax-Exempt/Taxable Commercial Paper Notes are subject to the approval of Hawkins Delafield & Wood LLP, Los Angeles, California, Note Counsel. Attached to this Offering Memorandum as Appendix A is a proposed form of the opinion of Note Counsel. Certain legal matters will be passed upon for the Corporation and the City by Nixon Peabody LLP, San Francisco, California, Special Tax Counsel. Attached to this Offering Memorandum as Appendix B is a proposed form of the opinion of Special Tax Counsel. Certain legal matters will be passed on by Hawkins Delafield & Wood LLP, Los Angeles, California, as disclosure counsel to the City, and for the City and the Corporation by Michael N. Feuer, City Attorney. Certain legal matters relating to the Letter of Credit and the Reimbursement Agreement will be passed upon for the Bank by Chapman and Cutler LLP, Chicago, Illinois, Special Counsel to the Bank.

CERTAIN RELATIONSHIPS

[Insert]

TAX MATTERS

Series A Commercial Paper Notes

In the opinion of Nixon Peabody LLP, Special Tax Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants set forth in the Trust Agreement, the Sublease, a Tax and Nonarbitrage Certificate ("Tax Certificate") and other documents pertaining to the Series A Commercial Paper Notes, interest on the Series A Commercial Paper Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Tax Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series A Commercial Paper Notes is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the "original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of dealers, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayer must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Series A Commercial Paper Notes if the taxpayer elects original issue discount treatment.

[Series A Commercial Paper Notes purchased, whether at original issuance or otherwise, of an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Holder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Holder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.]

In rendering the opinions regarding the federal income tax treatment of interest on the Series A Commercial Paper Notes above, Special Tax Counsel will rely upon representations and covenants in the Trust Agreement, the Sublease, and the Tax Certificate concerning the use of the property financed or refinanced with Series A Commercial Paper Note proceeds, the investment and use of Series A Commercial Paper Note proceeds and the rebate to the federal government of certain earnings thereon and representations and covenants to be contained in a Tax Certificate executed and delivered by the City in connection with each new issuance of Series A Commercial Paper Notes. In addition, Special Tax Counsel has assumed that all such representations are true and correct and that the City will comply with such covenants. Special Tax Counsel has expressed no opinion as to any federal, state or local tax law consequences with respect to the Series A Commercial Paper Notes, or the interest thereon, if any action

is taken with respect to the Series A Commercial Paper Notes or the proceeds thereof upon the advice or approval of other counsel. Special Tax Counsel has expressed no opinion regarding the effect, if any, of legislation enacted or a court decision issued after the date of the issuance of the Series A Commercial Paper Notes on the exclusion of interest on the Series A Commercial Paper Notes from gross income for federal income tax purposes or on the exemption of such interest from California personal income taxation. We note that in each year since 2011, President Obama released legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series A Commercial Paper Notes) for taxpayers whose income exceeds certain thresholds. No assurance can be given that any such legislation or court decision could not directly or indirectly reduce the benefit of the receipt of interest which is otherwise excluded from gross income for federal income tax purposes and exempt from California personal income taxation.

Special Tax Counsel has expressed no opinion regarding the impact of ownership of, receipt of interest on, or disposition of the Series A Commercial Paper Notes other than as expressly described above. Prospective purchasers of the Series A Commercial Paper Notes should be aware that ownership of, receipt of interest on, or disposition of the Series A Commercial Paper Notes may be affected by additional federal income tax provisions. Prospective purchasers are advised to consult with their tax advisors regarding the impact of any additional federal income tax provisions on the ownership of, receipt of interest on, or disposition of the Series A Commercial Paper Notes.

The opinion of Special Tax Counsel described herein shall be deemed in effect on each Business Day during which a Series A Commercial Paper Note is outstanding to the extent that (i) there is no change in applicable existing state or federal law, (ii) the Trust Agreement, in the form in effect on the date of such opinion, remains in full force and effect and has not been materially amended or supplemented, (iii) the representations and covenants of the parties contained in the Trust Agreement, the Sublease, the Tax Certificate and other documents pertaining to the Series A Commercial Paper Notes, and certain certificates dated the date of an opinion of Special Tax Counsel and delivered by authorized officers of the City remain true and accurate and are complied with in all material respects, and (iv) no litigation affecting the issuance or validity of the Series A Commercial Paper Notes is pending at the time of delivery of any such Series A Commercial Paper Notes. Special Tax Counsel undertakes no obligation to determine, at any time, whether the conditions described in (i) through (iv) of the preceding sentence have been met.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Special Tax Counsel expresses no opinion as to any collateral tax consequences and, accordingly, prospective purchasers of the Series A Commercial Paper Notes should consult their tax advisors as to the applicability of any such collateral consequences.

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

[A copy of the proposed form of opinion of Special Tax Counsel is attached hereto as Appendix B.]

Series B Commercial Paper Notes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series B Commercial Paper Notes. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses the Series B Commercial Paper Notes held as capital assets within the meaning of Section 1221 of the Code and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding such Series B Commercial Paper Notes as a hedge against currency risks or as a position in a "straddle," "hedge," "constructive sale transaction" or "conversion transaction" for tax purposes, or persons whose functional currency is not the United States dollar. It also does not deal with holders other than original purchasers except where otherwise specifically noted. Potential purchasers of the Series B Commercial Paper Notes should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series B Commercial Paper Notes.

Generally. Interest on the Series B Commercial Paper Notes is not excluded from gross income for federal income tax purposes and so will be fully subject to federal income taxation.

Purchasers other than those who purchase Series B Commercial Paper Notes in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series B Commercial Paper Notes. In general, interest paid on the Series B Commercial Paper Notes will be treated as ordinary income to a Holder, and after adjustment for the foregoing principal payments will be treated as a return of capital.

Acquisition Discount. Certain Holders who purchase Series B Commercial Paper Notes at a price resulting in an adjusted basis that is less than the remaining redemption amount of such Series B Commercial Paper Notes will have acquisition discount that may be included in gross income prior to the final maturity of such Series B Commercial Paper Notes. Acquisition discount will be treated as accruing ratably or, at the election of the Holder, under a constant yield method based on daily compounding. Purchasers of any Series B Commercial Paper Notes who acquire such Series B Commercial Paper Notes at a discount should consult with their own tax advisors with respect to the timing of gross income under applicable federal income tax law and as to the state and local tax consequences of owning such Series B Commercial Paper Notes.

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

Sale or Redemption of Series B Commercial Paper Notes. A Holder's tax basis for a Series B Commercial Paper Note is the price such owner pays for the Series B Commercial Paper Note plus the amount of acquisition discount previously included in income and reduced on account of any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Series B Commercial Paper Note, measured by the difference between the amount realized and the Series B Commercial Paper Note basis as so adjusted, will generally give rise to capital gain or loss if the Series B Commercial Paper Note is held as a capital asset.

Information Reporting and Backup Withholding. A Holder may, under certain circumstances, be subject to "backup withholding" at the applicable rate on, and to information reporting requirements with respect to, payments of principal or interest on, and to proceeds from the sale, exchange or retirement of, Series B Commercial Paper Notes. This backup withholding generally applies if the owner of a Series B Commercial Paper Note (a) fails to furnish the Trustee or other payor with its taxpayer identification number; (b) furnishes the Trsutee or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Trustee or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to Holders, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Series B Commercial Paper Notes should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series B Commercial Paper Notes will be reported to the Holders and to the IRS.

Nonresident Holders. Under the Code, interest income with respect to Series B Commercial Paper Notes held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to United States withholding tax (including backup withholding) if the City (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series B Commercial Paper Notes is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident Holder, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

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

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

A copy of the proposed form of opinion of Special Tax Counsel is attached hereto as Appendix B.

State Taxes

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

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

A copy of the proposed form of opinion of Special Tax Counsel is attached hereto as Appendix B.

RATINGS

Moody's, Standard & Poor's and Fitch have assigned short-term ratings of "[_____]" "[_____]" and "[_____]," respectively, to the Tax-Exempt/Taxable Commercial Paper Notes based on the issuance of the Letter of Credit. Such ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. There is no assurance that a rating will continue for any given period of time or that a rating will not be revised or withdrawn entirely by any or all of such rating agencies, if, in its or their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating could have an adverse effect on the market prices of the Tax-Exempt/Taxable Commercial Paper Notes.

LITIGATION

There is no controversy of any nature now pending against the City or the Corporation or, to the knowledge of their respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Tax-Exempt/Taxable Commercial Paper Notes or in any way contesting or affecting the validity of the Tax-Exempt/Taxable Commercial Paper Notes or any proceedings of the City or the Corporation taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Tax-Exempt/Taxable Commercial Paper Notes or the use of the Tax-Exempt/Taxable Commercial Paper Note proceeds.

There are no pending lawsuits which in the opinion of the City Attorney challenge the validity of the Tax-Exempt/Taxable Commercial Paper Notes, the corporate existence of the City or the Corporation, or the title of the officers thereof to their respective offices.

[Update]

BOOK-ENTRY SYSTEM

The information concerning The Depository Trust Company and DTC's book entry system has been obtained from DTC and the Corporation takes no responsibility for the completeness or accuracy thereof. The Corporation cannot and does not give any assurances that DTC, Direct Participants (as defined herein) or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (as defined herein) (a) payments of principal or interest with respect to the Tax-Exempt/Taxable Commercial

Paper Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Tax-Exempt/Taxable Commercial Paper Notes or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Tax-Exempt/Taxable Commercial Paper Notes, or that they will so do on a timely basis, or that DTC, Direct Participants or Indirect Participants will act in the manner described herein. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Tax-Exempt/Taxable Commercial Paper Notes. The Tax-Exempt/Taxable Commercial Paper Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity the Tax-Exempt/Taxable Commercial Paper Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Tax-Exempt/Taxable Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Tax-Exempt/Taxable Commercial Paper Notes on DTC's records. The ownership interest of each actual purchaser of each Tax-Exempt/Taxable Commercial Paper Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Tax-Exempt/Taxable Commercial Paper Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Tax-Exempt/Taxable Commercial Paper Notes, except in the event that use of the book-entry system for the Tax-Exempt/Taxable Commercial Paper Notes is discontinued.

To facilitate subsequent transfers, all Tax-Exempt/Taxable Commercial Paper Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Tax-Exempt/Taxable Commercial Paper Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Tax-Exempt/Taxable Commercial Paper Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Tax-Exempt/Taxable Commercial Paper Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Tax-Exempt/Taxable Commercial Paper Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Tax-Exempt/Taxable Commercial Paper Notes, such as defaults, and proposed amendments to the Tax-Exempt/Taxable Commercial Paper Note documents. For example, Beneficial Owners of Tax-Exempt/Taxable Commercial Paper Notes may wish to ascertain that the nominee holding the Tax-Exempt/Taxable Commercial Paper Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Tax-Exempt/Taxable Commercial Paper Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Tax-Exempt/Taxable Commercial Paper Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Issuing and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuing and Paying Agent or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

None of the Corporation, the City, the Dealers, the Issuing and Paying Agent or the Bank can give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of principal of and interest on the Tax-Exempt/Taxable Commercial Paper Notes paid to DTC or its nominee, as the registered Owner, or any notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Offering Memorandum.

DTC may discontinue providing its services as depository with respect to the Tax-Exempt/Taxable Commercial Paper Notes at any time by giving reasonable notice to the Corporation or the Issuing and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Tax-Exempt/Taxable Commercial Paper Note certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Tax-Exempt/Taxable Commercial Paper Note certificates will be printed and delivered to DTC.

In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will continue to apply. The foregoing information concerning DTC and DTC's book-entry system has been obtained from DTC, and none of the Corporation, the City, the Dealers, the Issuing and Paying Agent or the Bank take any responsibility for the accuracy thereof.

ADDITIONAL INFORMATION

This Offering Memorandum contains certain information for quick reference only; it is not a summary of the terms of the Tax-Exempt/Taxable Commercial Paper Notes. Information essential to the making of an informed decision with respect to the Tax-Exempt/Taxable Commercial Paper Notes may be obtained in the manner described herein. All references to the documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials referenced which may be obtained in the manner described herein.

Copies of the Trust Agreement, the Issuing and Paying Agent Agreement, the Site Lease, Sublease, the Assignment Agreement, the Dealer Agreements, the Letter of Credit and the Reimbursement Agreement may be obtained from the Corporation at the following address:

Municipal Improvement Corporation of Los Angeles
c/o City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012
Attention: Natalie R. Brill
Phone: (213) 473-7526
Facsimile: (213) 473-7511

APPENDIX A

FORM OF NOTE COUNSEL OPINION

November [__], 2015

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

Ladies and Gentlemen:

[Insert]

APPENDIX B

FORM OF SPECIAL TAX COUNSEL OPINION

November [__], 2015

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

Ladies and Gentlemen:

[Insert]

APPENDIX C

MAXIMUM BASE RENTAL SCHEDULE

[See attached pages]

Exhibit J
Series A-1/B-1 Site Lease

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90071
Attention: Melanie S. Murakami, Esq.

SITE LEASE

Dated as of November 1, 2015

by and between the

CITY OF LOS ANGELES,
as Lessor,

and

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES,
as Lessee

NO DOCUMENTARY TRANSFER TAX DUE. This Site Lease is recorded for the benefit of the City of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

SITE LEASE

THIS SITE LEASE, dated as of November 1, 2015 (this "Site Lease"), is made by and between the **CITY OF LOS ANGELES**, a charter city and municipal corporation duly organized and existing under and pursuant to its charter and the laws and Constitution of the State of California (the "City"), as lessor, and the **MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES**, a California nonprofit public benefit corporation ("MICLA"), as lessee.

RECITALS

WHEREAS, the City is the fee owner of the Property (as hereinafter defined) and desires to lease to MICLA the Property, and MICLA desires to lease from the City the Property on the terms stated herein; and

WHEREAS, the City is authorized to enter into this Site Lease pursuant to applicable law of the State;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Section 1. Definitions.

All capitalized terms used herein without definition shall have the meanings given to such terms in the Sublease, dated as of November 1, 2015, by and between MICLA and the City (the "Sublease").

Section 2. Property.

The City hereby leases to MICLA those parcels of land, together with improvements located thereon, located in the City of Los Angeles, County of Los Angeles, California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"), subject to the terms hereof and subject to any and all covenants, conditions, reservations, exceptions and other matters which are of record.

Section 3. Ownership.

The City represents and covenants that it is the sole owner of and holds fee title to the Property free and clear of any encumbrances other than Permitted Encumbrances, and has full power and authority to enter into this Site Lease and the Sublease.

Section 4. Term.

With respect to each Component, the term of this Site Lease shall begin on the Closing Date and end on the earlier to occur of: (a) the date set forth with respect to such Component in Exhibit B to the Sublease; or (b) the date of termination of the Sublease with

respect to such Component as provided in Section 2.2 thereof. Notwithstanding anything to the contrary contained herein, if, at any time on or prior to the final maturity of all outstanding Commercial Paper Notes, there shall remain outstanding any obligations to the Banks under the Reimbursement Agreements, the term of this Site Lease with respect to each Component subject to this Site Lease at such time shall be extended to correspond to the extension of the Sublease as provided in Section 2.2 of the Sublease.

Section 5. Rent.

MICLA shall pay to the City an advance rent of $1.00 as full consideration for this Site Lease over its term, the receipt of which is hereby acknowledged by the City.

Section 6. Purpose.

MICLA shall use the Property for the purposes described in the Sublease and for such other purposes as may be incidental thereto.

Section 7. Assignment.

MICLA shall not assign, mortgage, hypothecate or otherwise encumber this Site Lease or any rights hereunder or the leasehold created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Property or any Component without the written consent of the City (unless a default or Event of Default under the Sublease or the Trust Agreement shall have occurred and be continuing, in which case the consent of the City shall not be required), except that the City expressly approves and consents to the Sublease and the Trust Agreement, the pledge and assignment to the Trustee and the Banks, and the granting to the Trustee and the Banks of a security interest in and lien on, all its right, title and interest in and to the Pledged Property available for such purpose, including MICLA's right to receive Base Rental, pursuant to the Trust Agreement.

Section 8. Right of Entry.

The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time.

Section 9. Expiration.

MICLA agrees, upon the expiration of this Site Lease, to quit and surrender the Property.

Section 10. Quiet Enjoyment.

MICLA at all times during the term of this Site Lease shall peaceably and quietly have, hold and enjoy all of the Property.

Section 11. Taxes.

The City covenants and agrees to pay any and all taxes and assessments levied or assessed upon the Property and improvements thereon.

Section 12. Eminent Domain.

If the Property or any Component shall be taken under the power of eminent domain, the interest of MICLA shall be recognized and is hereby determined to be the aggregate amount of unpaid Base Rental and Additional Rental with respect to the Property or Component under the Sublease through the remainder of its term (excluding any contingent or potential liabilities), and such proceeds shall be paid to the Trustee, as assignee of the interest of MICLA hereunder, in accordance with the terms of the Sublease and the Trust Agreement.

Section 13. Default.

In the event that MICLA or its assignee shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, the City may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Sublease shall be deemed to occur as a result thereof; provided, however, that the City shall have no power to terminate this Site Lease by reason of any default on the part of MICLA or its assignee if (i) such termination would affect or impair the assignment by MICLA of its right, title and interest in and to Base Rental pursuant to the Trust Agreement, or (ii) such termination would prejudice the exercise of the remedies provided in Section 12 of the Sublease. So long as any such assignee of MICLA or any successor in interest to MICLA shall duly perform the terms and conditions of this Site Lease, such assignee shall be deemed to be and shall become the tenant of the City hereunder and shall be entitled to all of the rights and privileges granted under any such assignment.

In furtherance of the foregoing, the City and MICLA agree that: (i) the City will simultaneously mail to the Banks a copy of any notice given by the City to MICLA; (ii) prior to taking any action upon a default by MICLA or its assignee in the performance of any obligation under the terms of this Site Lease, the City shall provide written notice thereof to the Banks and thereupon the Banks shall have the right, but not the obligation, to cure any such default. In that connection, the City will not take action to effect a termination of this Site Lease or to re-enter or take possession of the Property or any Component as a consequence of such default except upon the prior written direction of the Banks. Furthermore, if this Site Lease shall be rejected or disaffirmed pursuant to any bankruptcy law or other law affecting creditors' rights or if this Site Lease is terminated for any other reason whatsoever, the City will use its best efforts to enter into a new lease of the Property at the request of the Banks for the remainder of the term of this Site Lease, effective as of the date of such rejection or disaffirmance or termination. So long as any Credit Facility is in effect or any obligations payable by the City to any Bank under the Reimbursement Agreements remain unsatisfied, (i) the City will not accept a voluntary surrender of this Site Lease and (ii) this Site Lease shall not be modified in any material respect without, in each case, the prior written consent of the Banks. Any provision herein to the contrary notwithstanding, the Trustee shall exercise the remedies provided for hereunder only if and as directed or consented to in writing by all of the Banks and shall not waive any Event of Default

without the prior written consent of all of the Banks; provided, that in each such instance, the Banks shall only include a Bank so long as the applicable Credit Facility is in effect and so long as such Bank has not wrongfully dishonored a drawing on such Credit Facility. Anything herein to the contrary notwithstanding, the Banks may enter into a written agreement among the Banks appointing one of such Banks to act on their behalf (the "Bank Agent") in connection with any direction or consent provided for in this Section 13, and in such event any such direction or consent of the Bank Agent shall constitute the direction or consent of the Banks under this Section 13.

Section 14. Notices.

All notices, requests, demands and other communications under this Site Lease by any person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

City: City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Debt Management Group

MICLA: Municipal Improvement Corporation of Los Angeles
c/o City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: MICLA Coordinator

Trustee: U.S. Bank National Association
[_____]
[_____]
Attention: [_____]

or to such other address or addresses as any such person shall have designated to the others by notice given in accordance with the provisions of this Section 14.

Copies of any such notices, requests, demands or other communications under this Site Lease given by either the City or MICLA shall be provided to each of the Trustee, at the address specified above in this Section 14, and to the Banks, at their addresses as indicated in their respective Reimbursement Agreements, or to such other address or addresses as the Banks shall have designated to the City and MICLA by notice given in accordance with the provisions of this Section 14.

Section 15. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Site Lease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Site Lease shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 16. Governing Law; Venue.

This Site Lease is made in the State under the Constitution and laws of the State and is to be so construed. If any party to this Site Lease initiates any legal or equitable action to enforce the terms of this Site Lease, to declare the rights of the parties under this Site Lease or which relates to this Site Lease in any manner, each such party agrees that the place of making and for performance of this Site Lease shall be the City of Los Angeles, State of California, and the proper venue for any such action shall be any court of competent jurisdiction.

Section 17. Amendments.

This Site Lease may be amended only in accordance with and as permitted by the terms of Section 7.02 of the Trust Agreement.

Section 18. Execution in Counterparts.

This Site Lease may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same agreement.

Section 19. No Merger.

If both MICLA's and the City's estates under this Site Lease or the Sublease or any other lease relating to any Property or any portion thereof shall at any time by any reason become vested in one owner, this Site Lease and the estate created hereby shall not be destroyed or terminated by the doctrine of merger unless the City so elects as evidenced by recording a written declaration so stating, and, unless and until the City so elects, the City shall continue to have and enjoy all of its rights and privileges as to the separate estates.

Section 20. Third Party Beneficiary.

Each Bank shall be a third party beneficiary of this Site Lease with the power to enforce the same until the later of (i) the date the applicable Credit Facility has terminated and been surrendered to such Bank for cancellation and (ii) the date all amounts payable under the applicable Reimbursement Agreement and the related Revolving Note have been satisfied in full.

IN WITNESS WHEREOF, the parties hereto have executed this Site Lease as of the date first above written.

CITY OF LOS ANGELES, as Lessor

By: _____
Authorized Officer

ATTEST:
HOLLY L. WOLCOTT, INTERIM CITY CLERK

By: _____
Deputy

APPROVED AS TO FORM:
MICHAEL N. FEUER,
CITY ATTORNEY

By: _____
Deputy/Assistant City Attorney

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Lessee

By: _____
Authorized Officer

[Insert Notary Forms]

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[See attached pages]

Exhibit K
Series A-1/B-1 Sublease

SUBLEASE

Dated as of November 1, 2015

by and between

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES,
as Sublessor,

and

CITY OF LOS ANGELES,
as Sublessee

NO DOCUMENTARY TRANSFER TAX DUE. This Sublease is recorded for the benefit of the City of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11921 of the California Revenue and Taxation Code.

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Exhibit A	Legal Description of the Property
Exhibit B	Base Rental Payment Schedules
Exhibit C	Forms of Debt Service Certificate

SUBLEASE

THIS SUBLEASE, dated as of November 1, 2015 (this "Sublease"), is entered into by and between the **MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES**, a California nonprofit public benefit corporation ("MICLA"), as sublessor, and the **CITY OF LOS ANGELES** (the "City"), a charter city and municipal corporation duly organized and existing under its charter and the laws and Constitution of the State of California (the "State"), as sublessee.

RECITALS

WHEREAS, MICLA is the lessee of the Property (as hereinafter defined), pursuant to the terms and conditions set forth in the Site Lease, dated as of November 1, 2015, between the City and MICLA, and desires to sublease to the City the Property, and the City desires to sublease from MICLA the Property on the terms stated herein; and

WHEREAS, the City is authorized to enter into this Sublease pursuant to applicable law of the State;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall, for all purposes of this Sublease, have the meanings as set forth below. All other capitalized terms used herein without definition shall have the meanings as set forth in the Trust Agreement (as hereinafter defined).

"Additional Rental" means the amounts specified as such in Section 3.1(i) hereof.

"Additional Notes" means any Commercial Paper Notes issued or proposed to be issued which issuance will result in the aggregate principal amount of Commercial Paper Notes Outstanding to be greater than the aggregate principal amount of Commercial Paper Notes Outstanding immediately prior to such issuance.

"Assumed Interest Cost" with respect to a Series of the Commercial Paper Notes, means, as of any date of calculation or for any period of time, the amount that would accrue as interest during such period on the Commercial Paper Notes Outstanding of such Series as of the date of such calculation assuming the Commercial Paper Notes of such Series bore interest during the entirety of such period at the Assumed Interest Rate with respect to such Series for the Base Rental Period during which such date of calculation occurs.

"Component" means, as the context requires, any parcel or parcels constituting a discrete portion of the Property, including any Property added thereto or substituted therefor pursuant to Section 7 hereof, but does not include any property released pursuant to Section 7 hereof.

"Debt Service Certificate" means any of a Debt Service Certificates—Additional Interest and/or Principal; Debt Service Certificate—Additional Commercial Paper Notes or Debt Service Certificate—Annual.

"Debt Service Certificate -- Additional Interest and/or Principal" means a certificate substantially in the form of Exhibit C-3 hereof.

"Debt Service Certificate -- Additional Commercial Paper Notes" means a certificate substantially in the form of Exhibit C-2 hereof.

"Debt Service Certificate -- Annual" means a certificate substantially in the form of Exhibit C-1 hereto.

"Excess Fair Rental Value" has the meaning set forth in Section 3.1(h) hereof.

"Fiscal Year" means the fiscal year of the City, which at the date of this Sublease is the period from July 1 to and including the following June 30.

"Maximum Base Rental" means the amounts specified as such in Section 3.1(a) hereof, as such amounts may be adjusted from time to time in accordance with the terms hereof, but does not include Additional Rental.

"Minimum Required Rental Payment" has the meaning set forth in the Debt Service Certificate -- Annual.

"Minimum Supplemental Rental Payment" means an amount determined pursuant to a Debt Service Certificate - Additional Commercial Paper Notes or a Debt Service Certificate - Additional Interest and/or Principal.

"Pro Rata Basis" means, as between Subseries of the Commercial Paper Notes, pro rata among Subseries based on the aggregate principal amount of such Subseries of the Commercial Paper Notes Outstanding at such time (and, for Revolving Notes, based on the aggregate principal amount of outstanding Advances evidenced by such Revolving Notes).

"Property" means the real property described in Exhibit A hereto and means, collectively, each of the Components, including access to public roads therefrom and parking thereto. "**Property**" also includes any property, or portion thereof, that by amendment hereto becomes subject to this Sublease and any property, or portion thereof, substituted for any of the Components pursuant to Section 7, but "**Property**" excludes any Component for which new property has been substituted, and any Component or property released, pursuant to Section 7 hereof.

"Related Documents" means the Trust Agreement, the Issuing and Paying Agent Agreement, the Site Lease, the Assignment Agreement, the Dealer Agreements, the Credit Facilities and the Reimbursement Agreements.

"Rental Payments" means all Minimum Required Rental Payments, Minimum Supplemental Rental Payments and Additional Rental payable hereunder.

"Risk Manager" means the Risk Manager of the City or, if the Risk Manager of the City is no longer performing the function of risk manager for the City such other person or firm of favorable reputation, qualified and experienced in the field of insurance and risk management consultation as may from time to time be designated by the City, and who may be employed by the City.

"Sublease" means this Sublease, including any amendments or supplements hereto made or entered into in accordance with the terms hereof and Section 7.02 of the Trust Agreement.

"Sublease Term" means the term of this Sublease, as provided in Section 2.2 hereof.

"Trust Agreement" means the Trust Agreement dated as of November 1, 2015, among MICLA, the City and U.S. Bank National Association, as Trustee as amended and supplemented from time to time.

Section 2. Sublease; Term.

2.1 Sublease. MICLA hereby subleases the Property to the City. The City hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit MICLA to carry out its agreements and covenants contained herein and in the Trust Agreement, and the City hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Property.

2.2 Term. Subject to the next succeeding paragraph of this Section 2.2, with respect to each Component, the term of this Sublease with respect to such Component shall begin on the Closing Date and end on the earliest of: (a) the date set forth with respect to such Component in Exhibit B hereto (and in the case of any Property which is added following the Closing Date or substituted for a Component pursuant to Section 7.2 hereof and Section 7.02 of the Trust Agreement, the date set forth in Exhibit B with respect to such additional or substituted Component), (b) the date all Base Rental related to such Component is paid in full, (c) the date of termination of this Sublease with respect to such Component due to casualty or condemnation in accordance with the terms of Section 5 or 6 hereof, or (d) the date of release of such Component in accordance with the terms of Section 7.2 hereof and Section 7.02 of the Trust Agreement.

Notwithstanding anything to the contrary contained herein, including without limitation the provisions of Section 3.1 hereof, if, at any time on or prior to the final maturity of all outstanding Commercial Paper Notes, there shall remain outstanding any obligations payable to the Banks under the Reimbursement Agreements, the term of this Sublease with respect to each Component subject to this Sublease at such time shall be extended until such date as all such obligations to the Banks have been satisfied; provided, however, in no event shall the term of this Sublease with respect to any Component extend beyond November 1, 2055. During such extension of the term of this Sublease the City shall pay Base Rental (including any Maximum Base Rental which accrued during any prior Base Rental Period but was not paid during such prior Base Rental Period) in an amount sufficient to satisfy such obligations to the Banks in full;

provided, however, that the Base Rental with respect to any Component during any Base Rental Period shall not exceed the then fair rental value with respect to such Component during such Base Rental Period.

Section 3. Rent.

3.1 Rental Payments. The City hereby agrees to pay to MICLA Base Rental in an amount up to the Maximum Base Rental, and the Additional Rental, with respect to each Component, as provided herein, for the use, occupancy and possession of the Property for which such Maximum Base Rental is payable, all on the terms and conditions set forth herein. The City shall be obligated to pay the Minimum Required Rental Payment for each Base Rental Period, with the interest portion thereof being paid at the applicable Assumed Interest Rate in equal quarterly installments on each Quarterly Payment Date, with an amount equal to the principal portion thereof, including the Required Principal Reduction Amount, being paid not later than the first day of the calendar quarter during which such amount will be used to reimburse a Bank for an Advance used to retire Commercial Paper Notes that will not be remarketed, renewed or refinanced (and to pay the interest thereon), and with any principal due under any Revolving Notes during such Base Rental Period being paid on or prior to the date that is ten days prior to the date such amount is due under such Revolving Notes. Any Base Rental and Additional Rental shall be paid on the terms, in the amounts, at the times and in the manner hereinafter set forth. The City will make payments of Base Rental directly to the Issuing and Paying Agent, as agent for the Trustee, for deposit into the Base Rental Account and, to the extent not otherwise paid to the Person to whom any amount constituting Additional Rental is owing, will make payment of Additional Rental to the Issuing and Paying Agent for deposit into the applicable Administrative Expense Subaccounts.

(a) Maximum Base Rental. The Maximum Base Rental for each Component for each Base Rental Period shall be the amount set forth in Exhibit B hereto, and shall become due and payable quarterly in advance on each Quarterly Payment Date during the Sublease Term as set forth herein. The City hereby agrees to pay, from legally available funds, to the extent required hereunder, the aggregate Maximum Base Rental for all Components for each Base Rental Period.

(b) Minimum Required Rental Payments. Subject to Section 3.1(h) below, not later than the Closing Date and the first day of the commencement of each Base Rental Period thereafter, MICLA shall issue to the City a Debt Service Certificate -- Annual. If the Minimum Required Rental Payments set forth on the Debt Service Certificate -- Annual for the Commercial Paper Notes for a Base Rental Period is less than the aggregate Maximum Base Rental for all Components for such Base Rental Period, the City shall deposit with the Issuing and Paying Agent (i) on each Quarterly Payment Date an amount not less than one-quarter of such Minimum Required Rental Payment related to interest on the Commercial Paper Notes and the Revolving Notes, (ii) on July 15 of each year, the Required Principal Reduction Amount, (iii) on each Quarterly Payment Date, any additional amount of principal the City intends to prepay in the following quarter, as set forth in the Debt Service Certificate -- Annual, and (iv) on each Quarterly Payment Date, any principal due in the following quarter on any Revolving Notes as set forth above. The amount by which the aggregate Maximum Base

Rental for all Components for any Base Rental Period exceeds the amount so deposited in such Base Rental Period shall continue to be an obligation of the City for such Base Rental Period and shall be payable by the City if and to the extent that payment is required pursuant to Section 3.1(c) or 3.1(d) hereof.

MICLA shall take into consideration any amounts on deposit in the Base Rental Subaccounts to the extent available for the payment of principal of and interest, if any, on maturing Commercial Paper Notes in accordance with the terms of the Trust Agreement or for the payment of principal of and interest, if any, on the Revolving Notes, in completing the Debt Service Certificate - Annual, for each Base Rental Period. Additionally, MICLA shall take into consideration any amounts on deposit in the Capitalized Interest Subaccounts and any capitalized interest it intends to fund for any Base Rental Period in completing the Debt Service Certificate - Annual for such Base Rental Period.

(c) Additional Deposit if Notes Increase. If the Debt Service Certificate -- Additional Commercial Paper Notes issued by MICLA to the City pursuant to Section 3.01(e)(i)(F) of the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required during the then current Base Rental Period, the City shall budget and appropriate the necessary Minimum Supplemental Rental Payment and promptly pay to the Issuing and Paying Agent such Minimum Supplemental Rental Payment, except as provided in Section 3.1(e) hereof; provided, however, that the City may pay such Minimum Supplemental Rental Payment in equal installments on each Quarterly Payment Date remaining in such Base Rental Period so long as all such payments are made in advance of the date required to pay principal of and interest on any Notes. MICLA will not be required to issue the Debt Service Certificate - Additional Commercial Paper Notes if the issuance of such Additional Notes was taken into account in completing the Debt Service Certificate - Annual for the current Base Rental Period.

(d) Additional Deposit for Interest and/or Principal. If the Debt Service Certificate - Additional Interest and/or Principal filed by MICLA with the City pursuant to Section 6.15 of the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required, the City shall budget and appropriate the necessary Minimum Supplemental Rental Payment and promptly pay to the Issuing and Paying Agent such Minimum Supplemental Rental Payment, except as provided in Section 3.1(e) hereof.

(e) Alternative to Payment of Minimum Supplemental Rental Payment. The City shall not be required to budget and appropriate the necessary Minimum Supplemental Rental Payment and pay any Minimum Supplemental Rental Payment if MICLA shall have issued its Commercial Paper Notes to provide funds in an amount equal to or in excess of the amount of the Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Notes shall have been deposited into the Base Rental Account. Additionally, if MICLA shall have issued its Commercial Paper Notes to provide funds to pay a portion of the amount of any Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Notes have been deposited into the Base Rental Account, the amount of the Minimum Supplemental Rental Payment may be reduced by the amount of proceeds so deposited.

(f) No Payments in Excess of Aggregate Maximum Base Rental. Notwithstanding any provisions of this or any other document to the contrary, under no circumstances shall the City be required to pay during any Base Rental Period amounts (exclusive of Additional Rental) in excess of aggregate Maximum Base Rental for all Components for such Base Rental Period; provided that the City shall have the right at any time, to pay Base Rental in excess of that required hereunder in order to provide for the retirement of Commercial Paper Notes or the repayment of the Revolving Notes.

(g) [Reserved.]

(h) Adjustment to Minimum Required Rental Payment. If at any time the City shall determine that the annual fair rental value of the Property in any future Base Rental Period is greater than the Minimum Required Rental Payment due in such future Base Rental Period (the difference being referred to herein as the "Excess Fair Rental Value"), the City may revise the schedule of Minimum Required Rental Payments such that a portion of the Minimum Required Rental Payment which would have been due in the then current year shall be paid in such future Base Rental Period to the extent of such Excess Fair Rental Value. Likewise, if at any time the City shall determine that the annual fair rental value of the Property in the then current Base Rental Period is greater than the Minimum Required Rental Payment due in such current Base Rental Period, the City may, at its option, pay additional Base Rental during such current Base Rental Period and such amount shall be credited against the Minimum Required Rental Payment due in any future Base Rental Period as the City shall direct.

(i) Additional Rental. In addition to the Minimum Required Rental Payments and any Minimum Supplemental Rental Payments set forth herein, the City agrees to pay as Additional Rental all of the following:

(i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon any Component or upon any interest of MICLA, the Trustee or the Owners therein or in this Sublease, including taxes and charges contemplated by Section 4.2 hereof;

(ii) All costs of maintenance, operation, repair and replacement of the Property as required under Section 4.1 hereof;

(iii) Insurance premiums, if any, on all insurance required under the provisions of Section 4.3 hereof;

(iv) All fees, costs and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Commercial Paper Notes) of the Trustee, the Issuing and Paying Agent and the Dealers in connection with the Trust Agreement and the Dealer Agreements;

(v) All fees, costs and expenses payable to the Banks under the Reimbursement Agreements; and

(vi) Any other fees, costs or expenses incurred by MICLA, the Trustee and the Issuing and Paying Agent in connection with the execution, performance or enforcement of this Sublease or any assignment hereof or of the Trust Agreement or any of the transactions contemplated hereby or thereby or related to the Property.

Amounts constituting Additional Rental payable hereunder shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee, MICLA or the applicable Bank to the City stating the amount of Additional Rental then due and payable and the purpose thereof.

3.2 Consideration. The Minimum Required Rental Payments and any Minimum Supplemental Rental Payments and Additional Rental for each Base Rental Period or portion thereof during the Sublease Term shall constitute the total rental for such Base Rental Period or portion thereof and shall be payable by the City for and in consideration for the use and possession, and the continued quiet use and enjoyment, of the Property by the City for and during such Base Rental Period or portion thereof. The parties hereto have agreed and determined that the Base Rental payable in respect of any Component during each such Base Rental Period are not in excess of the total fair rental value of such Component for such Base Rental Period. In making such determination, consideration has been given to the uses and purposes served by each such Component and the benefits therefrom that will accrue to the parties by reason of this Sublease and to the general public by reason of the City's use of each such Component.

3.3 Budget. Subject to Section 3.1(f) above, the City hereby covenants to include all Minimum Required Rental Payments, Additional Rental and Minimum Supplemental Rental Payments due hereunder in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all Minimum Required Rental Payments, Additional Rental, and Minimum Supplemental Rental Payments, subject to Section 3.5 hereof. The covenants on the part of the City herein contained shall be deemed to be and shall be construed to be ministerial duties imposed by law and by the Charter of the City and it shall be the ministerial duty of each and every public official of the City who bears direct or indirect responsibility for administering this Sublease to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements on the part of the City contained in this Sublease. The obligation of the City to make Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Notwithstanding anything to the contrary contained herein, neither the Notes nor the obligation of the City to make Rental Payments constitutes an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

3.4 Payment. Amounts necessary to pay Rental Payments shall be paid by the City on the dates set forth in Section 3.1 hereof in lawful money of the United States of America, to the Issuing and Paying Agent, care of the Principal Office of the Trustee, or at such other place or places as may be established in accordance herewith or with the Trust Agreement.

Except as provided in Section 3.1(f) or 3.5 hereof, any amount necessary to pay any Rental Payments which is not so deposited shall remain due and payable until received by the Trustee. Notwithstanding any dispute between the City and MICLA hereunder, the City shall make all Rental Payments when due and shall not withhold any Rental Payments pending the final resolution of such dispute or for any other reason whatsoever. The City's obligation to make Rental Payments in the amount and on the terms and conditions specified hereunder shall be absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the provisions of Section 3.5 hereof.

3.5 Rental Abatement. Except to the extent of (a) available amounts held by the Issuing and Paying Agent in the Base Rental Account, the Base Rental Payment Subaccounts or the Bank Reimbursement Subaccounts, (b) amounts, if any, received in respect of rental interruption insurance with respect to any Component, and (c) amounts, if any, otherwise legally available to the City for payments in respect of this Sublease or to the Issuing and Paying Agent for payments in respect of the Notes, Rental Payments due hereunder shall be subject to abatement in accordance with this Section 3.5 during any period in which, by reason of material damage, destruction or condemnation of any Component, or defects in title to any Component, there is substantial interference with the use, occupancy or possession of any Component by the City. The amount of annual rental abatement shall be such that the resulting Base Rental in respect of the Property in any Base Rental Period during which such interference continues, excluding any amounts described in clauses (a), (b) or (c) above, do not exceed the fair rental value of the Property for such Base Rental Period with respect to which there has not been substantial interference, as evidenced by a certificate of a City Representative. Such abatement shall continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the affected Component to tenantable condition or correction of the title defect. In the event of any such damage, destruction, condemnation or title defect, this Sublease shall continue in full force and effect, except as set forth in Sections 5 and 6 hereof.

3.6 Triple Net Sublease. This Sublease is intended to be a triple net lease. The City agrees that the rentals provided for herein shall be an absolute net return to MICLA free and clear of any expenses, charges or set-offs whatsoever.

Section 4. Affirmative Covenants of MICLA and the City. MICLA and the City are entering into this Sublease in consideration of, among other things, the following covenants:

4.1 Replacement, Maintenance and Repairs. The City shall, at its own expense, during the Sublease Term, maintain each Component, or cause the same to be maintained, in good order, condition and repair and shall repair or replace any Component which is destroyed or damaged to such an extent that there is substantial interference with the use and possession of such Component by the City which would result in an abatement of Rental Payments or any portion thereof pursuant to Section 3.5 hereof, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement; *provided, however*, that the City shall not be required to repair or replace any Component pursuant to this Section 4.1 if there shall be applied to the payment and retirement of Outstanding Notes insurance proceeds, condemnation proceeds or other legally available funds sufficient to pay and retire Notes

Outstanding and to pay other amounts owing to the Banks such that (i) the sum of the aggregate principal amount of all Outstanding Commercial Paper Notes plus the amount of any Advances then outstanding under the Revolving Notes following the application of such amounts does not exceed the Maximum Principal Amount (as modified assuming the termination of this Sublease with respect to such damaged, destroyed or taken Component pursuant to Section 5.1 or 6.1 hereof, as applicable, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of this Sublease) and (ii) the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to Section 3.1 hereof in any Base Rental Period following the application of such amounts are sufficient to pay in such Base Rental Period the principal of and interest on an aggregate principal amount of Notes (including Revolving Notes) assuming that, on an aggregate basis, an aggregate principal amount of Commercial Paper Notes plus the amount of Advances under the Revolving Notes are outstanding in an aggregate principal amount equal to the Maximum Principal Amount (as modified assuming the termination of this Sublease with respect to such damaged, destroyed or taken Component pursuant to Section 5.1 or 6.1 hereof, as applicable, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of this Sublease), to the extent due and payable in any such subsequent Base Rental Period following the application of such amounts.

The City shall provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of each Component. It is understood and agreed that in consideration of the payment by the City of the Rental Payments herein provided for, the City is entitled to possession of each Component and MICLA shall have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of such Component during the Sublease Term with respect to such Component. MICLA shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to any Component. The City hereby expressly waives the right to make repairs or to perform maintenance of any Component at the expense of MICLA and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto. The City shall keep each Component free and clear of all liens, charges and encumbrances other than Permitted Encumbrances.

4.2 Taxes, Other Governmental Charges and Utility Charges. The City hereby agrees to pay during the Sublease Term with respect to each Component as the same respectively become due, all taxes (except for income or franchise taxes, if any, of MICLA), utility charges and governmental charges of any kind whatsoever, if any, that may at any time be lawfully assessed or levied against or with respect to each such Component; provided, however, that, with respect to any governmental charges that may lawfully be paid in installments over a period of years, the City shall be obligated to pay only such installments as are accrued during such time as this Sublease is in effect with respect to such Component; provided, further, that the City may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner which does not adversely affect the right, title and interest of MICLA or the Trustee in and to any Component or its rights or interests under this Sublease or subject any portion of any Component to loss or forfeiture. Any such taxes or charges shall constitute Additional Rental under Section 3.1(i) hereof and shall be payable directly to the entity assessing such taxes or charges.

4.3 Insurance. The City shall secure and maintain or cause to be secured and maintained at all times throughout the term of this Sublease with insurers of recognized responsibility or through a program of self-insurance or alternative risk management to the extent specifically permitted in this Section 4.3, all coverage on the Property required by this Section 4.3. Such insurance shall consist of the following coverages:

(a) Fire and lightning insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) on all structures, facilities and improvements constituting the Property in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost of such structures, facilities and improvements (less a commercially reasonable deductible amount) or (ii) the Maximum Principal Amount. Said extended coverage endorsement shall, in addition to the fire and lightning insurance referenced above, cover loss or damage by explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement, if such coverage is commercially available in reasonable amounts at reasonable cost on the open market from reputable insurance companies.

(b) General liability and automobile insurance which, at a minimum, equates to the following insurance coverage and provision, naming MICLA and the City, their members, officers, agents and employees as insureds. Said insurance coverage shall insure said parties against liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said insurance coverage shall provide coverage for bodily and personal injury, death and property damage per occurrence. The insurance coverage required under this paragraph shall initially be provided through a program of alternative risk management in accordance with the last paragraph of this Section 4.3.

(c) Earthquake insurance in an amount equal to the maximum probable loss of all Components of the Property, as determined by the City's Risk Manager, unless, based upon the written recommendation of the City's Risk Manager annually filed by the City with the Trustee, it is not obtainable in reasonable amounts at reasonable cost on the open market from reputable insurance companies.

(d) Rental interruption insurance to cover loss, total or partial, of the use of any Component as a result of any of the hazards covered by the insurance required pursuant to clause (a) and (c) above, in an amount sufficient at all times to pay the Maximum Base Rental payable under this Sublease with respect to such Component for a period equal to 24 months, assuming an interest rate of 5% on the Notes.

(e) A CLTA policy or policies of title insurance for all Components in an amount not less than the greater of (i) the Maximum Principal Amount, and (ii) the aggregate principal amount of the Funding Commitments. Such policy or policies of title insurance shall show title to the particular Component covered by such policy in the name of MICLA or the City, subject to the Sublease and such other encumbrances as will not, in the opinion of MICLA, the City and the Banks, materially affect the use,

occupancy and possession of the Component and will not result in the abatement of Base Rental payable by the City hereunder with respect to such Component.

All policies of insurance required by this Sublease shall be in form certified by the Risk Manager to be in compliance with the requirements of this Sublease, and shall name the Trustee and the Banks as additional insureds and as loss payees. The City shall pay when due the premiums for all insurance policies required by this Sublease, and promptly shall furnish evidence of such payments to MICLA and the Trustee and, upon request, to the Banks. All insurance required under this Sublease shall be primary to any other insurance available to MICLA and the Trustee, and shall apply separately to each insured against whom claim is made or suit is brought and shall provide that the Trustee and the Banks shall be given thirty (30) days' prior written notice of each expiration, any intended cancellation thereof or reduction of the coverage provided thereby, provided that such separate coverage shall not increase the limit of liability under any such insurance. All insurance required to be maintained pursuant to this Sublease may be maintained either separately or as a part of or in conjunction with any other insurance coverage carried by the City. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

Notwithstanding anything in this Section 4.3 to the contrary, the City shall have the right to adopt additional programs of self-insurance or alternative risk management programs to insure against any of the risks required to be insured against under the terms of this Section 4.3 (except insurance coverage against loss of rental income as required by (d) above or the title insurance required by (e) above), in whole or in part. Any such additional alternative risk management program must be approved as reasonable and appropriate by the Risk Manager. The approval of the Risk Manager shall be in the form of a report on the nature of the program and the adequacy of its funding which shall be prepared and filed annually with the Trustee and the Banks during any period when such program is in effect, commencing on or prior to the date such program is implemented. If such annual approving report is not timely filed with the Trustee and the Banks, the Trustee or any Bank may notify the City in writing and thereupon City shall immediately obtain insurance as required by this Sublease or promptly file the annual approving report. In addition, the City Administrative Officer of the City may, if it is in the best interests of the City, approve such other types of insurance, including any increases in the insurance coverage required by this Section, upon the recommendation of a Risk Manager, or in connection with obtaining or maintaining any rating on the Commercial Paper Notes.

4.4 Liens; Permitted Encumbrances. The City shall promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about any Component and which may be secured by any mechanic's, materialman's or other lien against such Component, or the interest of MICLA therein, and shall cause each such lien to be fully discharged and released; provided, however, that the City or MICLA (a) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the City shall forthwith pay and discharge such judgment or lien, or (b) delay payment without contest so long as and to the extent that such

delay will not result in the imposition of any penalty or forfeiture. Additionally, subject to Section 7.1 hereof, MICLA and the City will not create or suffer to be created any lien, charge or encumbrance upon the Property, or upon any real or personal property essential to the operation of the Property, except Permitted Encumbrances. MICLA and the City will not sell or otherwise dispose of any portion of the Property or any other property essential to the proper operation of the Property.

4.5 Laws and Ordinances. The City agrees to observe and comply with all rules, regulations and laws applicable to the City with respect to the Property and the operation thereof. The cost, if any, of such observance and compliance shall be borne by the City, and MICLA shall not be liable therefor. The City agrees further to place, keep, use, maintain and operate all Property in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

4.6 Performance of MICLA's Duties and Responsibilities. The City and MICLA agree that any and all administrative or ministerial actions or determinations that MICLA is required to do or make pursuant to this Sublease, the Trust Agreement, the Site Lease, the Dealer Agreements, the Reimbursement Agreements, the Credit Facilities or any other related agreement may be performed by the City on behalf of MICLA.

Section 5. Application of Insurance Proceeds.

5.1 General. All proceeds of insurance received in respect of destruction of or damage to any portion of any Component by fire, earthquake or other casualty or event shall be paid to the Trustee for application in accordance with the provisions of Section 3.10 of the Trust Agreement. If there is an abatement of Rental Payments pursuant to Section 3.5 hereof as a result of such casualty or event, and the City elects pursuant to Section 3.10 of the Trust Agreement to apply such insurance to the payment and retirement of Notes rather than to the replacement or repair of the destroyed or damaged Component, then this Sublease shall terminate with respect to the destroyed or damaged Component as of the later of the date of such election by the City or the date the amount required by Section 3.10 of the Trust Agreement is received by the Trustee. If the City elects, pursuant to Section 3.10 of the Trust Agreement to apply such proceeds to the repair or replacement of the portion of any Component which has been damaged or destroyed, in the event there has been an abatement of Rental Payments pursuant to Section 3.5 hereof, then Rental Payments without any abatement shall again begin to accrue with respect thereto upon repair or replacement of such portion of such Component. MICLA hereby covenants that it will perform and observe its obligations under the provisions of Section 3.10 of the Trust Agreement, the provisions of which are incorporated herein by reference as if fully set forth herein.

5.2 Title Insurance. Proceeds of title insurance received with respect to any Component shall be paid to the Trustee for application in accordance with the provisions of Section 3.11 of the Trust Agreement.

Section 6. Eminent Domain.

6.1 Total Condemnation. If any Component, or so much thereof as to render the remainder of such Component unusable for the City's purposes under this Sublease, shall be taken under the power of eminent domain, then this Sublease shall terminate with respect to such Component as of the day possession shall be so taken or as of the date of entry of the interlocutory judgment.

6.2 Partial Condemnation. If less than a substantial portion of any Component shall be taken under the power of eminent domain, and the remainder is useable for the City's purposes, then this Sublease shall continue in full force and effect as to the remaining portions of such Component, subject only to such rental abatement as is required by Section 3.5 hereof. The City and MICLA hereby waive the benefit of any law to the contrary. Any award made in eminent domain proceedings for the taking shall be paid to the Trustee for application in accordance with the provisions of Section 3.10 of the Trust Agreement. If the City elects, pursuant to Section 3.10 of the Trust Agreement, to apply such proceeds to the replacement of the condemned portion of any Component, in the event there has been an abatement of Rental Payments pursuant to Section 3.5 hereof, then Rental Payments without any abatement shall again begin to accrue with respect thereto upon replacement of the Component.

Section 7. Assignment and Sublease; Addition, Substitution or Release of Property.

7.1 Assignment and Sublease. The City shall not, after the Closing Date, mortgage, pledge, assign or transfer any interest of the City in this Sublease by voluntary act or by operation of law, or otherwise; provided, however, that the City may, after the Closing Date, with the prior written consent of the Banks, which consent shall not be unreasonably withheld, sublease all Property or any Component thereof, or may grant concessions to others involving the use of the Property or any Component, whether such concessions purport to convey a leasehold interest or a license to use such Property or Component; provided, further, however, that such sublease or grant shall be subject to the terms hereof and of the Trust Agreement. Subject to the limitations set forth herein, the City shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained shall be construed to relieve the City of its obligation to pay Base Rental and Additional Rental with respect to each Component as provided in this Sublease or to relieve the City of any other obligations contained herein. In no event shall the City sublease to or permit the use of all or any part of any Component by any person so as to cause interest on the Series A Commercial Paper Notes to be includable in gross income for federal income tax purposes or interest on the Commercial Paper Notes to be subject to State personal income tax.

MICLA shall, concurrently with the execution hereof, pledge and assign all of its right, title and interest in and to this Sublease (except for its right to payment of its expenses under Section 3.1(i) hereof, its right to indemnification pursuant to Section 11 hereof and its right to receive certain notices under Section 15 hereof), including without limitation its right to receive Base Rental payable hereunder and to enforce its remedies hereunder, to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, pursuant to the Trust

Agreement and the Assignment Agreement, and the City hereby approves such pledge and assignment. The parties hereto further agree to execute any and all documents necessary and proper in connection therewith.

7.2 Addition, Substitution or Release of Property. Notwithstanding Section 7.1 above, if no default or event of default has occurred and is continuing hereunder or under any Reimbursement Agreement, the City may acquire from MICLA, free and clear of MICLA's rights under this Sublease and the Site Lease, the release or substitution of any Component, subject to the requirements set forth in Section 7.02 of the Trust Agreement, or the City may add a component or other property to this Sublease and the Site Lease, subject to the requirements set forth in Section 7.02 of the Trust Agreement.

Section 8. Additions and Improvements; Removal. The City shall have the right during the Sublease Term to make any additions or improvements to any Component, to attach fixtures, structures or signs, and to affix any personal property to any Component, so long as the fair rental value of the Component is not thereby reduced. Title to all fixtures, equipment or personal property affixed by the City on any Component shall remain in the City. Title to any personal property, improvements or fixtures affixed on any Component by any sublessee or licensee of the City shall be controlled by the sublease or license agreement between such sublessee or licensee and the City, which sublease or license agreement shall not be inconsistent with this Sublease.

Section 9. Right of Entry. Representatives of MICLA and the Banks shall, subject to reasonable security precautions, have the right to enter upon any Component during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the rights or obligations of MICLA under this Sublease or of the Trustee under the Trust Agreement or the Bank under the Reimbursement Agreements, or (c) for all other lawful purposes.

Section 10. Quiet Enjoyment. MICLA covenants and agrees that the City, upon keeping and performing the covenants and agreements herein contained, shall, at all times during the Sublease Term, peaceably and quietly have, hold, and enjoy the Property.

Section 11. Indemnification and Hold Harmless Agreement. To the extent permitted by law, the City hereby agrees to indemnify and hold MICLA and its officers and directors harmless against any and all liabilities which might arise out of or are related to the Property and the Notes, including without limitation obligations to the Banks under the Reimbursement Agreements, and the City further agrees to defend MICLA and its directors in any action arising out of or related to the Property or the Notes.

Section 12. Default by City.

12.1 Events of Default. The following shall be "Events of Default" under this Sublease and the terms "Events of Default" and "default" shall mean, whenever they are used in this Sublease, any one or more of the following events:

(a) If default shall be made in the due and punctual payment of principal of or interest on any Commercial Paper Notes or the Revolving Notes when and as the same shall become due and payable;

(b) If the City shall fail to pay to the Trustee any Rental Payment with respect to any Component as and when the same shall become due and payable;

(c) If the City shall breach any other terms, covenants or conditions contained herein or in the Trust Agreement and shall fail to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from MICLA, or its assignee, to the City, or, if such breach cannot be remedied within such 60-day period, shall fail to institute corrective action within such 60-day period and diligently pursue the same to completion, then and in any such event the City shall be deemed to be in default hereunder;

(d) Failure by MICLA to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Trust Agreement, this Sublease, and the Site Lease, other than such failure as may constitute an Event of Default under clause (b) of this Section 12.1, for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to MICLA by the Trustee or to MICLA and the Trustee by the Owners of not less than a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding or if the failure stated in the notice cannot be corrected within such 60-day period, then MICLA shall fail to institute corrective action within such 60-day period and diligently pursue the same to completion.

(e) MICLA or the City shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) admit in writing its inability generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(f) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of MICLA or the City, or of a substantial part of their respective property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for MICLA or the City or for a substantial part of their respective property, and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days.

12.2 Remedies on Default. Subject to Section 12.3 hereof, MICLA or its assignee shall have the right, at its option, without any further demand or notice (a) to reenter any Component and eject all parties in possession therefrom and, without terminating this Sublease, relet the Component as the agent and for the account of the City upon such terms and conditions as MICLA may deem advisable, in which event the rents received on such releting shall be applied first to the expenses of releting and collection, including expenses for repair or restoration of the Component to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commissions actually paid, and second to Base Rental with respect to such Component in accordance with this Sublease and the Trust Agreement and third to Additional Rental with respect to such Component in accordance with this Sublease; provided, that if a sufficient sum shall not be realized to pay such sums and other charges then the City shall pay to MICLA any net deficiency existing on the date when the Base Rental or Additional Rental with respect to such Component is due hereunder; provided, however, that such reentry and releting shall be done only with the consent of the City, which consent is hereby irrevocably given; or (b) in lieu of the above, so long as MICLA does not terminate this Sublease or the City's possession of any Component, to enforce all of its rights and remedies under this Sublease, including the right to recover Base Rental payments as they become due under this Sublease pursuant to Section 1951.4 of the California Civil Code and to otherwise enforce performance by the City, and to pursue any remedy available in law or in equity, except as expressly provided herein. Any reentry pursuant to this Section 12 shall be allowed by the City without hindrance, and MICLA shall not be liable in damages for any reentry or be guilty of trespass. Notwithstanding any other provision of this Sublease or the Trust Agreement, in no event shall MICLA have the right to accelerate the payment of any Base Rental with respect to the Property hereunder.

Each and every remedy of MICLA or any assignee of the rights of MICLA hereunder is cumulative and the exercise of one remedy shall not impair the right of MICLA or its assignee to any or all other remedies. If any covenant validly shall limit the remedies given to MICLA or any assignee of the rights of MICLA hereunder, MICLA or its assignee nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

All damages and other payments received by MICLA pursuant to this Section 12 shall be applied in the manner set forth in the Trust Agreement.

12.3 Rights of Bank upon Default. In furtherance of the foregoing, the City and MICLA agree that: (i) the City and MICLA will simultaneously mail to the Banks a copy of any notice given by one to the other; (ii) prior to taking any action upon a default by the other party or its assignee in the performance of any obligation under the terms of this Sublease, the City and MICLA shall provide written notice thereof to the Banks and thereupon the Banks shall have the right, but not the obligation, to cure any such default. In that connection, neither the City nor MICLA will take any action to effect a termination of this Sublease or to re-enter or take possession of the Property or any Component as a consequence of such default except upon the prior written direction of the Banks. Furthermore, if this Sublease shall be rejected or disaffirmed pursuant to any bankruptcy law or other law affecting creditors' rights or if this Sublease is terminated for any other reason whatsoever, MICLA and the City will each use its best efforts to enter into a new lease of the Property at the request of the Banks for the remainder of the term of this Sublease, effective as of the date of such rejection or disaffirmance or

termination. So long as any Credit Facility is in effect or any obligations payable to the Banks under the Reimbursement Agreements remain unsatisfied, (i) MICLA will not accept a voluntary surrender of this Sublease and (ii) this Sublease shall not be modified in any material respect without, in each case, the prior written consent of the Banks. Any provision herein to the contrary notwithstanding, the Trustee shall exercise the remedies provided for hereunder only if and as directed or consented to in writing by all of the Banks and shall not waive any Event of Default without the prior written consent of all of the Banks; provided, that in each such instance, the Banks shall only include a Bank so long as the applicable Credit Facility is in effect and so long as such Bank has not failed to honor a properly presented and conforming drawing on such Credit Facility. Anything herein to the contrary notwithstanding, the Banks may enter into a written agreement among the Banks appointing one of such Banks to act on their behalf (the "Bank Agent") in connection with any direction or consent provided for in this Article XII, and in such event any such direction or consent of the Bank Agent shall constitute the direction or consent of the Banks under this Article XII.

Section 13. **Waiver**. The waiver by MICLA of any breach by the City, and the waiver by the City of any breach by MICLA of any term, covenant or condition hereof shall not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

Section 14. **Disclaimer of Warranties**. NEITHER MICLA NOR ANY PERSON ACTING ON ITS BEHALF HAS MADE OR MAKES ANY WARRANTY OR REPRESENTATION AS TO THE PAST, PRESENT OR FUTURE CONDITION OF THE PROPERTY NOT HEREIN EXPRESSED, AND THE CITY HAS ENTERED INTO THIS SUBLEASE WITHOUT REPRESENTATIONS OR WARRANTIES WITH RESPECT THERETO ON THE PART OF MICLA, ITS AGENTS, REPRESENTATIVES OR EMPLOYEES.

Section 15. **Notices**. All notices, requests, demands and other communications under this Sublease by any person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

(a) if to the City, to the City of Los Angeles, Office of the City Administrative Officer, City Hall East, Room 1500, 200 North Main Street, Los Angeles, California 90012-4190, Attention: Debt Management Group, Telephone: (213) 473-7500, Facsimile: (213) 473-7540;

(b) if to the Trustee, to U.S. Bank National Association, [_____], Attention: [_____], Telephone: ([___]) [___]-[____], Facsimile: ([___]) [___]-[____];

(c) if to the Issuing and Paying Agent, to U.S. Bank National Association, [_____], Attention: [_____], Telephone: ([___]) [___]-[____], Facsimile: ([___]) [___]-[____];

(d) if to MICLA, to the Municipal Improvement Corporation of Los Angeles, c/o the City of Los Angeles, Office of the City Administrative Officer, City Hall East, Room 1500, 200 North Main Street, Los Angeles, California 90012-4190, Attention: MICLA Coordinator, Telephone: (213) 473-7500, Facsimile: (213) 473-7540;

(e) if to a Bank, to its address as indicated in the applicable Reimbursement Agreement;

(f) if to Fitch, to Fitch, Inc., One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance, Telephone: (212) 908-0500, Facsimile: (212) 908-0267;

(g) if to Moody's to Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: MSPG Surveillance Team, Telephone: (212) 553-4441, Facsimile: (212) 298-6169;

(h) if to S&P, to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041, Attention: Municipal Structured Group, Telephone: (212) 553-4441, Facsimile: (212) 298-6169; and

(i) if to any Owner, to its address as indicated in the records of the Depository, the Nominee or the Issuing and Paying Agent;

or to such other address or addresses as any such person shall have designated to the others by notice given in accordance with the provisions of this Section 15.

Section 16. **Partial Invalidity**. If any one or more of the terms, provisions, promises, covenants or conditions of this Sublease shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Sublease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

If for any reason this Sublease shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by MICLA or by the City, or if for any reason it is held by such a court that any of the covenants and agreements of the City hereunder, including the covenant to pay Base Rental and Additional Rental hereunder, is unenforceable for the full term hereof, then and in such event for and in consideration of the right of the City to possess, occupy and use the Property, which right in such event is hereby granted, this Sublease shall thereupon become and shall be deemed to be a sublease from year to year under which the annual Base Rental payments and Additional Rental payments herein specified will be paid by the City.

Section 17. **Execution in Counterparts**. This Sublease may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same agreement.

Section 18. **Law Governing**. This Sublease is made in the State under the Constitution and laws of the State and is to be so construed.

Section 19. **Amendment**. This Sublease may be amended only in accordance with and as permitted by the terms of Section 7.02 of the Trust Agreement.

Section 20. **Excess Payments**. Notwithstanding anything contained herein or in the Trust Agreement to the contrary, if for any reason, including but not limited to damage, destruction, condemnation, transfer, sale or disposition, the City or the Trustee receive payments, proceeds or awards with respect to any Component in excess of the amount necessary to pay or prepay or provide in accordance with the Trust Agreement for the payment of all of the Outstanding Notes and all amounts payable to the Banks, such excess shall represent the City's equity interest in such Component and shall all be paid to the City.

Section 21. **No Merger**. If both MICLA's and the City's estates under this Sublease or the Site Lease or any other lease relating to any Component or any portion thereof shall at any time by any reason become vested in one owner, this Sublease and the estate created hereby shall not be destroyed or terminated by the doctrine of merger unless the City so elects as evidenced by recording a written declaration so stating, and, unless and until the City so elects, the City and MICLA shall continue to have and enjoy all of their respective rights and privileges as to the separate estates.

Section 22. **Further Assurances and Corrective Instruments**. The City and MICLA agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property or any Component leased hereby or intended to be so leased or for carrying out the express intention of the Sublease.

Section 23. **Representations and Warranties of the City**. The City represents and warrants that, as of the Closing Date:

23.1 **Existence**. The City is validly existing as a charter city and municipal corporation, duly organized and created and validly existing under the Constitution of the State, with full right and power to execute, deliver and perform its obligations hereunder and under the Related Documents to which it is a party.

23.2 **Authorization; Contravention**. The execution, delivery and performance by the City of this Sublease and the Related Documents to which it is a party are within the City's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official applicable to the City and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, decree or material instrument binding upon the City or result in the creation or imposition of any lien or encumbrance on any asset of the City (other than pursuant to such enumerated documents).

23.3 **Binding Effect**. Assuming due authorization, execution and delivery by each of the other parties hereto and thereto, this Sublease and the Related Documents to which the City is a party, each constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms, subject, as to enforceability, to

applicable bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

23.4 No Default. The City is not, in any material respect, in violation of any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the issuance of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject, which violation would materially adversely affect the City's ability to perform its obligations under this Sublease. Late delivery of financial statements or other reporting documentation shall not be deemed material for purposes of this subsection.

23.5 Litigation. Except as disclosed in writing to the Banks, there is no action, suit or proceeding pending with service of process accomplished, against, or to the knowledge of the City threatened against or affecting, the City before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could materially adversely affect the City's ability to perform its obligations under the Sublease or which in any manner draws into question the validity or enforceability of this Sublease or any Related Document to which the City is a party.

23.6 No Sovereign Immunity. The City is subject to civil and commercial law in respect of its obligations under this Sublease, and the Related Documents to which it is a party, and the execution, delivery and performance of such instruments and agreements constitute commercial acts rather than public or governmental acts; however, (i) the substantive provisions and procedural requirements of California civil law and commercial law which apply to the City are, in many respects, different from the substantive provisions and procedural requirements which would apply to other Persons under similar circumstances; (ii) California law limits the exercise of prejudgment and postjudgment remedies against public entities, including the City; and (iii) a court may not strictly enforce certain covenants if it concludes that enforcement would be unreasonable under the circumstances. To the extent that the City is entitled to any immunity from suit, it hereby waives such immunity to the fullest extent permitted by law.

23.7 Legislation. To the best knowledge of the City, no legislation has been enacted which would materially adversely affect or prohibit (i) the execution and delivery of this Sublease or the Related Documents to which the City is a party, or (ii) the performance by the City of its obligations under this Sublease or the Related Documents to which the City is a party.

Section 24. Third Party Beneficiary. Each Bank shall be a third party beneficiary of this Sublease with the power to enforce the same until the later of (i) the date the applicable Credit Facility has terminated and been surrendered to such Bank for cancellation and (ii) the date all amounts payable under the applicable Reimbursement Agreement and the related Revolving Note have been satisfied in full.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Sublessor

By:_____
Authorized Officer

Date: _____

CITY OF LOS ANGELES, as Sublessee

By:_____
Authorized Officer

Date: _____

ATTEST:
HOLLY L. WOLCOTT, INTERIM CITY CLERK

By:_____
Deputy

Date: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER,
CITY ATTORNEY

By:_____
Deputy/Assistant City Attorney

Date: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

[See attached legal description of each Component]

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

EXHIBIT C-1

FORM OF DEBT SERVICE CERTIFICATE -- ANNUAL

City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Natalie R. Brill

U.S. Bank National Association
[_____]
[_____]
Attention: [_____]

The Bank of Tokyo Mitsubishi UFJ, Ltd.,
acting through its New York Branch
[_____]
[_____]
Attention: [_____]

Pursuant to Section 3.1(b) of the Sublease (the "Sublease"), dated as of November 1, 2015, by and between the Municipal Improvement Corporation of Los Angeles ("MICLA") as Sublessor, and the City of Los Angeles (the "City"), as Sublessee, the undersigned, based on information available as of _____, 20__ [no earlier than April 1 of such year] hereby certifies that for the Base Rental Period commencing July 1, 20__:

(a) the average principal amount of Series A Commercial Paper Notes Outstanding during the Base Rental Period commencing July 1, 20__, is expected to be $_____ and the average principal amount of Series B Commercial Paper Notes Outstanding during the Base Rental Period commencing July 1, 20__, is expected to be $_____;

(b) the applicable Assumed Interest Rate for the Base Rental Period commencing on July 1, 20__ is, with respect to the Series A Commercial Paper Notes, _____% per annum and, with respect to the Series B Commercial Paper Notes, _____% per annum, as calculated pursuant to the Trust Agreement;

(c) based upon the average principal amount of Commercial Paper Notes expected to be Outstanding during the Base Rental Period commencing July 1, 20__ and the applicable Assumed Interest Rate, the Assumed Interest Cost required during such Base Rental Period with respect to the Series A Commercial Paper Notes will be $_____ and the Assumed Interest Cost required during such Base Rental Period with respect to the Series B Commercial Paper Notes will be $_____;

(d) in addition to the Required Principal Reduction Amount and amounts set forth in paragraph (h) below, the City expects to repay $_____ in principal amount of Series A Commercial Paper Notes, $_____ in principal amount of Series B Commercial Paper Notes and $_____ in principal amount of the Revolving Notes during the Base Rental Period commencing on July 1, 20__;

(e) the Maximum Principal Amount as of the last day of the Base Rental Period commencing July 1, 20__ will be $_____;

(f) the Required Principal Reduction Amount for the Base Rental Period commencing July 1, 20__, is $_____;

(g) based upon the expected average principal amount of the Revolving Notes expected to be Outstanding during the Base Rental Period commencing July 1, 20__ and the applicable Assumed Interest Rate with respect to such Revolving Notes, the Assumed Interest Cost required during such Base Rental Period with respect to such Revolving Notes will be $_____;

(h) the amount of principal coming due on the Revolving Notes during the Base Rental Period commencing July 1, 20__ is $_____;

(i) the Minimum Required Rental Payment is $_____, which represents the sum of the amounts set forth in paragraphs (c), (d), (f), (g) and (h); and

(j) demand is hereby made that the City pay the Minimum Required Rental Payment as provided in Section 3.1 of the Sublease.

Dated:_____

MUNICIPAL IMPROVEMENT CORPORATION
OF LOS ANGELES

By:_____
Authorized Representative

EXHIBIT C-2

FORM OF DEBT SERVICE CERTIFICATE – ADDITIONAL COMMERCIAL PAPER NOTES

City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Natalie R. Brill

U.S. Bank National Association
[_____]
[_____]
Attention: [_____]

The Bank of Tokyo Mitsubishi UFJ, Ltd.,
acting through its New York Branch
[_____]
[_____]
Attention: [_____]

Pursuant to Section 3.1(c) of the Sublease (the "Sublease"), dated as of November 1, 2015, by and between the Municipal Improvement Corporation of Los Angeles ("MICLA") as Sublessor, and the City of Los Angeles (the "City"), as Sublessee, the undersigned hereby certifies that as of the date of issuance (the "Date of Calculation") of Commercial Paper Notes referred to in Section 3.01.(e)(i)(F) of the Trust Agreement dated as of November 1, 2015, among MICLA, the City and U.S. Bank National Association, as Trustee (as amended and supplemented from time to time, the "Trust Agreement"):

(a) the expected average principal amount of Series A Commercial Paper Notes Outstanding during the current Base Rental Period after such issuance is expected to be $_____ and the expected average principal amount of Series B Commercial Paper Notes Outstanding during the current Base Rental Period after such issuance is expected to be $_____;

(b) the applicable Assumed Interest Rate for the Base Rental Period during which the Date of Calculation occurs, as calculated pursuant to the Trust Agreement and as evidenced by the Debt Service Certificate--Annual filed by MICLA in respect of that Base Rental Period during which the Date of Calculation occurs, for the Series A Commercial Paper Notes is _____% per annum and for the Series B Commercial Paper Notes is _____% per annum;

(c) based upon the expected average principal amount of Commercial Paper Notes Outstanding during the current Base Rental Period after such issuance and the applicable Assumed Interest Rate for the Base Rental Period during which the Date of Calculation occurs, the Assumed Interest Cost required during the portion of the Base Rental Period from and after the Date of Calculation with respect to the Series A Commercial Paper Notes, will be $_____ and the Assumed Interest Cost required during the portion of the Base Rental Period from and after the Date of Calculation with respect to the Series B Commercial Paper Notes, will be $_____;

(d) the interest accrued on the Series A Commercial Paper Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____ and the interest accrued on the Series B Commercial Paper Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(e) the unpaid portion of the new Required Principal Reduction Amount for the Base Rental Period during which the Date of Calculation occurs is $_____;

(f) the Required Principal Reduction Amount paid during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(g) based upon the expected average principal amount of the Revolving Notes expected to be Outstanding during the current Base Rental Period after such issuance and the applicable Assumed Interest Rate with respect to such Revolving Notes, the Assumed Interest Cost required during the portion of the Base Rental Period from and after the Date of Calculation with respect to such Revolving Notes, will be $_____;

(h) the interest accrued on the Revolving Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(i) the amount of principal coming due on the Revolving Notes during the current Base Rental Period after such issuance is $_____;

(j) the principal paid on the Revolving Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(k) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment relating to the Commercial Paper Notes previously paid or budgeted to be paid pursuant to any previously delivered Debt Service Certificate for the Base Rental Period during which the Date of Calculation occurs is $_____;

(l) the Minimum Supplemental Rental Payment is the sum of the amounts set forth in paragraphs (c), (d), (e), (f), (g), (h), (i) and (j), less the amount set forth in paragraph (k), which is $_____; and

(m) if the amount set forth in paragraph (l) is greater than zero, demand is hereby made that the City pay forthwith the Minimum Supplemental Rental Payment; provided, however, that so long as no amount of such Minimum Supplemental Rental Payments is required to pay principal of or interest on the Notes prior to the next

Quarterly Payment Date, the City may pay such amount in accordance with Section 3.1(c) of the Sublease.

Dated:_____

MUNICIPAL IMPROVEMENT CORPORATION
OF LOS ANGELES

By:_____
Authorized Representative

EXHIBIT C-3

FORM OF DEBT SERVICE CERTIFICATE - - ADDITIONAL INTEREST AND/OR PRINCIPAL

City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Natalie R. Brill

U.S. Bank National Association
[_____]
[_____]
Attention: [_____]

The Bank of Tokyo Mitsubishi UFJ, Ltd.,
acting through its New York Branch
[_____]
[_____]
Attention: [_____]

Pursuant to Section 3.1(d) of the Sublease (the "Sublease"), dated as of November 1, 2015, by and between the Municipal Improvement Corporation of Los Angeles ("MICLA") as Sublessor, and the City of Los Angeles (the "City"), as Sublessee, the undersigned hereby certifies that as of the date hereof (the "Date of Calculation"):

(a) the amount of interest expected to accrue on Series A Commercial Paper Notes scheduled to mature during the portion of the Base Rental Period after the Date of Calculation is $_____ and the amount of interest expected to accrue on Series B Commercial Paper Notes scheduled to mature during the portion of the Base Rental Period after the Date of Calculation is $_____;

(b) the interest accrued on the Series A Commercial Paper Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____ and the interest accrued on the Series B Commercial Paper Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(c) the unpaid portion of the Required Principal Reduction Amount for the Base Rental Period during which the Date of Calculation is $_____;

(d) the Required Principal Reduction Amount paid during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(e) the amount of interest expected to accrue on the Revolving Notes (based on the applicable Assumed Interest Rate as of the Date of Calculation) during the portion of the Base Rental Period after the Date of Calculation is $_____;

(f) the interest accrued on the Revolving Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(g) the amount of principal coming due on the Revolving Notes during the portion of the Base Rental Period after the Date of Calculation;

(h) the principal paid on the Revolving Notes during the portion of the Base Rental Period prior to the Date of Calculation is $_____;

(i) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment previously paid or budgeted to be paid pursuant to any previously delivered Debt Service Certificate for the Base Rental Period during which the Date of Calculation occurs is $_____;

(j) the Minimum Supplemental Rental Payment is the sum of the amounts set forth in paragraphs (a), (b), (c), (d), (e), (f), (g) and (h), less the amount set forth in paragraph (i), which is $_____; and

(k) if the amount set forth in paragraph (j) is greater than zero, demand is hereby made that the City pay forthwith the Minimum Supplemental Rental Payment; provided, however, that so long as no amount of such Minimum Supplemental Rental Payments is required to pay principal of or interest on the Notes prior to the next Quarterly Payment Date, the City may pay such amount in accordance with Section 3.1(c) of the Sublease.

Dated:_____

MUNICIPAL IMPROVEMENT CORPORATION
OF LOS ANGELES

By:_____
Authorized Representative

Exhibit L
Series A-1/B-1 Assignment Agreement

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Hawkins Delafield & Wood LLP
333 South Grand Avenue, Suite 3650
Los Angeles, California 90071
Attention: Melanie S. Murakami, Esq.

NO DOCUMENTARY TRANSFER TAX DUE. This Assignment Agreement is recorded for the benefit of the City of Los Angeles and the recording is exempt under Section 27383 of the California Government Code and Section 11921 of the California Revenue and Taxation Code.

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") is entered into as of November 1, 2015, by and between the **MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES**, a California nonprofit public benefit corporation ("MICLA") and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (as more particularly defined in the Trust Agreement, the "Trustee") under that certain Trust Agreement dated as of November 1, 2015, among MICLA, the City of Los Angeles (the "City") and the Trustee, as amended and supplemented from time to time (the "Trust Agreement"), on behalf of the Owners of the Commercial Paper Notes and the Banks. Notwithstanding the foregoing, all references herein to the "Trustee," a "Bank," or a "Credit Facility" shall have the meanings ascribed thereto in the Trust Agreement and shall be deemed to include such party's successors or assigns or the applicable Alternate Bank or Alternate Credit Facility. Each of MICLA and the Trustee agree as follows:

1. The Site Lease and the Sublease. The City has leased to MICLA certain land, including improvements located thereon, described in paragraph 4 hereof, upon the terms and conditions, and for the term, more fully set forth in the Site Lease, dated as of November 1, 2015 (the "Site Lease"), between the City and MICLA, and MICLA has subleased that certain land, including improvements thereon, to the City upon the terms and conditions, and for the term, more fully set forth in the Sublease, dated as of November 1, 2015 (the "Sublease"), between MICLA and the City, each of which are being concurrently recorded herewith in the real property records of the Los Angeles County Recorder's Office.

2. The Trust Agreement; Assignment; Acceptance. MICLA is issuing commercial paper notes entitled "Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A-1" (the "Series A-1 Commercial Paper Notes"), commercial paper notes entitled "Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Taxable Series B-1" (the "Series B-1 Commercial Paper Notes" and together with the Series A-1 Commercial Paper Notes any other Series or Subseries of Commercial Paper Notes designated under a Supplemental Trust Agreement, the "Commercial Paper Notes") under the Trust

Agreement and the Issuing and Paying Agent Agreement. MICLA is also issuing revolving notes (the "Revolving Notes" and together with the Commercial Paper Notes, the "Notes") to the Banks to evidence the indebtedness of MICLA due and owing to such Banks under the Reimbursement Agreements (as more particularly defined in the Trust Agreement). All references herein to a Reimbursement Agreement" and "Revolving Note" shall have the meanings ascribed thereto in the Trust Agreement and shall be deemed to include any agreement with or revolving note issued to such party's successors or assigns or the applicable Alternate Bank or Alternate Credit Facility. The Commercial Paper Notes are secured, in part, by the following pledge and assignment. Pursuant to the Trust Agreement, MICLA has pledged and assigned to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, and has granted to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, a security interest in and lien on, and MICLA also hereby pledges and assigns to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, and grants to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, a security interest in and lien on, all its right, title and interest in and to the Pledged Property, including MICLA's right, title and interest in and to the Site Lease and the Sublease (except for its right to payment of expenses under Section 3.1(i) thereof, its right to indemnification under Section 11 thereof and its right to receive notices under Section 15 thereof), including its right to receive Base Rental thereunder. The Trustee hereby accepts the foregoing pledge and assignment, subject to the terms and provisions of the Trust Agreement, and all such Base Rental shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Sublease and the Trust Agreement.

3. Limitations. This Assignment Agreement shall confer no rights and impose no duties upon the Trustee beyond those expressly provided in the Trust Agreement.

4. Leased Property. The real property leased by the City to MICLA and by MICLA to the City is located in the City of Los Angeles, County of Los Angeles, State of California, and is described more fully in Exhibit A attached to this Assignment Agreement.

5. Purpose of Assignment Agreement. This Assignment Agreement is prepared for the purpose of recordation, and it in no way modifies the provisions of the Trust Agreement, the Reimbursement Agreements, the Sublease or the Site Lease.

6. Execution in Counterparts. This Assignment Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties hereto shall preserve undestroyed, shall together constitute but one and the same instrument.

7. Amendments. This Assignment Agreement may be amended only in accordance with and as permitted by the terms of Section 7.02 of the Trust Agreement.

8. Capitalized Terms. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By_____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Officer

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[See attached pages]

[INSERT NOTARY FORMS]

Exhibit M
Trust Agreement

TRUST AGREEMENT

Dated as of November 1, 2015

by and among

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES,

CITY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

RELATING TO

Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Notes
(Los Angeles Convention Center)

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TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of November 1, 2015 (this "**Trust Agreement**"), by and among the **MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES**, a California nonprofit public benefit corporation ("MICLA"), the **CITY OF LOS ANGELES**, a municipal corporation organized and existing under and pursuant to its charter and the laws of the State of California (the "City"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, MICLA is a California nonprofit public benefit corporation organized under and pursuant to its articles of incorporation and its bylaws, and is authorized pursuant thereto to provide financial assistance to the City for any municipal purpose thereof, by acquiring, financing and refinancing real and personal property, acquiring and constructing various public facilities, and leasing such real and personal property for the use, benefit and enjoyment of the public; and

WHEREAS, in order to provide short-term financing for the costs of certain improvements to the Convention Center (as defined herein), MICLA has determined to provide pursuant to its articles of incorporation and its bylaws and this Trust Agreement for the issuance of its Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) from time to time for the purpose of providing moneys which will be sufficient, among other things: (i) to pay Project Costs (as defined herein); (ii) to fund capitalized interest on the Notes (as described herein); (iii) to fund Capitalized Fees and Expenses (as defined herein); and (iv) to pay costs incurred in connection with the issuance, sale and delivery of the Commercial Paper Notes from time to time; and

WHEREAS, concurrently herewith, MICLA and the City will enter into a Site Lease, dated as of the date hereof (the "Site Lease"), pursuant to which MICLA has and will lease from the City certain land, including improvements located thereon (as more particularly defined in the Site Lease, the "Property"); and

WHEREAS, concurrently herewith, MICLA and the City will enter into a Sublease, dated as of the date hereof (the "Sublease"), pursuant to which the City will sublease the Property from MICLA; and

WHEREAS, concurrently herewith, in addition to providing funds to pay the principal of and interest on maturing Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) (or to reimburse the related Bank therefor), the City desires to finance certain improvements to the Convention Center and related expenses from time to time, including the initial capital projects and related expenses listed on Exhibit E hereto (collectively, the initial "Projects"), and has requested that, pursuant to its articles of incorporation and its bylaws, MICLA issue its Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) from time to time to provide the City with funds to finance the Projects; and

WHEREAS, in order to assist the City, MICLA has determined to provide under this Trust Agreement for the issuance of its Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) from time to time for the purpose of providing moneys which will be sufficient, among other things:; and

WHEREAS, MICLA has determined to enter into this Trust Agreement in order to provide for the authentication and delivery of the Commercial Paper Notes, to establish and declare the terms and conditions upon which the Commercial Paper Notes will be issued and secured, and to secure the payment of the principal thereof and interest thereon; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Trust Agreement do exist, have happened and have been performed in due time, form, and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Trust Agreement; and

WHEREAS, the execution and delivery of this Trust Agreement have been duly approved and authorized by resolution of the Board of Directors of MICLA; and

WHEREAS, the Trustee has accepted the trust created and established by this Trust Agreement and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the Commercial Paper Notes by the Owners thereof, the receipt and adequacy of which are hereby acknowledged, and (i) to secure the payment of all of the Commercial Paper Notes at any time issued and Outstanding hereunder and the interest thereon according to their tenor, purport and effect, to secure the obligations of MICLA to the Banks under the Reimbursement Agreements and to secure the performance and observance of all of the covenants, agreements and conditions contained therein, herein and in the Site Lease and the Sublease, MICLA, for the benefit of the Owners of the Commercial Paper Notes and the Banks, by these presents does hereby pledge and assign to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, and grants to the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, a security interest in and lien on, all its right, title and interest in and to: (a) the Site Lease; (b) the Sublease (except for its right to payment of expenses of MICLA under Section 3.1(i) of the Sublease, its right to indemnification under Section 11 of the Sublease and its right to receive notices under Section 15 of the Sublease); (c) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund and the Commercial Paper Note Proceeds Subaccounts within the Payment Account), provided that the proceeds of the sale of a Subseries of Commercial Paper Notes on deposit in any such fund or account shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility and the proceeds of any drawing or payment under a Credit Facility for a Subseries shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility; and (v) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by MICLA or by anyone on its behalf, subject only to the

provisions of this Trust Agreement, the Site Lease and the Sublease (clauses (i), (ii), (iii), (iv) and (v) of this sentence, collectively, the "Pledged Property") and the Trustee on behalf of the Owners of the Commercial Paper Notes and the Banks hereby accept the foregoing pledge and assignment, subject to the terms and provisions of this Trust Agreement.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TRUST AGREEMENT WITNESSETH:

ARTICLE I

APPOINTMENT OF TRUSTEE; DEFINITIONS

Section 1.01. Appointment of Trustee. The Trustee is hereby appointed and employed to act solely as set forth herein, to receive, hold and disburse in accordance with the terms hereof the moneys to be paid to it, to apply and disburse payments received pursuant to the Sublease to the Owners of the Commercial Paper Notes, and to perform certain other functions, all as hereinafter provided. By executing and delivering this Trust Agreement, the Trustee accepts the duties and obligations provided herein, but only upon the terms and conditions herein set forth.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 shall, for all purposes of this Trust Agreement, have the meanings set forth below. All other capitalized terms used herein without definition shall have the meanings given to such terms in the Sublease.

"Additional Property" shall have the meaning assigned to such term in Section 7.02 hereof.

"Additional Rental" means the amounts specified as such in Section 3.1(i) of the Sublease.

"Administrative Expense Account" means the account of that name established within the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Administrative Expense Subaccount" means the Series A-1 Administrative Expense Subaccount, the Series B-1 Administrative Expense Subaccount or any other applicable subaccount established within the Administrative Expense Account within the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Advance" means, with respect to a Subseries of Commercial Paper Notes, each advance or loan (whether a revolving loan or term loan) of funds made under and/or subject to the provisions contained in the applicable Credit Facility and the applicable Reimbursement Agreement with respect to such Subseries of Commercial Paper Notes.

"Alternate Bank" means, with respect to a Subseries of Commercial Paper Notes, a provider or providers of an applicable Alternate Credit Facility.

"Alternate Credit Facility" means, with respect to a Subseries of Commercial Paper Notes, an irrevocable letter of credit, a line or lines of credit, a noncancellable insurance policy or other credit facility provided by an Alternate Bank to facilitate the payment of such Subseries of Commercial Paper Notes in accordance with the provisions of Section 6.02 hereof, as such alternate credit facility may be amended or supplemented from time to time.

"Assignment Agreement" means that certain Assignment Agreement, dated as of November 1, 2015, by and between MICLA and the Trustee, on behalf of the Owners of the Commercial Paper Notes and the Banks, including any amendments or supplements thereto made or entered into in accordance with the terms hereof and of the Assignment Agreement.

"Assumed Interest Rate" means (i) for purposes of the Base Rental Period beginning on the Closing Date and ending on June 30, 2016, an interest rate equal to [_____]% per annum for the Series A Commercial Paper Notes and [_____]% per annum for the Series B Commercial Paper Notes; and (iv) for purposes of any Base Rental Period commencing on or after July 1, 2017, (1) with respect to Series A Commercial Paper Notes, 125% of (a) the amount of interest accrued on such Series A Commercial Paper Notes during the 12 months ended on the March 1 preceding the commencement of such Base Rental Period, divided by (b) the average daily balance of principal amount of such Series A Commercial Paper Notes Outstanding during the 12 months ended on the March 1 preceding the commencement of such Base Rental Period, (2) with respect to any Series B Commercial Paper Notes, 125% of 30-day LIBOR for the 12 months ended on the March 1 preceding the commencement of such Base Rental Period, and (3) with respect to any Subseries of Revolving Notes, the applicable interest rate set forth in the applicable Reimbursement Agreement.

"Authorized Denomination" means $100,000 and integral multiples of $1,000 in excess thereof.

"Bank" or "related Bank" or "Banks" means, individually and collectively, as applicable: (i) with respect to the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes, The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch or upon delivery of an Alternate Credit Facility with respect to the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes, any Alternate Bank issuing an Alternate Credit Facility with respect to the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes; and (ii) with respect to one or more Subseries of Commercial Paper Notes, a provider or providers of a Credit Facility with respect to such Subseries of Commercial Paper Notes or upon delivery of an Alternate Credit Facility with respect to such Subseries of Commercial Paper Notes, any Alternate Bank issuing an Alternate Credit Facility with respect to such Subseries of Commercial Paper Notes.

"Bank Agent" shall have the meaning assigned to such term in Section 8.10 hereof.

"Bank Reimbursement Account" means the account of that name established within the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Bank Reimbursement Subaccount" means the Series A-1 Bank Reimbursement Subaccount, the Series B-1 Bank Reimbursement Subaccount or any other applicable subaccount established within the Bank Reimbursement Account of the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Base Rental" means the amounts specified as such in Section 3.1 of the Sublease, as such amounts may be adjusted from time to time in accordance with the terms of the Sublease, but does not include Additional Rental.

"Base Rental Account" means the account of that name established within the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Base Rental Period" means the one-year period commencing on July 1 of each year and ending on the following June 30, provided that the first Base Rental Period shall commence on [the first date of issuance of Commercial Paper Notes] and end on June 30, 201[6].

"Base Rental Payment Subaccount" means the Series A-1 Base Rental Payment Subaccount, the Series B-1 Base Rental Payment Subaccount or any other applicable subaccount established within the applicable Payment Subaccount pursuant to Section 3.05 hereof.

"Business Day" means any day other than (i) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State or in New York for commercial banking purposes; (ii) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon which commercial banks are authorized or required by law or executive order to be closed in the cities and states in which demands for payment may be presented under the applicable Credit Facility supporting the repayment of the applicable Commercial Paper Notes.

"Capitalized Fees Subaccount" means the Series A-1 Capitalized Fees Subaccount, the Series B-1 Capitalized Fees Subaccount or any other applicable subaccount established within the applicable Project Account of the Project Fund pursuant to Section 3.04 hereof.

"Capitalized Fees and Expenses" means with respect to a Subseries of Commercial Paper Notes, any application, commitment, financing or refinancing, rating or similar fee charged, or reimbursement for administrative or other expenses incurred or charged by MICLA, the Trustee, the Issuing and Paying Agent, the applicable Dealers, and the related Bank, which fees and expenses are to be payable from amounts on deposit in the applicable Capitalized Fees Subaccount (as provided in Section 3.04).

"Capitalized Interest Subaccount" means the Series A-1 Capitalized Interest Subaccount, the Series B-1 Capitalized Interest Subaccount or any other applicable subaccount established within the applicable Project Account of the Project Fund pursuant to Section 3.04 hereof.

"Certificate" of MICLA or the City means, respectively, a written certificate or written request signed in the name of MICLA by its MICLA Representative or in the name of the City by its City Representative. Any such certificate or request may, but need not, be combined

in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"City" means the City of Los Angeles, California and its successors and assigns.

"City Administrative Officer" means the City Administrative Officer of the City or his or her written designee.

"City Representative" means the City Administrative Officer or any Assistant City Administrative Officer, or another officer or employee of the City duly authorized by resolution of the City Council of the City or designated by any such officer and authorized to act on behalf of the City under or with respect to this Trust Agreement and all other agreements related hereto.

"Closing Date" means the date on which this Trust Agreement is executed and delivered.

"Code" means the Internal Revenue Code of 1986, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

"Commercial Paper Note Proceeds Subaccount" means the Series A-1 Commercial Paper Note Proceeds Subaccount, the Series B-1 Commercial Paper Note Proceeds Subaccount or any other applicable commercial paper note proceeds subaccount established within the applicable Payment Subaccount pursuant to Section 3.05 hereof.

"Commercial Paper Notes" means, collectively, the Series A-1 Commercial Paper Notes, the Series B-1 Commercial Paper Notes, and any other Series or Subseries of Commercial Paper Notes designated under a Supplemental Trust Agreement.

"Convention Center" means the Convention and Exhibition Facility located upon a site within the City bounded by Chick Hearn Court/11th Street, Figueroa Street, Venice Boulevard and the Harbor Freeway.

"Costs of Issuance" means all the costs of preparing, issuing and delivering the Commercial Paper Notes and other costs related to the financing or refinancing provided thereby, including, but not limited to, all printing and document preparation expenses in connection with this Trust Agreement, the Site Lease, the Sublease, the Assignment Agreement, the Commercial Paper Notes and any offering materials pertaining to the Commercial Paper Notes; rating agency fees; CUSIP Service Bureau charges; financial advisory fees; consultant fees; market study fees; title insurance and appraisal fees; legal fees and expenses of counsel; fees and expenses (including legal expenses) of the Banks; the initial fees and expenses of the Trustee and the Issuing and Paying Agent (including without limitation, origination fees and first annual fees payable in advance); and other costs, fees and expenses incurred in connection with the execution and delivery of the Commercial Paper Notes or the implementation of the financing or refinancing provided thereby, to the extent such fees and expenses are approved by a City Representative or a MICLA Representative.

"Costs of Issuance Account" means the Series A Costs of Issuance Account, the Series B Costs of Issuance Account or any other applicable account established within the Costs of Issuance Fund pursuant to Section 3.07 hereof.

"Costs of Issuance Fund" means the account of that name established pursuant to Section 3.07 hereof.

"Credit Facility" or "applicable Credit Facility" or "Credit Facilities" means, individually and collectively, as applicable: (i) with respect to the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes, that certain irrevocable direct-pay letter of credit issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, including any amendments thereto and, upon the issuance of any Alternate Credit Facility with respect to the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes, such Alternate Credit Facility; and (ii) with respect to one or more Subseries of Commercial Paper Notes, an irrevocable letter of credit, a line or lines of credit, a noncancellable insurance policy or other credit facility provided by a provider or providers to facilitate the payment of such Subseries of Commercial Paper Notes, including any amendments thereto and, upon the issuance of any Alternate Credit Facility with respect to such Subseries of Commercial Paper Notes, such Alternate Credit Facility.

"Credit Facility Proceeds Subaccount" means the Series A-1 Credit Facility Proceeds Subaccount, the Series B-1 Credit Facility Proceeds Subaccount or any other applicable credit facility proceeds subaccount established within the applicable Payment Subaccount pursuant to Section 3.05 hereof.

"Dealer" and "Dealers" initially means, individually and collectively, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC and any co-dealer appointed by MICLA in its discretion, or any substitute, successor, alternate or additional dealer or co-dealer appointed by MICLA in its discretion with respect to the Commercial Paper Notes.

"Dealer Agreement" or "Dealer Agreements" means, individually and collectively, the dealer agreements to be entered into with the Dealers, each substantially in the form of Exhibit C attached hereto, as it may be amended, supplemented or otherwise modified from time to time, or any dealer agreement with a substitute, successor, alternate or additional dealer or co-dealer.

"Depository" means DTC or if (a) the Depository resigns from its functions as securities depository of the Commercial Paper Notes, or (b) MICLA discontinues use of the Depository pursuant to Section 2.10 hereof, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Commercial Paper Notes and which is selected by MICLA with the consent of the Trustee.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" shall have the meaning assigned to such term in Section 8.01 hereof.

"Excess Investment Earnings" [update] means an amount equal to the sum of:

(i) the excess of

(A) the aggregate amount earned on all Nonpurpose Investments (other than amounts attributable to such excess), over

(B) the amount which would have been earned if the Yield on such Nonpurpose Investments (other than amounts attributable to such excess) had been equal to the Yield on the Series A Commercial Paper Notes,

(ii) any income attributable to the excess described in clause (i).

"Fitch" means Fitch, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Funding Commitment" means, with respect to a Bank, the then available stated amount of its respective Credit Facility plus the principal amount of Advances evidenced by its Revolving Note.

"Government Obligations" means and includes any of the following securities, if and only if and to the extent the same are investments permitted by the Investment Policy: cash; State and Local Government Series notes issued by the United States Treasury; United States Treasury bills, notes and bonds as traded on the open market; zero coupon United States Treasury bonds; and interest strips of the Resolution Funding Corporation for which separation of principal and interest is made by a Federal Reserve Bank in book-entry form.

"Gross Proceeds" means the sum of the following amounts:

(i) original proceeds, namely, net amounts received by or for MICLA as a result of the sale of the Series A Commercial Paper Notes, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series A Commercial Paper Notes;

(ii) investment proceeds, namely, amounts received at any time by or for MICLA, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with the Code) of obligations issued to refund in whole or in part the Series A Commercial Paper Notes;

(iii) sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in clauses (i) and (ii) above) of the Series A

Commercial Paper Notes, which are held in any fund or account to the extent that MICLA reasonably expects to use such other fund to pay debt service on the Series A Commercial Paper Notes or to reimburse the related Bank for the payment of debt service on the Series A Commercial Paper Notes;

(iv) amounts in any fund established as a reasonably required reserve for payment of debt service on the Series A Commercial Paper Notes;

(v) amounts, other than as specified in this definition, used to pay debt service on the Series A Commercial Paper Notes; and

(vi) amounts received as a result of investing amounts described in this definition.

"Insurance and Condemnation Proceeds Fund" means the fund by that name established pursuant to Section 3.10 hereof.

"Investment Earnings" means interest received in respect of the investment of moneys on deposit in any fund or account maintained hereunder.

"Investment Policy" means the City's Investment Policy, as previously adopted and as may hereafter be amended.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations (other than specified private activity bonds as defined in Section 57(e)(5)(6) of the Code) the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuing and Paying Agent" means initially U.S. Bank National Association acting as the agent of the Trustee, or any successor trustee appointed pursuant to Article IV hereof or any other issuing and paying agent appointed pursuant to Article V hereof.

"Issuing and Paying Agent Agreement" means the Issuing and Paying Agent Agreement dated as of November 1, 2015 among U.S. Bank National Association, MICLA and the City, or any similar agreement among MICLA, the City and any successor or substitute Issuing and Paying Agent.

"Issuing and Paying Agent Fund" means the fund of that name established pursuant to Section 3.05 hereof.

"LIBOR" means the *per annum* British Bankers Association Money Market Rate for one month deposits in U.S. Dollars in the London interbank market at approximately 11:00 a.m., London time, on any date of calculation, as such rate appears on Reuters Screen LIBOR01 Page (or such other page as may replace Reuters Screen LIBOR01 Page or such other service as may be designated as the information vendor for the purpose of displaying such offered rates for U.S. Dollar deposits in the London interbank market), commencing on the first day of the applicable computation period; provided, however, that if such rate does not appear on Reuters

Screen LIBOR01 Page (or such other page replacing Reuters Screen LIBOR01 Page) for any reason whatsoever, then the applicable interest rate shall be based on a comparable index selected by MICLA with the approval of the related Bank.

"Master Note" or "Master Notes" means, individually, the Series A Master Note, the Series B Master Note or any other master note with respect to a Series of the Commercial Paper Notes, or collectively, the Series A Master Note, the Series B Master Note and any such other master note with respect to a Series of the Commercial Paper Notes.

"Maximum Base Rental" means the amounts specified as such in Section 3.1(a) of the Sublease, as such amounts may be adjusted from time to time in accordance with the terms of the Sublease, but does not include Additional Rental.

"Maximum Interest Rate" means, with respect to the Commercial Paper Notes, 10% per annum.

"Maximum Principal Amount" means $110,000,000, or such lesser principal amount of indebtedness designated by MICLA which, if it bore interest at the Maximum Interest Rate and principal and such interest were payable annually as provided in the Sublease (commencing on the first day of the first Base Rental Period to commence after the date of calculation), could be fully retired from amounts then payable by the City as Maximum Base Rental (as adjusted pursuant to the Sublease) during the remaining term of the Sublease.

"MICLA Representative" means the President of MICLA, the Treasurer or any Assistant Treasurer of MICLA or the Secretary or any Assistant Secretary of MICLA, or another officer or employee of MICLA authorized to act on behalf of MICLA under or with respect to this Trust Agreement and all other agreements related thereto by resolution duly adopted by the Board of Directors of MICLA.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"No-Issuance Notice" with respect to a Subseries of the Commercial Paper Notes means a notice from the related Bank to the Issuing and Paying Agent not to authenticate and deliver any additional Commercial Paper Notes of such Subseries.

"Nominee" means Cede & Co. or such other nominee of the Depository (which may be the Depository) as determined from time to time pursuant hereto.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Series A Commercial Paper Notes and is not acquired in order to carry out the governmental purpose of the Series A Commercial Paper Notes.

"Note" means any Commercial Paper Note or any Revolving Note, and "Notes" means the Commercial Paper Notes and the Revolving Notes.

"Note Counsel" means Hawkins Delafield & Wood LLP, at any time that Notes are outstanding bearing an opinion of such firm, or at any other time such firm or another attorney or firm of attorneys of recognized national standing in the field of public finance selected by the City.

"Outstanding" means, when used as of any particular time with respect to any Commercial Paper Notes, as the context requires, such Commercial Paper Notes theretofore issued by MICLA under this Trust Agreement, except:

(a) Commercial Paper Notes theretofore cancelled or delivered to the Issuing and Paying Agent for cancellation and, in all cases, with the intent to extinguish the debt represented thereby; and

(b) Commercial Paper Notes in lieu of, or in substitution for, which other Commercial Paper Notes have been issued and delivered under Section 2.06 hereof; and

(c) Commercial Paper Notes with respect to which all liability of MICLA shall have been discharged in accordance with Section 10.03 hereof.

"Outstanding Credit Exposure" means, as to any Bank at any time, the aggregate principal amount of outstanding Advances evidenced by its Revolving Note.

"Owner" whenever used with respect to a Commercial Paper Note, means the Person in whose name such Commercial Paper Note is registered or if such Commercial Paper Note is not in registered form, the Person who is the bearer thereof; provided, that so long as any Master Note is issued and outstanding, then, with respect to the Commercial Paper Notes, it means the Depository or its Nominee.

"Participant" means a member of, or participant in, the Depository.

"Payment Account" means the account of that name established within the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Payment Subaccount" means the Series A-1 Payment Subaccount, the Series B-1 Payment Subaccount or any other applicable subaccount established within the Payment Account of the Issuing and Paying Agent Fund pursuant to Section 3.05 hereof.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to Section 4.4 of the Sublease, permit to remain unpaid; (ii) the Sublease, as amended from time to time; (iii) the Site Lease, as amended from time to time; (iv) the Assignment Agreement, as amended from time to time; (v) any encumbrance, indebtedness and leases permitted under Section 7 of the Sublease; (vi) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law or any mechanics or other liens permitted under Section 8 of the Sublease; (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions in existence on the Closing Date (or with respect to any property that is added or substituted for any Component, as of the date any such property is added or substituted for any such Component) and included in

the exceptions and exclusions set forth in the title policies delivered pursuant to Section 4.3 of the Sublease, and as may come into existence after the Closing Date (or with respect to any property that is added or substituted for any Component, as of the date any such property is added or substituted for any such Component) which the City certifies do not materially impair the use of the Property; (viii) easements, rights of way and licenses granted to persons who develop or use the real property adjacent to the Property which the City certifies will not damage, reduce the fair market value of or materially impair the use of the Property; (ix) the leases with tenants of the Property in existence as of the Closing Date (or with respect to any property that is added or substituted for any Component, as of the date any such property is added or substituted for any such Component) and as may come into existence after the Closing Date (or with respect to any property that is added or substituted for any Component, as of the date any such property is added or substituted for any such Component); and (x) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date (or with respect to any property that is added or substituted for any Component, as of the date any such property is added or substituted for any such Component) and to which MICLA, the City and the Banks consent in writing.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Pledged Property" shall have the meaning assigned to such term in the pledge clause immediately following the introductory "WHEREAS" clauses of this Trust Agreement.

"Principal Office of the Trustee" means the corporate trust office of the Trustee located in Los Angeles, California.

"Pro Rata Basis" means, as between Subseries of the Commercial Paper Notes, pro rata among Subseries based on the aggregate principal amount of such Subseries of the Commercial Paper Notes Outstanding at such time (and, for Revolving Notes, based on the aggregate principal amount of outstanding Advances evidenced by such Revolving Notes).

"Project Account" means the Series A-1 Project Account, the Series B-1 Project Account or any other applicable account established within the Project Fund pursuant to Section 3.04 hereof.

"Project Costs" means the costs of (a) working capital; and (b) the acquisition, construction, development, financing and refinancing of improvements to the Convention Center [for the benefit of residents of the City, and surrounding areas]/[available to or for the benefit of the public, the City or any one or more departments, commissions or agencies of the City], and includes, without limitation, the costs of engineering, architectural services, plans, specification, surveys and estimates of costs, the costs of any taxes or assessments paid or to be paid in connection with the transfer of any property related to the Convention Center; the costs of any indemnity or surety bonds or other insurance with respect to the acquisition, construction, development, financing or refinancing of such improvements to the Convention Center; the costs of software, computer upgrades and consulting fees related thereto; Costs of Issuance of the Commercial Paper Notes, including without limitation, expenses relating to registering or

qualifying the Commercial Paper Notes for distribution in any jurisdiction of the United States, discounts, commissions, financing or refinancing charges and fees and expenses of underwriters, dealers (including, but not limited to, the Dealers), remarketing agents, rating agencies, attorneys, accountants, advisors and consultants, letter of credit fees payable with respect to the Commercial Paper Notes, the premium payable with respect to any insurance policy with respect to the Commercial Paper Notes, the costs of audit and any credit enhancement facility; the cost of title insurance; any reimbursement payments to MICLA or the City; fees and expenses of the Trustee and the Issuing and Paying Agent; the administrative expenses of the City and MICLA attributable to such improvements to the Convention Center, including, without limitation, compensation of officers, directors, employees, agents, attorneys, accountants and consultants of MICLA or the City and any fees and expenses of the Trustee and the Issuing and Paying Agent during construction; and such other costs, whether or not specified herein, as may be necessary or incidental to the acquisition, construction, development, financing or refinancing of such improvements to the Convention Center and any improvements thereto and the placing of the same in operation, and such other costs and expenses for changes, alterations and additions to such improvements to the Convention Center requested by MICLA or the City.

"Project Costs Subaccount" means the Series A-1 Project Costs Subaccount, the Series B-1 Project Costs Subaccount or any other applicable subaccount established within the applicable Project Account of the Project Fund pursuant to Section 3.04 hereof.

"Project Fund" means the fund by that name established pursuant to Section 3.04 hereof.

"Projects" means, collectively, the Series A-1 Projects, the Series B Projects and improvements to the Convention Center [for the benefit of residents of the City, and surrounding areas]/[available to or for the benefit of the public, the City or any one or more departments, commissions or agencies of the City] described in a supplement to the Tax Certificate or otherwise satisfying the requirements set forth therein.

"Property" shall have the meaning assigned to such term in the Sublease.

"Qualified Investments" means any of the following which at the time acquired or made are legal investments for MICLA, under applicable State of California laws and the Investment Policy (unless compliance with the Investment Policy is waived in writing by the Director of Finance of the City), for the moneys held hereunder then proposed to be invested therein:

(i) Government Obligations;

(ii) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: (A) Export-Import Bank, (B) Farm Credit System Financial Assistance Corporation, (C) Rural Economic Community Development Administration (formerly the Farmers Home Administration), (D) General Services Administration, (E) U.S. Maritime Administration, (F) Small Business Administration, (G) Government National Mortgage Association (GNMA), (H)

U.S. Department of Housing & Urban Development (PHA's), (I) Federal Housing Administration, and (J) Federal Financing Bank;

(iii) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations rated Aaa by Moody's and AAA by S&P issued by Fannie Mae or the Federal Home Loan Mortgage Corporation (FHLMC), (B) obligations of the Resolution Funding Corporation (REFCORP), (C) senior debt obligations of the Federal Home Loan Bank System, and (D) senior debt obligations of other government-sponsored agencies;

(iv) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of A-1+ by S&P and P-1 by Moody's and maturing no more than 30 days after the date of purchase, provided that a rating on a holding company is not considered to be the rating of the bank;

(v) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;

(vi) investments in a money market fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Fitch, S&P and Moody's in the highest Rating Category, which fund may include a fund for which the Trustee, its affiliates or subsidiaries provide investment, advisory or other services;

(vii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest Rating Category of Fitch, S&P and Moody's or any successors thereto;

(viii) municipal obligations rated Aaa/AAA by S&P and Moody's, and general obligation of any state of the United States of America with a rating of at least Aa2/AA or higher by both Moody's and S&P;

(ix) investment agreements with, or guaranteed by, institutions whose long-term unsecured senior debt or claims paying ability is at all times rated not less than Aa2 by Moody's and AA by S&P, supported by appropriate opinions of counsel;

(x) the Local Agency Investment Fund of the State of California, created pursuant to Section 11429.1 of the California Government Code, but only, in the case of funds held by the Trustee, to the extent any monies invested by the Trustee are subject to deposit and withdrawal solely by the Trustee;

(xi) the City's investment pool; and

(xii) other forms of investments approved by the Banks with notice to each Rating Agency.

"Quarterly Payment Date" means the Closing Date for the first Quarterly Payment Period and thereafter, each July 15, October 15, January 15 and April 15 during the term of the Sublease.

"Quarterly Payment Period" means each quarterly period ending on each Quarterly Payment Date, provided that the first Quarterly Payment Period shall commence on the Closing Date and end on January 15, 2016.

"Rating Agency" means Moody's, S&P and Fitch so long as each of them, as applicable, maintains a rating on the Commercial Paper Notes.

"Rating Category" means one of the general rating categories of Fitch, Moody's or S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Rebate Fund" means the fund of that name established pursuant to Section 3.06 hereof.

"Reimbursement Agreement" or "applicable Reimbursement Agreement" or "Reimbursement Agreements" means, individually and collectively, as applicable: (i) with respect to the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes and the related Revolving Note, that certain Letter of Credit and Reimbursement Agreement dated as of November 1, 2015, together with any related fee letter agreement, each by and among MICLA, the City and The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, as the initial Bank, as the same may be amended, supplemented or otherwise modified from time to time or other agreement executed from time to time in connection with the delivery of an Alternate Credit Facility with respect to such Subseries of the Commercial Paper Notes; and (ii) with respect to one or more Subseries of the Commercial Paper Notes and the related Revolving Note, that certain Letter of Credit and Reimbursement Agreement, together with any related fee letter agreement, each by and among MICLA, the City and the provider or providers of a Credit Facility with respect to such Subseries of Commercial Paper Notes, as the initial bank, as the same may be amended, supplemented or otherwise modified from time to time or other agreement executed from time to time in connection with the delivery of an Alternate Credit Facility with respect to such Subseries of the Commercial Paper Notes.

"Representation Letter" shall have the meaning assigned to such term in Section 2.09 hereof.

"Required Principal Reduction Amount" means, as of any date of calculation, the principal amount of Commercial Paper Notes and the related Revolving Notes, if any, that must be retired (and not refunded, reissued or remarketed) such that immediately after such retirement the aggregate principal amount of Commercial Paper Notes and the related Revolving Notes, if any, Outstanding will not exceed the Maximum Principal Amount therefor for the next succeeding Base Rental Period.

"Revolving Note" or "related Revolving Note" or "Revolving Notes" means, individually and collectively, as applicable, with respect to a Subseries of the Commercial Paper Notes, any promissory note or promissory notes issued pursuant to the provisions of this Trust Agreement and the applicable Reimbursement Agreement in evidence of Advances made by the related Bank under the applicable Reimbursement Agreement, having the terms and characteristics contained therein and issued in accordance therewith.

"Risk Manager" means the Risk Manager of the City or his or her written designee.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, an entity organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Facsimile transmission: (516) 227 4039; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the Commercial Paper Notes as the City may designate in a written request of the City filed with the Trustee.

"Series" means all of the Commercial Paper Notes authorized for issuance pursuant to this Trust Agreement and designated as being of the same series, i.e., Series A Commercial Paper Notes or Series B Commercial Paper Notes, and any Commercial Paper Notes thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for such Commercial Paper Notes as provided herein.

"Series A Commercial Paper Notes" means, so long as any Series A Master Note is issued and outstanding, each portion of indebtedness evidenced by the Series A Master Note, and, whenever there is no issued and outstanding Series A Master Note, a note substantially in the form of Exhibit A-1 hereto. Series A Commercial Paper Notes includes all Subseries thereof, including but not limited to the Series A-1 Commercial Paper Notes.

"Series A Master Note" means a Note substantially in the form of Exhibit B-1 hereto and registered in the name of the Depository thereof or its Nominee, or any successor or assign.

"Series A Projects" means collectively, the Series A-1 Projects and improvements to the Convention Center [for the benefit of residents of the City, and surrounding areas]/[available to or for the benefit of the public, the City or any one or more departments, commissions or agencies of the City] described in the Tax Certificate or otherwise satisfying the requirements set forth therein as a Project of a Subseries of the Series A Commercial Paper Notes.

"Series A-1 Commercial Paper Notes" means all of the Commercial Paper Notes authorized for issuance pursuant to this Trust Agreement and designated as Tax-Exempt Series A-1 Commercial Paper Notes, and any Commercial Paper Notes of such Subseries

thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for such Commercial Paper Notes as provided herein.

"Series A-1 Projects" means improvements to the Convention Center [for the benefit of residents of the City, and surrounding areas]/[available to or for the benefit of the public, the City or any one or more departments, commissions or agencies of the City] described in the Tax Certificate or otherwise satisfying the requirements set forth therein as a Series A-1 Project.

"Series A-1/B-1 Commercial Paper Notes" means, collectively, the Series A-1 Commercial Paper Notes and the Series B-1 Commercial Paper Notes.

"Series B Commercial Paper Notes" means, so long as any Series B Master Note is issued and outstanding, each portion of indebtedness evidenced by the Series B Master Note, and, whenever there is no issued and outstanding Series B Master Note, a note substantially in the form of Exhibit A-2 hereto. Series B Commercial Paper Notes includes all Subseries thereof, including but not limited to the Series B-1 Commercial Paper Notes.

"Series B Master Note" means a Note substantially in the form of Exhibit B-2 hereto and registered in the name of the Depository thereof or its Nominee, or any successor or assign.

"Series B Projects" means improvements to the Convention Center [for the benefit of residents of the City, and surrounding areas]/[available to or for the benefit of the public, the City or any one or more departments, commissions or agencies of the City] that are not a Series A Project.

"Series B-1 Commercial Paper Notes" means all of the Commercial Paper Notes authorized for issuance pursuant to this Trust Agreement and designated as Taxable Series B-1 Commercial Paper Notes, and any Commercial Paper Notes of such Subseries thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for such Commercial Paper Notes as provided herein.

"Site Lease" means that certain Site Lease, dated as of November 1, 2015, by and between MICLA and the City, including any amendments or supplements thereto made or entered into in accordance with the terms hereof and of the Site Lease.

"Special Tax Counsel" means Nixon Peabody LLP, at any time that Notes are outstanding bearing an opinion of such firm, or at any other time such firm or another attorney or firm of attorneys of recognized national standing in the field of public finance selected by the City.

"State" means the State of California.

"Sublease" means that certain Sublease, dated as of November 1, 2015, by and between MICLA and the City, including any amendments or supplements thereto made or entered into in accordance with the terms hereof and of the Sublease.

"Sublease Term" means the term of the Sublease as provided in Section 2 of the Sublease.

"Subseries" means all of the Commercial Paper Notes authorized for issuance pursuant to this Trust Agreement and designated as being of the same subseries within a Series of the Commercial Paper Notes, i.e., Series A-1 Commercial Paper Notes or Series B-1 Commercial Paper Notes, and any Commercial Paper Note of the same subseries thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for such Commercial Paper Notes as provided herein.

"Substituted Property" shall have the meaning given to such term in Section 7.02 hereof.

"Supplemental Trust Agreement" means any agreement amending or supplementing this Trust Agreement or another Supplemental Trust Agreement.

"Tax Certificate" means the Tax Certificate, dated the date of initial issuance of Series A Commercial Paper Notes, concerning certain matters pertaining to the use and investment of proceeds of the Series A Commercial Paper Notes, executed and delivered by MICLA and the City on the initial date of issuance of the Series A Commercial Paper Notes, including any and all exhibits attached thereto and any amendments or supplements thereto.

"Trust Agreement" means this Trust Agreement by and among MICLA, the City and the Trustee, including any amendments or supplements hereto made or entered into in accordance with the terms hereof.

"Trustee" means initially U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor trustee appointed pursuant to Article IV hereof.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Obligations which require payments in a form not characterized as principal and interest) on a Nonpurpose Obligation or on the Series A Commercial Paper Notes produces an amount equal to the purchase price of such Nonpurpose Obligation or the Series A Commercial Paper Notes, all computed as prescribed in the Code.

Section 1.03. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa. As used in this Trust Agreement, "written direction" of MICLA means a written certificate or written request signed in the name of MICLA by a MICLA Representative, but may also include a written notice transmitted electronically by e-mail from MICLA's email address to the e-mail addresses of the recipients thereof provided to MICLA; provided that any such written direction may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.04. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution and delivery of this Trust Agreement.

Section 1.05. Trust Agreement a Contract. In consideration of the acceptance of the Commercial Paper Notes by the Owners thereof, this Trust Agreement shall be deemed to be and shall constitute a contract among MICLA, the City and the Owners from time to time of all Commercial Paper Notes issued hereunder and then Outstanding to secure the full and final payment of the interest on and principal of all Commercial Paper Notes authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions herein contained.

ARTICLE II

GENERAL TERMS OF COMMERCIAL PAPER NOTES

Section 2.01. Authorization of Commercial Paper Notes, the Revolving Notes and Advances. From time to time, on or after the date of this Trust Agreement, MICLA may on any date, upon compliance with the terms of Section 3.01 hereof, execute and the Issuing and Paying Agent shall authenticate and, at the request of MICLA, shall deliver Commercial Paper Notes, the aggregate principal amount (or face amount in the case of Series B Commercial Paper Notes issued at a discount) of which at any one time Outstanding and interest accrued or to accrue thereon as of the date of such issuance, will not exceed the amount then available to be drawn under the applicable Credit Facility and, together with aggregate principal amount of all Outstanding Commercial Paper Notes plus the amount of any Advances then outstanding under the Revolving Notes, will not exceed the Maximum Principal Amount calculated as of such date. Commercial Paper Notes shall be issued for the purpose of (i) financing or refinancing Project Costs, and (ii) paying Commercial Paper Notes (and interest thereon), directly or indirectly, issued pursuant to the provisions hereof. Each Revolving Note shall be and is hereby authorized to be issued, in accordance with the terms and conditions of the applicable Reimbursement Agreement for the purpose of evidencing Advances made to pay Commercial Paper Notes of the applicable Subseries (and interest thereon) when due. Advances evidenced by a Revolving Note shall be and are hereby authorized to be drawn in accordance with the terms and conditions of such Revolving Note and the applicable Reimbursement Agreement. The authorizations hereof are all in accordance with and subject to the terms, conditions and limitations contained herein and, with respect to a Revolving Note, in the applicable Reimbursement Agreement.

Section 2.02. Terms of Commercial Paper Notes; Series.

(a) Subject to Section 3.01 of this Trust Agreement, Commercial Paper Notes to be designated "Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center)" may be issued and sold and delivered from time to time in such principal amounts as determined by a MICLA Representative in Authorized Denominations, numbered as the Issuing and Paying Agent shall determine and maturing and becoming due and payable on such dates as a MICLA Representative shall determine at the time of sale; provided, however, that no Commercial Paper Note shall (i) mature on a day that is not a Business Day, (ii) have a term in excess of two hundred seventy (270) days,

(iii) have a maturity date less than five (5) days prior to the stated expiration or termination date of the applicable Credit Facility unless MICLA shall have arranged for an Alternate Credit Facility with respect to such Subseries of the Commercial Paper Notes pursuant to Section 6.02 hereof, (iv) bear interest at a rate in excess of the Maximum Interest Rate, or (v) be subject to redemption prior to maturity.

Subject to applicable terms, limitations and procedures contained herein, Commercial Paper Notes herein authorized shall be dated as of their date of issuance and shall bear interest at such rate or rates per annum computed on the basis of actual days elapsed and on a 365-day or 366-day year, whichever is applicable, as may be determined by a MICLA Representative or, upon the written direction of a MICLA Representative (which may be provided by e-mail), or as provided in Section 3.01, the applicable Dealer; provided, however, that in no event shall the interest rate or effective yield to maturity exceed the Maximum Interest Rate. Subject to applicable terms, limitations and procedures set forth herein, Commercial Paper Notes may be sold in such manner at public or private sale and at par or, solely with respect to Series B Commercial Paper Notes, at a discount as a MICLA Representative shall approve at the time of the sale thereof. Series A Commercial Paper Notes shall be interest bearing (and not issued and sold at a discount). Series B Commercial Paper Notes may be issued and sold at a discount or may be interest bearing.

MICLA shall ensure that Commercial Paper Notes and Advances evidenced by the related Revolving Notes in an amount not less than the Required Principal Reduction Amount shall be retired and not reissued or shall be repaid or prepaid, as applicable, no later than April 15 of each Base Rental Period commencing April 15, 20[__],with any such Advances repaid or prepaid prior to retirement and nonreissuance of any such Commercial Paper Notes. The Commercial Paper Notes shall not be subject to redemption prior to maturity.

Principal of and interest on the Commercial Paper Notes shall be payable at maturity in lawful money of the United States of America in immediately available funds, at the corporate trust office of the Issuing and Paying Agent to the Owner thereof.

MICLA and the Issuing and Paying Agent may treat the Owner as the absolute owner of any Commercial Paper Note for the purpose of receiving payment thereof and for all purposes, and MICLA and the Issuing and Paying Agent shall not be affected by any notice or knowledge to the contrary.

(b) MICLA may issue Commercial Paper Notes from time to time under this Trust Agreement as Series A Commercial Paper Notes or Series B Commercial Paper Notes or any Subseries thereof.

Series A Commercial Paper Notes to be designated "Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A" shall be issued hereunder to pay Project Costs of the Series A Projects and to refinance, renew or refund the Series A Commercial Paper Notes issued pursuant to the provisions hereof. The Series A Commercial Paper Notes may be further designated by Subseries within a Series as directed by MICLA. If MICLA issues Series A Commercial Paper

Notes hereunder, then such Commercial Paper Notes shall bear the designation "Tax-Exempt Series A."

Series B Commercial Paper Notes to be designated "Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Taxable Series B" shall be issued hereunder to pay Project Costs of the Series B Projects and to refinance, renew or refund the Series B Commercial Paper Notes issued pursuant to the provisions hereof. The Series B Commercial Paper Notes may be further designated by Subseries within a Series as directed by MICLA. If MICLA issues Series B Commercial Paper Notes hereunder, then such Commercial Paper Notes shall bear the designation "Taxable Series B."

Section 2.03. Revolving Notes. Subject to the limitations contained herein and in the Reimbursement Agreements, MICLA may execute Revolving Notes in accordance with the terms of this Trust Agreement and the Reimbursement Agreements.

Section 2.04. Form of Commercial Paper Notes. So long as MICLA uses the book-entry system with respect to the Commercial Paper Notes, the Series A Commercial Paper Notes and any Subseries thereof shall be substantially in the forms set forth in Exhibit B-1 hereto and the Series B Commercial Paper Notes and any Subseries thereof shall be substantially in the forms set forth in Exhibit B-2 hereto and if MICLA determines to discontinue use of the book-entry system with respect to the Commercial Paper Notes, the Series A Commercial Paper Notes and any Subseries thereof shall be substantially in the forms set forth in Exhibit A-1 hereto and the Series B Commercial Paper Notes and any Subseries thereof shall be substantially in the forms set forth in Exhibit A-2 hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Trust Agreement and may have such letters, numbers or other marks of identification and such legends, endorsements and opinions thereon as may, consistent herewith, be approved by a MICLA Representative. Any portion of the text of any Commercial Paper Notes may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Notes.

The Commercial Paper Notes shall be printed, lithographed or engraved or produced in any other similar manner, or typewritten, all as determined and approved by a MICLA Representative.

Section 2.05. Execution and Authentication of Commercial Paper Notes. The Commercial Paper Notes shall be executed on behalf of MICLA with the signature of the President or Treasurer of MICLA. Each such signature may be executed manually or by facsimile.

In case any such officer whose signature or countersignature appears on the Commercial Paper Notes shall cease to be such officer before the Commercial Paper Notes so signed shall have been delivered, such signature or countersignature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until the delivery of the Commercial Paper Notes, and such Commercial Paper Notes shall be issued and outstanding hereunder and shall be as binding upon MICLA as though the Person who signed such Commercial Paper Notes had been such official on the date borne by the Commercial Paper

Notes and on the date of delivery. Also, any Commercial Paper Note may be signed on behalf of MICLA by such Person as at the actual date of execution of such Commercial Paper Note shall be the President or Treasurer of MICLA, as the case may be, although on the date borne by such Commercial Paper Note such Person shall not have been such official.

No Commercial Paper Note shall be entitled to any right or benefit under this Trust Agreement, or be valid or obligatory for any purpose unless there appears on such Commercial Paper Note a certificate of authentication, executed by the Issuing and Paying Agent by manual signature (which, so long as MICLA uses the book-entry system with respect to the Commercial Paper Notes, Series A Commercial Paper Notes or any Subseries thereof shall be substantially in the forms set forth in Exhibit B-1 hereto and the Series B Commercial Paper Notes or any Subseries thereof shall be substantially in the forms set forth in Exhibit B-2 hereto and if MICLA determines to discontinue use of the book-entry system with respect to the Commercial Paper Notes, the Series A Commercial Paper Notes or any Subseries thereof shall be substantially in the forms set forth in Exhibit A-1 hereto and the Series B Commercial Paper Notes or any Subseries thereof shall be substantially in the forms set forth in Exhibit A-2 hereto), and such certificate upon any Commercial Paper Note shall be conclusive evidence that such Commercial Paper Note has been duly certified or registered, if applicable, and delivered.

Section 2.06. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, MICLA, at the expense of the Owner of said Note, shall execute and deliver a new Note of like tenor in exchange and in substitution for the Note so mutilated, but only upon surrender to MICLA of the Note so mutilated. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to MICLA and the Issuing and Paying Agent and if such evidence is satisfactory to MICLA and indemnity satisfactory to the Issuing and Paying Agent, MICLA and the City has been given, MICLA shall, at the expense of the Owner, execute and deliver a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed or stolen. Any Note executed and delivered under the provisions of this Section 2.06 in lieu of any Note claimed to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Notes. Neither MICLA nor the Issuing and Paying Agent shall be required to treat both the original Note and any duplicate Note as being Outstanding for the purposes of determining the principal amount of Notes which may be issued hereunder or for any other purpose, but both the original and the duplicate Note shall be treated as one and the same.

Section 2.07. Cancellation of Notes. All Notes which at maturity are surrendered to the Issuing and Paying Agent for the collection of the principal and interest thereof, shall, upon payment, be cancelled and destroyed by the Issuing and Paying Agent, and the Issuing and Paying Agent shall forthwith transmit to MICLA a certificate identifying such Notes and stating that such Notes have been duly cancelled and destroyed.

Section 2.08. Transfer, Exchange and Registration of Notes. Whenever any Note shall be surrendered to the Issuing and Paying Agent for transfer, MICLA shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Note, of like tenor, maturity, Series and tax-exempt status and for a like aggregate principal amount. The Issuing and Paying Agent shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Any Note may be exchanged for a new

Note of like tenor, maturity, Series and tax-exempt status and for a like aggregate principal amount upon surrender thereof to the Issuing and Paying Agent. The Issuing and Paying Agent shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall keep or cause to be kept sufficient books for the registration, transfer and exchange of the Notes, which shall be available for inspection by the Issuing and Paying Agent, MICLA, any Bank and any Owner of Commercial Paper Notes, or his agent or representative duly authorized in writing, at reasonable hours, and under reasonable circumstances; and, upon presentation of any Notes for such purpose, the Trustee shall, under such reasonable procedures as it may prescribe, register, transfer or exchange, or cause to be registered, transferred or exchanged, such Notes on such books as hereinabove provided. MICLA and the Trustee may treat the person in whose name a Note is registered in the registration books kept by the Trustee as the absolute owner of such Note for the purpose of receiving payment thereof and for all purposes, and MICLA and the Trustee shall not be affected by any notice or knowledge to the contrary.

Section 2.09. Book-Entry System for Commercial Paper Notes. So long as MICLA uses the book-entry system with respect to the Commercial Paper Notes, Commercial Paper Notes of each Series and each maturity shall be initially issued and delivered in the form of a separate single fully registered Master Note, the form of which is set forth in Exhibit B-1 or B-2 hereto, as applicable. Upon initial issuance and delivery, the ownership of each such Master Note shall be registered in the name of the Nominee as nominee of the Depository.

In order to qualify the Commercial Paper Notes for the Depository's book-entry system, a MICLA Representative is hereby authorized to execute, countersign and deliver, from time to time, on behalf of MICLA to such Depository a letter or letters from MICLA representing such matters as shall be necessary to so qualify the Commercial Paper Notes (each a "Representation Letter"). The execution and delivery of a Representation Letter shall not in any way limit the provisions of this Section 2.09 hereof or in any other way impose upon MICLA any obligation whatsoever with respect to Persons having beneficial interests in the Commercial Paper Notes other than the Owners. Such Representation Letter may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of the Representation Letter, a MICLA Representative and all other officers of MICLA, and their respective designees, each are hereby authorized to take any other actions, not inconsistent with this Trust Agreement, to qualify the Commercial Paper Notes for the Depository's book-entry program.

Section 2.10. Transfers Outside Book-Entry System for Commercial Paper Notes. In the event (i) the Depository determines not to continue to act as securities depository for the Commercial Paper Notes, or (ii) MICLA determines that the Depository shall no longer so act and delivers a written certificate to the Issuing and Paying Agent to that effect, then MICLA will discontinue the book-entry system with respect to the Commercial Paper Notes with the Depository. If MICLA determines to replace the Depository with another qualified securities depository, MICLA shall prepare or direct the preparation of a new, single, separate, fully registered Master Note, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangement acceptable to MICLA and the Depository as are not inconsistent with the terms of this Trust Agreement. If MICLA fails to identify another qualified securities depository to replace the Depository, MICLA shall deliver to

the Issuing and Paying Agent for safekeeping, completion, authentication and delivery in accordance with the provisions hereof, Commercial Paper Notes executed on behalf of MICLA, in reasonable quantity, with the date of issuance, principal amount, maturity date, owner and rate of interest left blank. Each such Commercial Paper Note shall be held in safekeeping by the Issuing and Paying Agent until authenticated and issued in accordance with the provisions of Section 3.01 hereof.

Section 2.11. Draws Under Credit Facility for Commercial Paper Notes. A MICLA Representative has arranged for Credit Facilities to be delivered to the Issuing and Paying Agent with respect to the Commercial Paper Notes Outstanding, under which the Issuing and Paying Agent shall draw moneys, or demand payment, in accordance with the terms thereof in amounts necessary to make timely payment of the principal of and interest on the applicable Commercial Paper Notes upon the maturity thereof. The Issuing and Paying Agent shall deposit the moneys received with respect to each drawing or payment under a Credit Facility in the applicable Credit Facility Proceeds Subaccounts (and among applicable Credit Facility Proceeds Subaccounts, on a Pro Rata Basis) and which subaccounts shall be maintained so long as any Commercial Paper Notes of the related Subseries have not been paid. Moneys in the applicable Credit Facility Proceeds Subaccount shall not be commingled with any other moneys and shall be used and applied only to pay the principal of or interest on the applicable Subseries of Commercial Paper Notes for which the draw or payment under such Credit Facility was made and may be used and applied for no other purpose, including, without limitation, the payment of the related Revolving Note or the interest thereon. Any monies in the applicable Credit Facility Proceeds Subaccount until applied for the purposes herein provided shall be held uninvested.

Section 2.12. Priority of Moneys to Pay Commercial Paper Notes.

(a) Payment of principal of and interest on a Subseries of the Commercial Paper Notes at maturity will be derived solely from the following sources in the following order of priority:

(i) moneys drawn by the Issuing and Paying Agent under the applicable Credit Facility;

(ii) the proceeds of the sale of any Commercial Paper Notes of such Subseries; and

(iii) revenues derived from Pledged Property available for such purpose.

Section 2.13. Credit Facilities for Commercial Paper Notes. The Issuing and Paying Agent shall hold and maintain the Credit Facilities provided for the benefit of the Owners of the Commercial Paper Notes (but not the Owners of the Revolving Notes), until the expiration of such Credit Facilities. The Issuing and Paying Agent shall draw on each Credit Facility as needed to pay the principal of and interest on the Commercial Paper Notes of the applicable Subseries upon the maturity thereof, and shall diligently enforce all terms, covenants and conditions of such Credit Facility, including payment when due of any draws on, or payment demands under, such Credit Facility, and shall not consent to, agree to or permit any amendment or modification of such Credit Facility which would materially adversely affect the rights or

security of the Owners of the Commercial Paper Notes of the applicable Subseries. If at any time during the term of any such Credit Facility, any successor Issuing and Paying Agent shall be appointed and qualified under this Trust Agreement, the resigning or removing Issuing and Paying Agent shall request that the Banks transfer each such Credit Facility to the successor Issuing and Paying Agent. In no event shall the Issuing and Paying Agent's removal or resignation become effective unless and until each such Credit Facility is transferred to the successor Issuing and Paying Agent. If a Credit Facility consists of a letter of credit, then upon the expiration, termination or substitution thereof, and in accordance with its terms or the replacement thereof by an Alternate Credit Facility, the Issuing and Paying Agent shall surrender such Credit Facility to the related Bank for cancellation immediately after all Commercial Paper Notes of the applicable Subseries Outstanding prior to the effective date of such Alternate Credit Facility have been paid in full or defeased pursuant to the provisions of Section 10.03 hereof.

Section 2.14. Fiscal and Other Agents for Commercial Paper Notes; Delegation of Authority to City.

(a) In furtherance of the purposes of this Trust Agreement, the Trustee, with the prior written consent of MICLA, may from time to time appoint and provide for the payment of such additional fiscal, paying or other agents or trustees as it may deem necessary or appropriate in connection with the Notes.

(b) MICLA hereby irrevocably appoints the City as its agent in connection with the Commercial Paper Notes and authorizes the City to act on behalf of MICLA hereunder and under and with respect to the Issuing and Paying Agent Agreement, the Site Lease, the Sublease, the Assignment Agreement, the Dealer Agreements, the Credit Facilities and the Reimbursement Agreements.

ARTICLE III

ISSUANCE AND SALE; FUNDS AND ACCOUNTS

Section 3.01. Issuance and Sale of Commercial Paper Notes. At any time after the execution of this Trust Agreement, MICLA may determine to issue Commercial Paper Notes. Commercial Paper Notes of a Subseries issued for the purpose of funding a Project shall be issued in accordance with written instructions of a MICLA Representative, substantially in the form attached to this Trust Agreement as Exhibit G, delivered to the Issuing and Paying Agent by facsimile (or may be given telephonically or by e-mail with confirmation of receipt). Said instructions:

(a) shall specify such principal amounts, dates of issue, purchase price, maturities, rates of interest and other terms and conditions which are hereby authorized and permitted to be fixed by a MICLA Representative at the time of sale of such Commercial Paper Notes; provided that Series A Commercial Paper Notes shall only be issued as interest bearing (and not issued at a discount);

(b) so long as MICLA uses the book-entry system with respect to the Commercial Paper Notes, shall include a request to the Issuing and Paying Agent to debit the

purchaser's account at the Depository against credit to the Issuing and Paying Agent's account at the Depository which purchase shall then be recorded on the books and records of the Issuing and Paying Agent maintained with respect to each Master Note;

(c) if MICLA is no longer using the book-entry system with respect to the Commercial Paper Notes, shall include a request that the Issuing and Paying Agent authenticate such Commercial Paper Notes by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Commercial Paper Notes, and the rules of the New York Clearinghouse shall apply thereto;

(d) shall contain provisions representing that all action on the part of MICLA necessary for the valid issuance of such Commercial Paper Notes then to be issued has been taken, that all provisions of California law necessary for the valid issuance of such Commercial Paper Notes with provision for interest exemption from California personal income taxation have been complied with, that all provisions of federal law for the valid issuance of such Commercial Paper Notes with provision for the exclusion of interest on the Series A Commercial Paper Notes from gross income for federal income tax purposes have been complied with, and that such Commercial Paper Notes in the possession of the Owners thereof will be valid and enforceable obligations of MICLA according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and

(e) shall also certify that:

(i) each of the following conditions has been satisfied:

(A) a Dealer Agreement or Dealer Agreements shall be in full force and effect providing for the marketing of all such Commercial Paper Notes Outstanding immediately upon such issuance;

(B) the interest rate on such Commercial Paper Notes shall not exceed the Maximum Interest Rate;

(C) a Credit Facility or Credit Facilities shall be in full force and effect with respect to all such Commercial Paper Notes Outstanding immediately after such issuance in an amount sufficient to pay the principal of and accrued interest due and payable at the stated maturity of all such outstanding Commercial Paper Notes;

(D) [MICLA shall have received an opinion from Special Tax Counsel that the interest on such Commercial Paper Notes proposed to be issued will be exempt from California personal income tax and interest on the Series A Commercial Paper Notes will be excluded from gross income for federal income tax purposes];

(E) the principal amount of such Commercial Paper Notes Outstanding, plus the aggregate principal amount of all Outstanding Commercial

Paper Notes plus the amount of any Advances then outstanding under the Revolving Notes, immediately after the issuance of such Commercial Paper Notes shall not exceed the Maximum Principal Amount calculated as of the date of such issuance;

(F) if the issuance of such Commercial Paper Notes is for a purpose other than to pay the principal of and interest on maturing Commercial Paper Notes (or to reimburse the related Bank therefor), MICLA shall have issued to the City a Debt Service Certificate — Additional Commercial Paper Notes in the form of Exhibit C-2 to the Sublease reflecting the issuance of such Commercial Paper Notes and the City shall have complied with Section 3.1(c), if applicable, or Section 3.1(e) of the Sublease; and

(G) the Issuing and Paying Agent shall not have received a No-Issuance Notice with respect to such Subseries of the Commercial Paper Notes from the related Bank. If such notice is received, the Issuing and Paying Agent may only resume issuing such Commercial Paper Notes of such Subseries if it has received notice from the related Bank that the No-Issuance Notice has been rescinded and the Issuing and Paying Agent may resume delivering such Commercial Paper Notes of such Subseries;

(ii) no Event of Default as defined in Section 8.01 of this Trust Agreement with respect to such Subseries of the Commercial Paper Notes has occurred and is continuing as of the date of such instructions;

(iii) MICLA has full power and authority to perform its duties and obligations with respect to the Notes and the applicable Reimbursement Agreement;

(iv) MICLA is in compliance with its covenants set forth in Article VI hereof as of the date of such instructions; and

(v) the principal of and accrued interest due and payable at the stated maturity of Commercial Paper Notes of such Subseries to be Outstanding as of the date of such issuance does not exceed the amount then available to be drawn under the applicable Credit Facility;

With respect to Commercial Paper Notes issued to pay the principal of and interest on maturing Commercial Paper Notes (or to reimburse the related Bank therefor), unless MICLA notifies the Dealer and the Issuing and Paying Agent to the contrary in writing, MICLA hereby authorizes and directs the applicable Dealer to direct the Issuing and Paying Agent to issue Commercial Paper Notes in an amount equal to the principal of and interest on maturing Commercial Paper Notes. In such event, MICLA will be deemed to be in compliance with the requirements of Section 3.01(e) (other than Section 3.01(e)(i)(F)) unless MICLA has given notice to the Issuing and Paying Agent that it is not in compliance with those requirements.

Section 3.02. Application of Proceeds of Sale of Commercial Paper Notes.

(a) The proceeds of the sale of any Commercial Paper Notes of a Subseries that are issued for the purpose of refinancing, renewing or refunding Commercial Paper Notes (and interest thereon) shall be deposited in the applicable Commercial Paper Note Proceeds Subaccount to the extent necessary for the immediate payment of interest payments past due and then for immediate payment of principal payments past due according to the tenor of the Commercial Paper Notes of the applicable Subseries. Any remaining proceeds shall be transferred to the applicable Bank Reimbursement Subaccount, to be applied in accordance with the provisions of Section 3.05 hereof. The proceeds of the sale of any Commercial Paper Notes of a Subseries that are issued for the purpose of providing funds in an amount equal to or in excess of the amount of the Minimum Supplemental Rental Payment shall be deposited in the Base Rental Account to be applied in accordance with the provisions of Section 3.05(b) hereof. Notwithstanding the foregoing, proceeds of the sale of one Subseries of Commercial Paper Notes may be deposited in the Commercial Paper Proceeds Subaccount established with respect to another Subseries of Commercial Paper Notes upon the written direction of MICLA, and if such proceeds are from the issuance of any Series A Commercial Paper Notes or Subseries thereof and are to be deposited in any Commercial Paper Proceeds Subaccount with respect to any Series B Bonds or Subseries thereof, with an opinion of Special Tax Counsel that such issuance and deposit will not have an adverse effect on the tax-exempt status of the Series A Commercial Paper Notes outstanding immediately prior to and immediately following such issuance and deposit.

(b) The proceeds of the sale of any Commercial Paper Notes of a Subseries that are issued for the purpose of financing or refinancing Project Costs (net of all Costs of Issuance, if any, which shall be deposited in the applicable Costs of Issuance Account and applied in accordance with the provisions of Section 3.07 hereof) shall be deposited in the applicable accounts or subaccounts established pursuant to Section 3.04 below as MICLA may designate, and applied to the payment of applicable Project Costs, in accordance with the provisions of Section 3.04 hereof.

Section 3.03. Application of Proceeds of Advances. The proceeds of all Advances shall be deposited in the applicable Credit Facility Proceeds Subaccount and expended for the payment of principal of and interest on the applicable Subseries of maturing Outstanding Commercial Paper Notes in accordance with Section 3.05 hereof.

Section 3.04. Establishment and Application of Project Fund. There is hereby established in trust a special fund designated the "Project Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. The Trustee shall administer the Project Fund. Within the Project Fund, the Trustee shall establish a Series A-1 Project Account, a Series B-1 Project Account and from time to time other project accounts with respect to other Subseries of the Commercial Paper Notes. Within the Series A-1 Project Account, the Trustee shall establish following subaccounts: (i) the Series A-1 Project Costs Subaccount; (ii) the Series A-1 Capitalized Interest Subaccount, (iii) the Series A-1 Capitalized Fees Subaccount and (iv) such other accounts or subaccounts within the Series A-1 Project Account as shall be directed by MICLA in connection with any particular capital project or improvements. Within the Series B-1 Project Account, the Trustee shall

establish following subaccounts: (i) the Series B-1 Project Costs Subaccount; (ii) the Series B-1 Capitalized Interest Subaccount, (iii) the Series B-1 Capitalized Fees Subaccount and (iv) such other accounts or subaccounts within the Series B-1 Project Account as shall be directed by MICLA in connection with any particular capital project or improvements. Within any other Project Account, the Trustee shall establish a Project Costs Subaccount, a Capitalized Interest Subaccount, a Capitalized Fees Subaccount and such other accounts or subaccounts within such Project Account as shall be directed by MICLA in connection with any particular project or improvements. Each account or subaccount shall bear such additional designation as may be necessary or appropriate to distinguish it from every other account or subaccount. Moneys may be transferred from any account or subaccount to any other account or subaccount established under this Section in accordance with the written instructions of a MICLA Representative.

In connection with the issuance of a Subseries of Commercial Paper Notes, there shall be deposited in the applicable Project Costs Subaccount within the applicable Project Account of the Project Fund designated by MICLA for the purpose of paying the related Project Costs that portion of the proceeds of such Commercial Paper Notes required to be deposited therein pursuant to Section 3.02 hereof and such other amounts as specified by MICLA. The Trustee shall, from time to time, disburse money from the applicable Project Costs Subaccount to pay the related Project Costs in each case promptly after receipt of and in accordance with a written request of a City Representative in the form attached hereto as Exhibit F.

Moneys deposited in the Project Costs Subaccounts or any applicable subaccount therein shall remain therein until from time to time expended to pay for the related Project Costs and shall not be used for any other purposes whatsoever, except as otherwise provided herein. Pending such expenditure or transfer, moneys in the Project Costs Subaccounts or any applicable subaccount therein may be invested at the direction of the City Representative in Qualified Investments and with respect to any Project Costs Subaccount relating to any Series A Commercial Paper Notes or any applicable subaccount therein, subject to any investment and other limitations contained in the Tax Certificate. Unless MICLA or the City otherwise directs, any income received from such investments shall be deposited, as received, into the account from which the income is derived and used for the purposes of the account.

If the City shall certify to the Trustee that moneys are no longer required for the payment of any Project Costs and there shall remain any balance of money in the Project Fund or any account or subaccount therein, such balance shall be transferred, at the election of the City, (a) to the Base Rental Account to the extent necessary to make the amount on deposit therein equal to the amount of Minimum Required Rental Payments to become due within the next 12 months, or (b) to the Banks to pay any other amount owing to the Banks, or (c) to the City for any capital expenditure of the City whether or not related to Project Costs, or (d) to any other use desired by the City that Special Tax Counsel has determined will not adversely affect the exclusion of interest on the Series A Commercial Paper Notes from gross income for federal income tax purposes. Notwithstanding the foregoing, the City shall not cause the transfer of any amounts remaining in the any Project Costs Subaccount relating to any Series B Commercial Paper Notes to pay principal of or interest on any Series A Commercial Paper Notes, to pay for any Project Costs related to any Series A Project or to reimburse the related Bank for any Advance made to pay principal of or interest on any Series A Commercial Paper Notes unless

Special Tax Counsel has determined will not adversely affect the exclusion of interest on the Series A Commercial Paper Notes from gross income for federal income tax purposes.

The Trustee shall transfer the amounts on deposit in a Capitalized Interest Subaccount to the Issuing and Paying Agent for deposit in the applicable Base Rental Payment Subaccount to the extent necessary for the immediate payment of interest payments past due according to the tenor of the related Commercial Paper Notes plus amounts sufficient to pay the accrued interest on the related Commercial Paper Notes due and payable for the Quarterly Payment Period. Any remaining proceeds shall be transferred to the Issuing and Paying Agent for deposit in the applicable Bank Reimbursement Subaccount, to be applied in accordance with the provisions of Section 3.05 hereof.

The Trustee shall, from time to time, disburse amounts on deposit in a Capitalized Fees Subaccount for the payment of Capitalized Fees and Expenses with respect to the applicable Subseries of the Commercial Paper Notes upon receipt of, and in accordance with, a written request substantially in the form attached to this Trust Agreement as Exhibit H.

Section 3.05. Establishment and Application of Issuing and Paying Agent Fund.

(a) Simultaneously with the execution of this Trust Agreement, and pursuant to the terms of the Issuing and Paying Agent Agreement, the Issuing and Paying Agent shall establish in trust a special fund designated as the "Issuing and Paying Agent Fund," which shall be held by the Issuing and Paying Agent and which shall be kept separate and apart from all other funds and moneys held by the Issuing and Paying Agent. The Issuing and Paying Agent Fund shall be maintained by the Issuing and Paying Agent until (i) all required Base Rental is paid in full pursuant to the terms of the Sublease, or (ii) such earlier date as there are no Notes Outstanding, all Credit Facilities have terminated in accordance with their respective terms and have been surrendered to the applicable Banks for cancellation and all amounts payable to the Banks under the Reimbursement Agreements have been satisfied in full, and MICLA has notified the Issuing and Paying Agent that it does not intend to issue any additional Commercial Paper Notes. Within the Issuing and Paying Agent Fund, the Issuing and Paying Agent shall establish the following accounts and subaccounts (and may establish such additional subaccounts within such accounts as directed by a MICLA Representative):

(i) Base Rental Account;

(ii) Administrative Expense Account;

(iii) Payment Account; and

(iv) Bank Reimbursement Account.

Within the Administrative Expense Account, the Issuing and Paying Agent shall establish a Series A-1 Administrative Expense Subaccount, a Series B-1 Administrative Expense Subaccount and from time to time other administrative expense subaccounts with respect to other Subseries of the Commercial Paper Notes. Within the Payment Account, the Issuing and Paying Agent shall establish a Series A-1 Payment Subaccount, a Series B-1 Payment Subaccount and from time to time other payment subaccounts with respect to other Subseries of the Commercial

Paper Notes. Within such Payment Subaccounts, the Issuing and Paying Agent shall establish further separate subaccounts: the Series A-1 Credit Facility Proceeds Subaccount, the Series B-1 Credit Facility Proceeds Subaccount, the Series A-1 Commercial Paper Note Proceeds Subaccount, the Series B-1 Commercial Paper Note Proceeds Subaccount, the Series A-1 Base Rental Payment Subaccount and the Series B-1 Base Rental Payment Subaccount. Within the Bank Reimbursement Account, the Issuing and Paying Agent shall establish a Series A-1 Bank Reimbursement Subaccount and a Series B-1 Bank Reimbursement Subaccount.

(b) Base Rental and proceeds of rental interruption insurance with respect to the Property (if any), received by the Issuing and Paying Agent, on behalf of the Trustee, shall be deposited in the Base Rental Account. The proceeds of the sale of any Commercial Paper Notes of a Subseries that are issued for the purpose of providing funds in an amount equal to or in excess of the amount of the Minimum Supplemental Rental Payment directed to be deposited in the Base Rental Account pursuant to Section 3.02(a) hereof shall be deposited into the Base Rental Account. The Issuing and Paying Agent shall transfer moneys on deposit in the Base Rental Account to the Base Rental Payment Subaccounts to the extent necessary for the immediate payment of interest payments past due and then for immediate payment of principal payments past due according to the tenor of the related Commercial Paper Notes. To the extent the amount of Base Rental and proceeds of rental interruption insurance with respect to the Property (if any), received by the Issuing and Paying Agent, plus the amount of proceeds of the sale of any Commercial Paper Notes of a Subseries directed to be deposited in the Base Rental Account pursuant to Section 3.02(a) hereof, is insufficient to make the transfers described in the preceding sentence, such amounts shall be transferred to the Base Rental Payment Subaccounts on a Pro Rata Basis. As required by Section 3.02(f)(i)(A) hereof, moneys on deposit in the Base Rental Account shall be transferred to the applicable Base Rental Payment Subaccount(s) to the extent necessary to pay the payment of principal of and interest, if any, on the applicable Subseries of maturing Commercial Paper Notes in accordance with the terms of this Trust Agreement. To the extent the amount of Base Rental and proceeds of rental interruption insurance with respect to the Property (if any), received by the Issuing and Paying Agent, plus the amount of proceeds of the sale of any Commercial Paper Notes of a Subseries directed to be deposited in the Base Rental Account pursuant to Section 3.02(a) hereof, is insufficient to make the transfers described in the preceding sentence, such amounts shall be transferred to the Base Rental Payment Subaccounts on a Pro Rata Basis. As required by Section 3.02(f)(ii)(B) hereof, moneys on deposit in the Base Rental Account shall be transferred to the applicable Bank Reimbursement Subaccount(s) to the extent necessary to pay the interest and principal then due and payable with respect to the any Revolving Note. As required by Section 3.02(f)(ii)(C) hereof, moneys on deposit in the Base Rental Account shall be transferred to the Bank Reimbursement Subaccounts on a Pro Rata Basis, first for the payment of accrued and unpaid interest then due and payable, and, second, for the payment of principal then due and payable, in each case, under all Revolving Notes. Any delinquent Base Rental payments and any proceeds of rental interruption insurance with respect to the Property shall be deposited in the Base Rental Account and transferred to the Base Rental Payment Subaccounts on a Pro Rata Basis. Any remaining money representing delinquent Base Rental payments and any proceeds of rental interruption insurance shall remain on deposit in the Base Rental Account to be applied in the manner provided herein.

(c) Additional Rental, if any, with respect to the Property received by the Issuing and Paying Agent from the City, shall be deposited in the Administrative Expense Account (and among Administrative Expense Subaccounts, on a Pro Rata Basis). The Issuing and Paying Agent shall disburse money from the Administrative Expense Subaccounts on such dates and in such amounts as are necessary to pay all expenses of MICLA or the City (not otherwise paid or provided for out of the proceeds of the sale of the Commercial Paper Notes or paid from the Project Fund or the Costs of Issuance Fund), incidental to the execution and delivery of the Commercial Paper Notes, including but without limiting the generality of the foregoing: fees, costs and expenses of the Trustee and the Issuing and Paying Agent, fees, costs and expenses of the related Bank as required under the applicable Reimbursement Agreement, applicable Dealer fees and expenses and other necessary administrative charges of MICLA or the City and for any other lawful purpose of MICLA or the City in accordance with the Tax Certificate, in each case, in accordance with a written payment request of a City Representative in the form attached hereto as Exhibit D.

(d) There shall be deposited into the applicable Payment Subaccount and the subaccounts within such Payment Subaccounts all amounts directed to be deposited therein pursuant to Sections 3.02 and 3.03 hereof and all amounts required to be deposited therein pursuant to subsection (b) above.

(e) There shall be deposited into the applicable Bank Reimbursement Subaccount all amounts directed to be deposited therein pursuant to Sections 3.02(a) and 3.04 hereof and paragraph (b) above, to be transferred to the applicable Bank Reimbursement Subaccounts to the extent necessary for the immediate payment of interest payments past due and then for immediate payment of principal payments past due according to the tenor of the related Revolving Notes plus amounts sufficient to pay the principal of and accrued interest on the related Revolving Notes due and payable for the applicable Quarterly Payment Period.

(f) Amounts on deposit in the various accounts of the Issuing and Paying Agent Fund shall be expended as follows:

(i) On the maturity date of any Commercial Paper Note:

(A) the Issuing and Paying Agent shall apply moneys on deposit in the applicable Payment Subaccount to the payment of principal of and interest, if any, on the applicable Subseries of maturing Commercial Paper Notes in accordance with the terms of this Trust Agreement and from the subaccounts within such Payment Subaccount in the following order: first, from the applicable Credit Facility Proceeds Subaccount, second, from the applicable Commercial Paper Note Proceeds Subaccount and third, from the applicable Base Rental Payment Subaccount;

(B) the Issuing and Paying Agent shall apply amounts on deposit in the applicable Bank Reimbursement Subaccount that have been deposited pursuant to Section 3.02(a) or 3.05(b) to reimburse the related Bank for Advances made to pay the principal of and the interest on the applicable Subseries of maturing Commercial Paper Notes; and

(C) the Issuing and Paying Agent shall apply amounts on deposit in the applicable Bank Reimbursement Subaccount that have been transferred from the applicable Capitalized Interest Subaccount to reimburse the related Bank for Advances made to pay the interest on the applicable Subseries of maturing Commercial Paper Notes.

(ii) On the date any payment is due under any Revolving Note:

(A) the Issuing and Paying Agent shall apply moneys on deposit in the applicable Bank Reimbursement Subaccount to the payment of the interest and principal then due and payable with respect to such Revolving Note in accordance with its terms and the applicable Reimbursement Agreement;

(B) subject to clause (C) below, if after application of all amounts on deposit in the applicable Bank Reimbursement Subaccount, any interest or principal then due with respect to such Revolving Note remains due and payable, the Issuing and Paying Agent shall transfer from the Base Rental Account to the applicable Bank Reimbursement Subaccount an amount which equals the interest and principal remaining due and payable with respect to such Revolving Note, for application to the payment of such interest or principal remaining due and payable with respect to such Revolving Note in accordance with its terms and the applicable Reimbursement Agreement; and

(C) if principal of or interest on one or more Revolving Notes is due and payable on such date and the aggregate amount on deposit in all of the Bank Reimbursement Subaccounts is insufficient to pay all principal and interest then due and payable under all Revolving Notes, then the amounts in the Base Rental Account shall be transferred to the Bank Reimbursement Subaccounts on a Pro Rata Basis, first for the payment of accrued and unpaid interest then due and payable and, second, for the payment of principal then due and payable, in each case, under all Revolving Notes.

(iii) No later than each April 15, commencing April 15, 20[__], the Issuing and Paying Agent shall transfer from the Base Rental Account to the Bank Reimbursement Subaccounts, on a Pro Rata Basis, such amount as shall be necessary to repay or prepay Advances evidenced by the related Revolving Note or to reimburse the related Bank for any Advances evidenced by the related Revolving Note made to retire the applicable Subseries of maturing Commercial Paper Notes, with any such Advances repaid or prepaid prior to retirement of any such maturing Commercial Paper Notes, in an aggregate amount not less than the Required Principal Reduction Amount calculated for the then current Base Rental Period. Any amounts remaining in the Base Rental Account on June 30 of each year following such transfer and the other transfers required by this Section 3.05 (other than any remaining money representing delinquent Base Rental payments and any proceeds of rental interruption insurance which shall remain on deposit in the Base Rental Account), taking into account the accrued and unpaid interest on the applicable Commercial Paper Notes that will paid during the next succeeding Quarterly Payment Period (which shall be retained in the Base Rental Account), shall be applied, at

the direction of the City, to pay any outstanding Advances evidenced by the Revolving Notes, to pay any Advances evidenced by Revolving Notes made to retire additional Commercial Paper Notes of the applicable Subseries (and interest thereon) or for any lawful purpose of the City (in which case such amount shall be transferred to or upon the direction of the City). In the event that the City does not provide the Issuing and Paying Agent with any direction, the Issuing and Paying Agent shall remit such remaining amounts on deposit in the Base Rental Account to the City.

(g) Any proceeds of the sale of any Subseries of Commercial Paper Notes deposited in any subaccount of the Bank Reimbursement Account pursuant to Section 3.02(a) hereof may be transferred to the applicable Base Rental Payment Subaccount to the extent necessary for the immediate payment of interest payments past due and then for immediate payment of principal payments past due according to the tenor of the related Commercial Paper Notes.

(h) Any amounts transferred from the Base Rental Account to any subaccount of the Bank Reimbursement Account and not used to repay or prepay Advances evidenced by the related Revolving Note or to reimburse the related Bank for any Advances evidenced by the related Revolving Note pursuant to Section 3.05(f)(iii) hereof may be transferred to the applicable Base Rental Payment Subaccount to the extent necessary for the immediate payment of interest payments past due and then for immediate payment of principal payments past due according to the tenor of the related Commercial Paper Notes.

Section 3.06. Establishment and Application of Rebate Fund. [Update]

(a) General. The Trustee shall establish a special fund designated the "Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien under this Trust Agreement and shall be governed by this Section and Section 6.04 of this Trust Agreement and by the Tax Certificate. The Trustee shall be deemed conclusively to have complied with the Rebate Requirement if it follows the directions of MICLA, and shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by MICLA with the Rebate Requirement.

(b) Deposits.

(i) Within 45 days of the end of each Note Year (as such term is defined in the Tax Certificate), (A) MICLA shall calculate or cause to be calculated with respect to the Series A Commercial Paper Notes the amount that would be considered the "rebate amount" within the meaning of Section 1.148 3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Note Year, and (B) upon MICLA's written direction, the Trustee shall deposit to the Rebate Fund from deposits from or on behalf of MICLA, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated.

(ii) The Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section.

(iii) MICLA shall not be required to calculate the "rebate amount," and the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Series A Commercial Paper Notes (including amounts treated as proceeds of the Series A Commercial Paper Notes) (A) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (B) to the extent such proceeds are subject to an election by MICLA under Section 148(f)(4)(C)(vii) of the Code to pay a 1½% penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (C) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, MICLA shall provide written direction to the Trustee that the Trustee shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Withdrawal Following Payment of Series A Commercial Paper Notes. Any funds remaining in the Rebate Fund after payment of all the Series A Commercial Paper Notes outstanding at any time and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees to the Trustee, shall be withdrawn by the Trustee and remitted to MICLA.

(d) Withdrawal for Payment of Rebate. Upon MICLA's written direction, but subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the Trustee shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Note Year, and (ii) each fifth Note Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Note Year in accordance with Section 1.148 3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Series A Commercial Paper Notes at any time outstanding, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148 3 of the Treasury Regulations.

(e) Rebate Payments. Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be completed by or on behalf of MICLA and provided to the Trustee.

(f) Deficiencies in the Rebate Fund. In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, MICLA shall calculate the amount of such deficiency and direct the Trustee to deposit an amount received from MICLA equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(g) Withdrawals of Excess Amounts. In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, upon written instructions from MICLA, the Trustee shall withdraw the excess from the Rebate Fund and credit such excess to the Base Rental Account.

(h) Record Keeping. MICLA shall retain records of all determinations made hereunder until six years after the complete retirement of the Series A Commercial Paper Notes.

(i) Survival of Defeasance. Notwithstanding anything in this Trust Agreement to the contrary, the Rebate Requirement shall survive the payment in full of all Series A Commercial Paper Notes.

Section 3.07. Costs of Issuance Fund. There is hereby established in trust a special fund designated the "Costs of Issuance Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. Within the Costs of Issuance Fund, the Trustee shall establish a Series A Costs of Issuance Account and a Series B Costs of Issuance Account. In connection with the issuance of a Series of Commercial Paper Notes, there shall be deposited in the applicable Costs of Issuance Account that portion of the proceeds of such Commercial Paper Notes required to be deposited therein pursuant to Section 3.02 hereof and such other amounts as specified by the City. The Trustee shall disburse money from the applicable Costs of Issuance Account on such dates and in such amounts as are necessary to pay the applicable Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written payment request of a City Representative in the form attached hereto as Exhibit D, together with invoices therefor. Pending such expenditure, moneys in said fund may be invested at the written direction of the City Treasurer on behalf of the City, with a copy to the City Representative, in Qualified Investments and, with respect to the Series A Costs of Issuance Account, subject to any investment and other limitations contained in the Tax Certificate. Any income received from such investments shall be retained therein. All moneys remaining in the Costs of Issuance Fund or any account or subaccount therein on the date which is six months following their date of deposit therein (or such earlier date as MICLA may direct the Trustee in writing) shall be transferred by the Trustee to the applicable Project Costs Subaccounts, as designated by MICLA, provided that the Trustee shall notify MICLA in writing of its intention to transfer any remaining amounts not less than 30 days prior to the

transfer date, and shall not make such transfer or transfers without first receiving a written direction of MICLA to do so, which direction shall include instructions as to the applicable Project Costs Subaccounts to which such remaining moneys are to be transferred. Notwithstanding anything to the contrary herein, no amounts remaining in the Series A Cost of Issuance Account may be transferred to any Project Costs Subaccount relating to any Series B Commercial Paper Notes.

Section 3.08. Surplus. Subject to the limitations contained in the Tax Certificate, after (a) payment or provision for payment of all amounts due with respect to the Commercial Paper Notes, the payment of all amounts due with respect to the Revolving Notes and all other amounts payable under the Reimbursement Agreements, and payment of all fees and expenses of the Trustee, and (b) the transfer of any additional amounts required to be deposited into the Rebate Fund pursuant to the written instructions from a MICLA Representative or a City Representative in accordance with Section 3.06 hereof and the Tax Certificate, any amounts remaining in any of the funds or accounts established hereunder (other than in the Rebate Fund) and not required for such purposes shall after payment of any amounts due to the Trustee be remitted to the City and used for any lawful purpose.

Section 3.09. Additional Rental. In the event the Trustee receives Additional Rental pursuant to the Sublease, such Additional Rental shall be applied by the Trustee solely to the payment of any amounts in respect of which such Additional Rental was received, and shall not be commingled in any way with any other funds received by the Trustee pursuant to the Sublease or this Trust Agreement.

Section 3.10. Repair or Replacement; Application of Insurance Proceeds and Condemnation Awards. If any portion of the Property shall be damaged or destroyed, or shall be taken by eminent domain proceedings, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement, unless the City elects not to repair or replace the Property in accordance with the provisions of this Section 3.10.

All proceeds of insurance (including any rental interruption) received in respect of destruction of or damage to any portion of any Component by fire, earthquake or other casualty or event shall be paid to the Trustee for application as set forth below.

There shall be established in trust a special fund designated the "Insurance and Condemnation Proceeds Fund" which shall be held by the Trustee and which shall be kept separate and apart from all other funds and moneys held by the Trustee. The Trustee shall administer the Insurance and Condemnation Proceeds Fund. The Trustee shall deposit all insurance proceeds, condemnation awards and other damage payments with respect to the Property as set forth below.

The proceeds of any insurance (other than any rental interruption, which shall be transferred by the Trustee to the Issuing and Paying Agent, on behalf of the Trustee, for deposit in the Base Rental Account pursuant to Section 3.05(b) hereof), including the proceeds of any self-insurance fund and of any condemnation award, received on account of any damage,

destruction or taking of the Property or portion thereof shall as soon as possible be deposited in the Insurance and Condemnation Proceeds Fund which it shall establish upon such deposit and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or affected portion thereof upon receipt of a written request of a City Representative. Pending such application, such proceeds shall be invested by the Trustee solely at the written direction of a City Representative in Qualified Investments that mature not later than the date such moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, a City Representative shall, within 180 days of the occurrence of the event of damage, destruction or taking, notify the Trustee in writing of whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement. If the City elects to replace or repair the Property or portions thereof, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of damage, destruction or taking that results in an abatement of rental payments pursuant to Section 3.5 of the Sublease, then the City shall be required to repair or replace any Component which is destroyed or damaged to such an extent that there is substantial interference with the use and possession of such Component by the City which would result in an abatement of Rental Payments or any portion thereof pursuant to Section 3.5 of the Sublease, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement; *provided, however*, that the City shall not be required to repair or replace any Component pursuant to Section 4.1 of the Sublease if there shall be applied to the payment and retirement of Outstanding Notes insurance proceeds, condemnation proceeds or other legally available funds sufficient to pay and retire Notes Outstanding and to pay other amounts owing to the Banks such that (i) the Notes Outstanding following the application of such amounts does not exceed the Maximum Principal Amount (as modified assuming the termination of the Sublease with respect to such damaged, destroyed or taken Component pursuant to Section 5.1 or 6.1 of the Sublease, as applicable, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease) and (ii) the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to Section 3.1 of the Sublease in any Fiscal Year following the application of such amounts are sufficient to pay in such Fiscal Year the principal of and interest on an aggregate principal amount of Notes assuming such Notes are Outstanding in an aggregate principal amount equal to the Maximum Principal Amount (as modified assuming the termination of the Sublease with respect to such damaged, destroyed or taken Component pursuant to Section 5.1 or 6.1 of the Sublease, as applicable, and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease), to the extent due and payable in any such subsequent Fiscal Year following the application of such amounts. Any amounts received by the Trustee under this Section 3.10 in excess of the amount needed to either repair or replace a damaged, destroyed or taken portion of the Property shall be transferred to the Base Rental Account to the extent of any delinquent Base Rental, with the remainder, if any, transferred to the City. In the event of the retirement of Commercial Paper Notes in connection with the damage, destruction or taking of any of the Property, the City shall direct the Issuing

and Paying Agent not to issue new Commercial Paper Notes to pay the principal of and interest on such maturing Commercial Paper Notes to be so retired as determined by the City.

Section 3.11. Title Insurance. All proceeds of any policy of title insurance received in respect of the Property shall be paid to the Trustee for application as set forth below. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall as soon as possible be deposited in the Insurance and Condemnation Proceeds Fund which it shall establish upon such deposit and applied and disbursed by the Trustee as follows:

(a) If MICLA and the City (i) determine that the title defect giving rise to such proceeds has not materially affected the use and possession of the Property and will not result in any abatement of Base Rental payable by the City under the Sublease, and (ii) have provided the Trustee with written evidence of such determination, such proceeds shall be remitted to the City.

(b) If MICLA and the City determine that such title defect will result in an abatement of Base Rental payable by the City under the Sublease, then the Trustee shall apply such amounts to the payment and retirement of Notes Outstanding and to pay other amounts owing to the Banks such that (i) the Notes Outstanding following the application of such amounts does not exceed the Maximum Principal Amount (as modified to disregard the Property subject to such title defect and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease) and (ii) the resulting Base Rental payments on the unaffected portions of the Property payable pursuant to Section 3.1 of the Sublease in any Fiscal Year following the application of such amounts are sufficient to pay in such Fiscal Year the principal of and interest on an aggregate principal amount of Notes assuming such Notes are Outstanding in an aggregate principal amount equal to the Maximum Principal Amount (as modified to disregard the Property subject to such title defect and assuming the corresponding adjustment to Maximum Base Rental for each Base Rental Period during the remainder of the term of the Sublease), to the extent due and payable in any such subsequent Fiscal Year following the application of such amounts. Any amounts received by the Trustee under this Section 3.11 in excess of the amount needed to either repair or replace a damaged, destroyed or taken portion of the Property shall be transferred to the Base Rental Account to the extent of any delinquent Base Rental, with the remainder, if any, transferred to the City. In the event of the retirement of Commercial Paper Notes in connection with the damage, destruction or taking of any of the Property, the City shall direct the Issuing and Paying Agent not to issue new Commercial Paper Notes to pay the principal of and interest on such maturing Commercial Paper Notes to be so retired as determined by the City.

Section 3.12. Application of Amounts After Default by City. All damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under Section 12 of the Sublease, after a default by the City thereunder or hereunder, shall, after payment of all reasonable fees and expenses of the Trustee related to the enforcement of remedies, including without limitation, the reasonable fees and expenses of its attorneys, be deposited into the Base Rental Account and applied in the manner specified herein.

Section 3.13. Held in Trust. The moneys and investments held by the Trustee hereunder are irrevocably held in trust for the purposes herein specified, and such moneys and

investments, and any income or interest earned thereon, shall be expended only as provided herein, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of (i) MICLA, (ii) the City, (iii) the Trustee, (iv) any Owner, or (v) any beneficial owner of Commercial Paper Notes except as provided herein.

Section 3.14. Investments Authorized. Except as otherwise provided herein, moneys held by the Trustee or the Issuing and Paying Agent in any fund or account hereunder shall be invested by the Trustee or the Issuing and Paying Agent, as applicable, in Qualified Investments pending application as provided herein, solely at the written direction of the City Treasurer on behalf of the City, with a copy to the City Representative, shall be registered in the name of the Trustee or the Issuing and Paying Agent, as applicable, and shall be held by the Trustee or the Issuing and Paying Agent as applicable. Notwithstanding the foregoing, funds held in any Credit Facility Proceeds Subaccount or Commercial Paper Note Proceeds Subaccount shall be held uninvested. The Trustee or the Issuing and Paying Agent, as applicable, shall notify the City not less than two (2) Business Days prior to the date moneys held hereunder are available for investment requesting that the City deliver to the Trustee or the Issuing and Paying Agent, as applicable, a written request of the City Treasurer on behalf of the City, with a copy to the City Representative, specifying the Qualified Investments to be acquired by the Trustee or the Issuing and Paying Agent, as applicable, with such moneys. In the absence of such direction, the Trustee or the Issuing and Paying Agent shall invest in Qualified Investments described in clause (vi) of the definition thereof. Moneys held in any fund or account hereunder may be commingled for purposes of investment only. Unless otherwise directed by a Certificate of MICLA or the City Treasurer on behalf of the City, with a copy to the City Representative, in accordance with this Trust Agreement and the Tax Certificate, the Trustee and the Issuing and Paying Agent shall retain all Investment Earnings on amounts on deposit in the funds and accounts held by each in the funds and accounts from which such Investment Earnings were derived.

The Trustee or the Issuing and Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, or other person with which it may share an economic interest investments authorized by this Section 3.14, provided that the Trustee has given prior notice to the City of its intent to do so. The Trustee and the Issuing and Paying Agent may act as agent in the making or disposing of any investment.

The Trustee, the Issuing and Paying Agent or any of their affiliates may act as agent, sponsor or advisor in connection with any investment made by the Trustee or the Issuing and Paying Agent hereunder.

For the purpose of determining the amount in any fund or account hereunder all Qualified Investments shall be valued on June 30 of each year at the cost thereof (or more frequently as directed in writing by the City or as required in the definition of Qualified Investments with respect to certain Qualified Investments). The Trustee or the Issuing and Paying Agent may, at the written direction of the City Treasurer on behalf of the City, with a copy to the City Representative, sell at any price obtainable, or present for redemption, any Qualified Investment purchased by the Trustee or the Issuing and Paying Agent whenever it shall be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee and the Issuing and Paying

Agent shall not be liable or responsible for any loss resulting from such investment or sale (including, without limitation, not obtaining the highest possible price), except any loss resulting from its own negligence or willful misconduct.

Section 3.15. Reports. The Trustee and the Issuing and Paying Agent shall each furnish monthly to MICLA a report, which may be its customary account statements, of all investments made by the Trustee and the Issuing and Paying Agent, as applicable, and of all amounts on deposit in each fund and account maintained hereunder.

Section 3.16. Limited Obligation of Commercial Paper Notes. The Commercial Paper Notes are special limited obligations of MICLA and principal thereof and interest thereon are payable solely from the Pledged Property available for such purpose and moneys drawn by the Issuing and Paying Agent under the applicable Credit Facility as provided herein, and MICLA is not obligated to pay such principal or interest except from the Pledged Property available for such purpose.

ARTICLE IV

THE TRUSTEE

Section 4.01. Compensation and Indemnification of Trustee. MICLA shall from time to time, on demand, pay to the Trustee reasonable compensation for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. To the extent permitted by law, compensation and reimbursement to the Trustee shall not be limited by any statutory provisions which limit compensation to trustees of express trusts.

To the extent permitted by law, MICLA further covenants and agrees to indemnify and save the Trustee and its authorized officers, directors, agents and employees, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees.

Notwithstanding any other provision of this Trust Agreement, the provisions of this Section 4.01 shall survive the satisfaction and discharge of this Trust Agreement or the appointment of a successor trustee.

Section 4.02. Removal of Trustee. MICLA at the written direction of the City, at any time, provided no Event of Default has occurred and is continuing, or the Owners of a majority in aggregate principal amount of all Notes then Outstanding at any time may by written request for any reason, remove the Trustee and any successor thereto, and shall thereupon, with the consent of the Banks, appoint a successor or successors thereto, but any such successor shall be a bank or trust company having (or be a member of a bank holding company system with a

bank holding company which has) a combined capital (exclusive of borrowed capital) and surplus of at least $100,000,000 and shall be subject to supervision or examination by federal or state banking authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 4.02 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Section 4.03. Resignation of Trustee. The Trustee or any successor may at any time resign by giving 60 days' prior written notice to MICLA and the City and by giving mailed notice to the Banks, the Dealers and the Owners of its intention to resign and of the proposed date of resignation.

Upon receiving such notice of resignation, MICLA shall, at the direction of the City and with the consent of the Banks, promptly appoint a successor Trustee by an instrument in writing; *provided, however*, that in the event MICLA fails to appoint a successor Trustee within 90 days following receipt of such written notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor. Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Any successor Trustee approved by MICLA, the City, the Banks, or any court shall satisfy the qualifications set forth in Section 4.02 hereof.

Section 4.04. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 4.02 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 4.05. Protection and Rights of the Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiving of all events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Trust Agreement and the Trustee shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trustee shall be protected and shall incur no liability in acting upon or processing in good faith any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult

with counsel, who may or may not be counsel to MICLA or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith reliance thereon.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Commercial Paper Notes at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or relating to the exercise of any trust or power conferred upon the Trustee under this Trust Agreement.

Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Commercial Paper Notes, or as to the existence of a default or Event of Default thereunder.

Whenever in the administration of its duties under this Trust Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of a MICLA Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement in good faith reliance thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may become an Owner or a pledgee of any Commercial Paper Notes with the same rights it would have if it were not the Trustee; may acquire and dispose of bonds or other evidences of indebtedness of MICLA and enforce its rights as owner thereof to the same extent as if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding.

The recitals, statements and representations by MICLA contained in this Trust Agreement or in the Commercial Paper Notes shall be taken and construed as made by and on the part of MICLA and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any such recital, statement or representation.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties hereunder.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder

or in the exercise of any of its rights or powers if the repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it.

Every provision of this Trust Agreement, the Sublease and any other document related to the Commercial Paper Notes relating to the conduct or liability of the Trustee shall be subject to the provisions of this Trust Agreement, including without limitation, this Article.

In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee hereunder and not in its individual or personal capacity, and all Persons, including without limitation the Owners, MICLA and the City, having any claim against the Trustee shall look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual or personal capacity for the obligations evidenced by the Commercial Paper Notes.

The Trustee makes no representation or warranty, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City or MICLA of the Property or any portion thereof, or any other representation or warranty with respect to the Property or any portion thereof. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with this Trust Agreement, the Sublease or the Site Lease or the existence, furnishing or functioning of the Property or the City's use of the Property.

Before taking any action under Article VIII hereof or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all reasonable fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

The Trustee shall not be responsible for any information in, or the content of any offering memoranda or other disclosure documents prepared in connection with the Commercial Paper Notes.

The Trustee may accept, hold and draw upon a Credit Facility issued by itself or by any of its corporate affiliates to provide security and a source of payment for Outstanding Commercial Paper Notes. The Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision herein to the contrary, while a Bank issuing a Credit Facility is the Trustee or an affiliate of the Trustee and such Bank has not failed to honor a properly presented draw on the applicable Credit Facility, the Trustee shall have no discretion with respect to the exercise of remedies upon an event of default hereunder and shall do so only upon the written direction of such Bank in accordance with Article VIII. The Trustee shall take prompt steps to resign as Trustee pursuant to the provisions of Section 4.03 hereof if such affiliated Bank shall fail at any time to honor a properly presented draw on the applicable Credit Facility.

Section 4.06. Trustee to Act as Set Forth Herein. The Trustee has the power to receive, to hold in accordance with the terms hereof and to disburse the money to be paid pursuant to the Sublease and this Trust Agreement. The Trustee has no power to vary, alter or

substitute the Sublease or the corpus of any trust created hereby or pursuant to the Sublease or this Trust Agreement at any time, except as specifically authorized herein.

Section 4.07. Certain Procurement Requirements. In its performance of this Trust Agreement, (a) the Trustee shall be subject to the provisions of Los Angeles Administrative Code Section 10.8.2 relating to non-discrimination in its employment practices, and (b) at such time the Trustee becomes subject to the provisions of Los Angeles Administrative Code Section 10.10 and California Family Code Section 5230, the Trustee agrees to comply with such laws.

ARTICLE V

THE ISSUING AND PAYING AGENT

Section 5.01. Duties, Immunities and Liabilities of Issuing and Paying Agent.

(a) MICLA hereby appoints U.S. Bank National Association, as the initial Issuing and Paying Agent. The Issuing and Paying Agent shall perform such duties and only such duties as are specifically set forth herein and in the Issuing and Paying Agent Agreement and exercise such of the rights and powers vested in it herein and therein.

(b) MICLA may remove the Issuing and Paying Agent at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Issuing and Paying Agent if at any time the Issuing and Paying Agent shall cease to be eligible in accordance with subsection (e) of this Section 5.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Issuing and Paying Agent or its property shall be appointed, or any public officer shall take control or charge of the Issuing and Paying Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Issuing and Paying Agent and the Banks, and thereupon shall appoint, with the consent of the Banks, a successor Issuing and Paying Agent by an instrument in writing.

(c) The Issuing and Paying Agent may at any time resign by giving 60 days' prior written notice of such resignation to MICLA, the Dealers and the Banks. Upon receiving such notice of resignation, MICLA shall, at the direction of the City and with the consent of the Banks, promptly appoint a successor Issuing and Paying Agent by an instrument in writing; provided, however, that in the event MICLA fails to appoint a successor Issuing and Paying Agent within 90 days following receipt of such written notice of resignation, the resigning Issuing and Paying Agent may petition the appropriate court having jurisdiction to appoint a successor.

(d) The Issuing and Paying Agent shall not be relieved of its duties hereunder until its successor Issuing and Paying Agent has accepted its appointment and assumed the duties of Issuing and Paying Agent hereunder. Any removal or resignation of the Issuing and Paying Agent and appointment of a successor Issuing and Paying Agent shall become effective upon acceptance of appointment by the successor Issuing and Paying Agent; provided, however, that such acceptance shall only become effective upon the transfer to, and the acceptance by, the

successor Issuing and Paying Agent of each Credit Facility in accordance with its terms. Any successor Issuing and Paying Agent appointed under this Trust Agreement shall signify its acceptance of such appointment by executing and delivering to MICLA and to its predecessor Issuing and Paying Agent a written acceptance thereof, and thereupon such successor Issuing and Paying Agent, without any further act, deed or conveyance, shall become vested with all duties and obligations of such predecessor Issuing and Paying Agent, with like effect as if originally named Issuing and Paying Agent herein; but, nevertheless at the request of the successor Issuing and Paying Agent, such predecessor Issuing and Paying Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Issuing and Paying Agent all the powers of such predecessor Issuing and Paying Agent and shall pay over, transfer, assign and deliver to the successor Issuing and Paying Agent any money or other property subject to the conditions herein set forth. Upon request of the successor Issuing and Paying Agent, MICLA shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Issuing and Paying Agent all such moneys, properties, rights, powers, duties and obligations.

(e) The Issuing and Paying Agent and any successor Issuing and Paying Agent shall be a trust company or bank having the powers of a trust company having a corporate trust office in New York, New York, having a combined capital and surplus of at least one hundred million dollars ($100,000,000), and subject to supervision or examination by federal or state banking authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Issuing and Paying Agent shall cease to be eligible in accordance with the provisions of this Section 5.01(e), the Issuing and Paying Agent shall resign immediately in the manner and with the effect specified in this Section 5.01.

(f) Any rights of, or amounts due to, the Issuing and Paying Agent shall be subordinate to the interests of the Owners.

(g) The Issuing and Paying Agent shall be protected and shall incur no liability in acting upon or processing in good faith any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement or the Issuing and Paying Agent Agreement, and the Issuing and Paying Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Issuing and Paying Agent may consult with counsel, who may or may not be counsel to MICLA or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith reliance thereon.

(h) Except as otherwise expressly provided herein, the Issuing and Paying Agent shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Commercial Paper Notes, or as to the existence of a default or Event of Default thereunder.

(i) The Issuing and Paying Agent may become an Owner or a pledgee of any Commercial Paper Notes with the same rights it would have if it were not the Issuing and Paying Agent; may acquire and dispose of bonds or other evidences of indebtedness of MICLA and enforce its rights as owner thereof to the same extent as if it were not the Issuing and Paying Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding.

(j) The recitals, statements and representations by MICLA contained in this Trust Agreement or in the Commercial Paper Notes shall be taken and construed as made by and on the part of MICLA and not by the Issuing and Paying Agent, and the Issuing and Paying Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any such recital, statement or representation.

(k) The Issuing and Paying Agent may execute any powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning its duties hereunder.

(l) No provision of this Trust Agreement shall require the Issuing and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers if the repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it. Notwithstanding anything to the contrary in this Section 5.01(l), to the extent the Issuing and Paying Agent is required to draw on the applicable Credit Facility or take other actions under this Trust Agreement to pay Outstanding Commercial Paper Notes, the Issuing and Paying Agent shall do so without requiring indemnity.

(m) Every provision of this Trust Agreement, the Sublease and any other document related to the Commercial Paper Notes relating to the conduct or liability of the Issuing and Paying Agent shall be subject to the provisions of this Trust Agreement, including without limitation, this Article.

(n) In acting as Issuing and Paying Agent hereunder, the Issuing and Paying Agent acts solely in its capacity as Issuing and Paying Agent hereunder and not in its individual or personal capacity, and all Persons, including without limitation the Owners, MICLA and the City, having any claim against the Issuing and Paying Agent shall look only to the funds and accounts held by the Issuing and Paying Agent hereunder for payment, except as otherwise provided herein. Under no circumstances shall the Issuing and Paying Agent be liable in its individual or personal capacity for the obligations evidenced by the Commercial Paper Notes.

(o) The Issuing and Paying Agent makes no representation or warranty, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City or MICLA of the Property or any portion thereof, or any other representation or warranty with respect to the Property or any portion thereof. In no event shall the Issuing and Paying Agent be liable for incidental, indirect, special or consequential damages in connection with this Trust Agreement, the Sublease or the Site Lease or the existence, furnishing or functioning of the Property or the City's use of the Property.

(p) The Issuing and Paying Agent shall not be responsible for any information in, or the content of any offering memoranda or other disclosure documents prepared in connection with the Commercial Paper Notes.

Section 5.02. Merger or Consolidation. Any company into which the Issuing and Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Issuing and Paying Agent may sell or transfer all or substantially all of its corporate trust business (provided such company shall be eligible under Section 5.01(e)) shall be the successor to such Issuing and Paying Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 5.03. Other Rights of Issuing and Paying Agent. The Issuing and Paying Agent shall not be bound to recognize any Person as the Owner of a Commercial Paper Note unless and until such Commercial Paper Note is submitted for inspection, if required, and his or her title thereto is satisfactorily established, if disputed.

Whenever in the administration of the duties imposed upon it by this Trust Agreement the Issuing and Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of MICLA, and such Certificate shall be full warrant to the Issuing and Paying Agent for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such Certificate, but in its discretion the Issuing and Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 5.04. Preservation and Inspection of Documents. The Issuing and Paying Agent shall at all times keep, or cause to be kept, proper books of record and account prepared in accordance with trust accounting standards, in which complete and accurate entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Commercial Paper Notes. Such books of record and account shall be available for inspection by MICLA, the City, the Banks and any Owner, or his agent or representative duly authorized in writing, at reasonable hours, and under reasonable circumstances.

ARTICLE VI

COVENANTS

Section 6.01. Limitation on Issuance. MICLA covenants and agrees that it shall not issue any Commercial Paper Notes with a maturity later than five days prior to the expiration or termination of the applicable Credit Facility unless MICLA shall have arranged for Alternate Credit Facility pursuant to Section 6.02 hereof.

Section 6.02. Maintenance of Credit Facilities. MICLA covenants and agrees that at all times while Commercial Paper Notes remain Outstanding, it will maintain a Credit Facility with respect to each Subseries of the Commercial Paper Notes in amounts such that, assuming that all then Outstanding Commercial Paper Notes of such Subseries were to become due and payable immediately, the amount available for borrowing under the applicable Credit Facility would be sufficient to pay the principal of and accrued interest due and payable at the stated maturity of all such Subseries of the Commercial Paper Notes; *provided, however*, that MICLA may in accordance with the terms of the applicable Reimbursement Agreement replace such Credit Facility with an Alternate Credit Facility upon five (5) days prior written notice to the applicable Dealers, the Trustee and the Issuing and Paying Agent (such notice to the Trustee including a written direction from MICLA to the Trustee to immediately disseminate notice of the replacement of such Credit Facility to the Owners of Outstanding Commercial Paper Notes of the applicable Subseries) so long as the replacement of such Credit Facility shall not result in a downgrade or withdrawal of the then current ratings on such Subseries of the Commercial Paper Notes supported by such Credit Facility, evidenced by a written notification from each Rating Agency, and so long as such Credit Facility then in effect with respect to such Subseries of the Commercial Paper Notes Outstanding prior to the effective date of such Alternate Credit Facility shall remain in effect until all such Commercial Paper Notes of such Subseries are paid in full or defeased pursuant to the provisions of Section 10.03 hereof and the Issuing and Paying Agent shall draw on such Credit Facility then in effect (and not upon any Alternate Credit Facility replacing such Credit Facility then in effect) as needed to pay the principal of and accrued interest due and payable at the stated maturity of all such Commercial Paper Notes of such Subseries, but no such draw shall be required for any of such Commercial Paper Notes of such Subseries defeased pursuant to the provisions of Section 10.03 hereof. Notwithstanding the foregoing, MICLA may also in accordance with the terms of the applicable Reimbursement Agreement replace such Credit Facility with an Alternate Credit Facility on any date that all Outstanding Commercial Paper Notes of the applicable Subseries mature without complying with the rating requirement of the proviso to the preceding sentence. Prior to the effective date of an Alternate Credit Facility for Commercial Paper Notes of a Subseries, the Credit Facility being replaced by such Alternate Credit Facility shall remain in effect until all such Commercial Paper Notes of such Subseries are paid in full or defeased pursuant to the provisions of Section 10.03 hereof and the Issuing and Paying Agent shall draw on such Credit Facility being replaced (and not upon any Alternate Credit Facility replacing such Credit Facility then in effect) as needed to pay the principal of and accrued interest due and payable at the stated maturity of all such Subseries of the Commercial Paper Notes, but no such draw shall be required for any of such Commercial Paper Notes of such Subseries defeased pursuant to the provisions of Section 10.03 hereof. No Commercial Paper Note shall be issued if, immediately after the issuance thereof and the application of any proceeds thereof to reimburse the related Bank for

any Advances made to retire other Commercial Paper Notes supported by such Credit Facility, the aggregate principal of and accrued interest due and payable at the stated maturity of all Commercial Paper Notes supported by such Credit Facility would exceed the amount then available to be drawn under such Credit Facility. In furtherance of the foregoing covenant, MICLA agrees that it will not issue any Commercial Paper Notes or make any borrowing which will result in a violation of such covenant, will not amend any Credit Facility in a manner which will cause a violation of such covenant and, if and to the extent necessary to maintain compliance with such covenant, will arrange for an Alternate Credit Facility prior to, or contemporaneously with, the expiration of any Credit Facility.

Section 6.03. Punctual Payment. MICLA will punctually pay or cause to be paid the principal of and interest on the Notes (but only from the sources pledged herein), in conformity with the Notes, this Trust Agreement and the Reimbursement Agreements, as applicable.

Section 6.04. Tax Covenants. [Insert]

Section 6.05. Notices to Rating Agency. MICLA hereby agrees to give immediate written notice to each Rating Agency of the occurrence of any of the following events:

(i) the extension, renewal, expiration, termination or replacement of any Credit Facility pursuant to Section 6.02 hereof;

(ii) any material modification or amendment to this Trust Agreement, any Credit Facility, the Issuing and Paying Agent Agreement or any Dealer Agreement;

(iii) the payment in full, or the defeasance under Section 10.03 hereof, of all Outstanding Commercial Paper Notes and the related Revolving Note of any Subseries;

(iv) the replacement or substitution of, or the appointment of any successor to, the Trustee, the Issuing and Paying Agent or any Dealer; or

(v) the termination of the Commercial Paper Note program contemplated under this Trust Agreement.

Section 6.06. Access to Books and Records. The Trustee shall at all times have access to those books and records of MICLA which may be reasonably required by the Trustee to fulfill its duties and obligations hereunder.

Section 6.07. General. MICLA shall do and perform or cause to be done and performed all respective acts and things required to be done or performed by or on behalf of MICLA under the provisions of this Trust Agreement.

MICLA warrants that upon the date of execution and delivery of any of the Commercial Paper Notes, all conditions, acts and things required by law and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Commercial Paper Notes do exist, have happened and have been

performed in respect of the Commercial Paper Notes and the execution and delivery of such Commercial Paper Notes shall comply in all respects with the applicable laws of the State.

Section 6.08. Performance. MICLA shall faithfully observe all covenants and other provisions contained in this Trust Agreement, in each Commercial Paper Note executed and delivered hereunder, and in the Site Lease and the Sublease.

Section 6.09. Prosecution and Defense of Suits. MICLA shall promptly take such action as may be necessary to cure any defect in the title to the Property or any part thereof, whether now existing or hereafter occurring, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Section 6.10. Further Assurances. MICLA will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming to the Owners the rights and benefits provided herein.

Section 6.11. Receipt and Deposit of Revenues in Issuing and Paying Agent Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, MICLA agrees and covenants that all Base Rental and any proceeds of any rental interruption insurance when and as received shall be received by MICLA in trust hereunder for the benefit of the Owners of the Commercial Paper Notes and the Banks (as more particularly set forth in the pledge clause immediately following the introductory "WHEREAS" clauses of this Trust Agreement) and shall be deposited when and as received by MICLA in the Base Rental Account. All Pledged Property shall be accounted for and applied in accordance with this Trust Agreement, and MICLA shall have no beneficial right or interest in any of the Pledged Property except as herein provided. All Pledged Property, whether received by MICLA in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses set forth herein, and shall be accounted for separately and apart from all other accounts, funds, moneys or other resources of MICLA.

Section 6.12. Retirement of Commercial Paper Notes. So long as any Commercial Paper Notes of a Subseries or related Revolving Note are Outstanding, MICLA shall cause the Dealers to retire and not remarket, renew or refinance Commercial Paper Notes and MICLA shall repay or prepay Advances evidenced by the related Revolving Notes in an aggregate principal amount equal to or in excess of the Required Principal Reduction Amount no later than April 15 of each Base Rental Period, commencing April 15, 20[__],with any such Advances repaid or prepaid prior to retirement of any such Commercial Paper Notes.

Section 6.13. File Debt Service Certificate--Additional Interest and/or Principal. If at any time during a Quarterly Payment Period, the amount on deposit in the Capitalized Interest Subaccounts, the Base Rental Account, the Base Rental Payment Subaccounts and/or the Bank Reimbursement Subaccounts, shall not be sufficient to pay the principal of and accrued interest on the Commercial Paper Notes and the Revolving Notes during such Quarterly Payment Period, the Required Principal Reduction Amount for such Quarterly Payment Period, if any, and any principal due on the Revolving Notes, MICLA shall file with the City a Debt Service Certificate--Additional Interest and/or Principal with respect to such deficiency.

ARTICLE VII

AMENDMENTS

Section 7.01. Amendments to Trust Agreement. This Trust Agreement may be amended only in writing by agreement among the City, MICLA and the Trustee with the written consent of the Banks. No such modification or amendment shall (i) extend the maturity of or reduce the interest rate on any Commercial Paper Note or otherwise alter or impair the obligation of MICLA to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Commercial Paper Note without the express written consent of the Owner of such Commercial Paper Note, or (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Section 7.02. Amendments to Site Lease, Sublease and Assignment Agreement.

(a) The Site Lease, Sublease and Assignment Agreement may be amended in writing by agreement between the parties thereto with the written consent of the Banks. The City may, with the consent of the Banks (other than as provided in (d) below), amend the Site Lease, Sublease and Assignment Agreement to substitute other real property and/or improvements (the "Substituted Property") for existing Property or to remove real property or improvements from the definition of Property upon compliance with all of the conditions set forth in subsections (b) and (c) below. After a substitution or removal, the part of the Property for which the substitution or removal has been effected shall be released from the leasehold under the Site Lease, Sublease and Assignment Agreement. The City may amend the Site Lease, Sublease and Assignment Agreement to add real property and/or improvements (the "Additional Property") upon compliance with all of the conditions set forth in subsection (e) below.

(b) No substitution of Property shall take place until the City delivers to MICLA, the Trustee and the Banks the following:

(i) A written description of all or part of the Property to be released and a description of the Substituted Property to be substituted in its place;

(ii) A Certificate of the City stating that the annual fair market rental value of the Property after a substitution, in each Base Rental Period during the remaining term of the Sublease, is at least equal to the Maximum Base Rental prior to said substitution, as determined by the City on the basis of an appraisal of the Property after said substitution conducted by a qualified appraiser (who may be an employee of the City);

(iii) A valid lease ordinance with respect to the Substituted Property;

(iv) An opinion of Note Counsel to the effect that the amendments to the Site Lease, the Sublease and the Assignment Agreement contemplating substitution have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and MICLA, as applicable, enforceable in accordance with their respective terms;

(v) (A) A policy of title insurance in an amount such that the total title insurance on the Property in favor of the Trustee and the Banks is not less than the aggregate amount of the Funding Commitments, insuring the City's leasehold interest in the substituted Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Banks and the Trustee for the benefit of the Owners of the Commercial Paper Notes and (B) in the event of a partial removal, evidence that the title insurance in effect immediately prior thereto is not affected;

(vi) An opinion of Special Tax Counsel that the substitution does not cause the interest on the Series A Commercial Paper Notes to be includable in gross income of the Owners thereof for federal income tax purposes;

(vii) Evidence that the City has complied with the insurance covenants contained in the Sublease and Reimbursement Agreements with respect to the Substituted Property; and

(viii) Evidence that the City has provided written notification regarding substitution or removal to each Rating Agency then maintaining a rating on the Commercial Paper Notes not less than five (5) days prior to such substitution.

(c) No removal of Property shall take place until the City delivers to MICLA, the Trustee and the Banks the following:

(i) A written description of all or part of the Property to be released;

(ii) A Certificate of the City stating that the annual fair market rental value of the Property after removal, in each Base Rental Period during the remaining term of the Sublease, is at least equal to the Maximum Base Rental prior to said removal, as determined by the City on the basis of an appraisal of the Property after said removal conducted by a qualified appraiser (who may be an employee of the City);

(iii) An opinion of Note Counsel to the effect that the amendments to the Site Lease, the Sublease and the Assignment Agreement contemplating removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and MICLA, as applicable, enforceable in accordance with their respective terms;

(iv) An opinion of Special Tax Counsel that the removal does not cause the interest on the Series A Commercial Paper Notes to be includable in gross income of the Owners thereof for federal income tax purposes;

(v) Evidence that the City has complied with the insurance covenants contained in the Sublease and the Reimbursement Agreements with respect to the Substituted Property; and

(vi) Evidence that the City has provided written notification regarding removal to each Rating Agency then maintaining a rating on the Commercial Paper Notes not less than five (5) days prior to such release.

(d) Notwithstanding the above, MICLA and the City may, in connection with a reduction of a Funding Commitment, remove Property from the Site Lease, Sublease and Assignment Agreement without the consent of the Banks, but with 30 days' prior written notice to the Banks, if the conditions set forth in the paragraph (c) (other than (c)(ii)(A)) have been met and the fair market value of the remaining Property, based on the fair market value of such Property determined in connection with the first issuance of the Commercial Paper Notes, is at least equal to the aggregate amount of the Funding Commitments after such reduction. Any removal of Property not made in connection with a reduction of a Funding Commitment shall comply with all of the requirements of paragraph (c).

(e) No addition of Property shall take place until the City delivers to the Banks, MICLA and the Trustee the following:

(i) A Certificate of the City setting forth the Base Rental, if any, for such Additional Property;

(ii) Executed amendments or supplements to the Site Lease, the Sublease and the Assignment Agreement setting forth, among other things, (A) a written, legal description of the Additional Property, (B) the term of the Site Lease, the Sublease and the Assignment Agreement for the Additional Property, and, (C) in the case of the Sublease, a schedule setting forth the additional Base Rental which may be payable with respect to such Additional Property;

(iii) A valid lease ordinance with respect to the Additional Property;

(iv) An opinion of Note Counsel to the effect that the amendments or supplements to the Site Lease, the Sublease and the Assignment Agreement contemplating the addition of Additional Property have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and MICLA, as applicable, enforceable in accordance with their respective terms;

(v) An opinion of Special Tax Counsel that the addition of Additional Property does not cause the interest on the Series A Commercial Paper Notes to be includable in gross income of the Owners thereof for federal income tax purposes;

(vi) Evidence that the City has complied with the insurance covenants contained in the Sublease and the Reimbursement Agreements with respect to the Additional Property; and

(vii) a policy of title insurance in an amount, if any, necessary to cause the total title insurance on the Property in favor of the Trustee and the Banks to be not less than the aggregate amount of the Funding Commitments, insuring the City's leasehold interest in the additional Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said

policy payable to the Banks and the Trustee for the benefit of the Owners of the Commercial Paper Notes.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.01. Events of Default Defined. The terms "Events of Default" and "default" shall mean, whenever they are used in this Trust Agreement, any Event of Default specified in Section 12.1 of the Sublease.

Section 8.02. Notice of Events of Default. In the event MICLA or the City is in default, the Trustee shall give notice of such default to the Owners, the Banks and to each Rating Agency. Such notice shall state that MICLA or the City is in default and shall provide a brief description of such default. The Trustee in its discretion may withhold notice if it deems it in the best interests of the Owners. The notice provided for in this Section 8.02 shall be given by first-class mail, postage prepaid, to the Owners within 30 days of such occurrence of default.

Section 8.03. Remedies on Default.

(a) Upon the occurrence and continuance of any Event of Default specified in Section 12.1 of the Sublease, the Trustee may, with the written consent of the Banks, proceed (and upon written request of the Banks or the Owners of not less than a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding shall, subject to receipt of adequate indemnity as provided herein, proceed), to exercise the remedies set forth in Section 12.2 of the Sublease or available to the Trustee hereunder.

(b) In addition to the remedies set forth in Section 8.03(a) and upon the occurrence and continuance of any Event of Default specified in Section 12.1 of the Sublease, the Trustee may, and upon written request of the Banks or the Owners of not less than 25% in aggregate principal amount of the Commercial Paper Notes then Outstanding and upon being indemnified to its satisfaction therefor shall, proceed to protect and enforce the rights vested in Owners of the Commercial Paper Notes by this Trust Agreement by appropriate judicial proceedings or proceedings the Trustee deems most effectual. The provisions of this Trust Agreement and all resolutions or orders in the proceedings for the issuance of the Commercial Paper Notes shall constitute a contract with the Owners of the Commercial Paper Notes, and such contract may be enforced by any Owner of the Commercial Paper Notes by mandamus, injunction or other applicable legal action, suit, proceeding or other remedy.

(c) Upon an Event of Default and prior to the curing thereof, the Trustee shall exercise the rights and remedies vested in it by this Trust Agreement and the Sublease with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

Section 8.04. Commercial Paper Notes Not Subject to Acceleration. The Commercial Paper Notes are not subject to acceleration and upon the occurrence of an Event of Default, none of the Issuing and Paying Agent, the Banks, any Owner or any other Person may accelerate the maturity of any of the Commercial Paper Notes.

Section 8.05. Collection of Base Rental Payments. The Trustee shall take any appropriate action to cause the City to pay any Base Rental payment not paid when due, upon written request and authorization by the Banks or the Owners of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding and unpaid, and upon being satisfactorily indemnified against any expense and liability with respect thereto and receiving payment for its fees and expenses.

Section 8.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Banks is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Trust Agreement and the Sublease, or now or hereafter existing at law or in equity, except as expressly waived herein or therein. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee, the Banks or the Owners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than such notice as may be required in this Article VIII or by law.

Section 8.07. No Additional Waiver Implied by One Waiver. In the event any provision contained in this Trust Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.08. Action by Owners. Subject to the right of the Banks to direct remedial proceedings hereunder, in the event the Trustee fails to take any action to eliminate an event of default under Section 12 of the Sublease or Event of Default hereunder, the Owners of a majority in aggregate principal amount of the Commercial Paper Notes then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Sublease or this Trust Agreement, but only if such Owners shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

Section 8.09. Opinion of Counsel. Before being required to take any action pursuant to this Article VIII, the Trustee may require an opinion of counsel acceptable to the Trustee, which opinion shall be made available to MICLA and the City upon request, which counsel may or may not be counsel to MICLA, Note Counsel or Special Tax Counsel with regard to legal questions.

Section 8.10. Direction of Remedies by Banks. Any provision herein to the contrary notwithstanding, the Trustee shall exercise the remedies provided for hereunder with respect to the Commercial Paper Notes or the Sublease or under any applicable law only if and as directed or consented to in writing by all of the Banks and shall not waive any Event of Default without the prior written consent of all of the Banks; provided, that in each such

instance, the Banks shall only include a Bank so long as the applicable Credit Facility is in effect and so long as such Bank has not failed to honor a properly presented and conforming drawing on such Credit Facility. Anything herein to the contrary notwithstanding, the Banks may enter into a written agreement among the Banks appointing one of such Banks to act on their behalf (the "Bank Agent") in connection with any direction or consent provided for in this Article VIII, and in such event any such direction or consent of the Bank Agent shall constitute the direction or consent of the Banks under this Article VIII.

ARTICLE IX

LIMITATION OF LIABILITY

Section 9.01. No Liability of MICLA for Trustee Performance. MICLA shall not have any obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement, including the distribution of principal and interest to the Owners.

Section 9.02. No Liability of Trustee or Issuing and Paying Agent for Base Rental Payments by City. Except as provided herein, neither the Trustee nor the Issuing and Paying Agent shall have any obligation or liability to the Owners with respect to the payment of the Base Rental by the City when due, or with respect to the performance by the City of any other covenant made by it in the Sublease.

Section 9.03. No Liability of City Except as Stated. Except for (i) the payment of Base Rental and Additional Rental when due in accordance with the terms of the Sublease, and (ii) the performance by the City of its obligations and duties as set forth in the Site Lease, the Sublease and the Reimbursement Agreements, the City shall have no obligation or liability to the Trustee, the Issuing and Paying Agent or the Owners.

Section 9.04. Limited Liability of Trustee and Issuing and Paying Agent. The Trustee and the Issuing and Paying Agent shall not have any obligation or responsibility for providing information to the Owners concerning the investment quality of the Commercial Paper Notes, for the sufficiency or collection of any Base Rental or for the actions or representations of any other party to this Trust Agreement. The Trustee and the Issuing and Paying Agent shall not have any obligation or liability to any of the other parties hereto or to the Owners with respect to the failure or refusal of any other party hereto to perform any covenant or agreement made by it under this Trust Agreement, the Site Lease, or the Sublease, but each shall be responsible solely for the performance of the duties expressly imposed upon it hereunder. The recitals of facts, covenants and agreements contained herein and in the Commercial Paper Notes shall be taken as statements, covenants and agreements of MICLA and each of the Trustee and Issuing and Paying Agent assumes no responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of this Trust Agreement, the Site Lease, the Sublease or the Commercial Paper Notes, or as to the value of or title to the Property, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein assigned to or imposed upon it.

Section 9.05. Limitation of Rights. Nothing in this Trust Agreement or in the Commercial Paper Notes expressed or implied is intended or shall be construed to give any Person other than the City, the Trustee, the Issuing and Paying Agent, MICLA, the Banks and the Owners any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the City, the Trustee, the Issuing and Paying Agent, MICLA, the Banks and such Owners. Each Bank shall be a third party beneficiary of this Trust Agreement with the power to enforce the same until the later of (i) the date the applicable Credit Facility has terminated and been surrendered to such Bank for cancellation and (ii) the date all amounts payable under the applicable Reimbursement Agreement and the related Revolving Note have been satisfied in full.

ARTICLE X

MISCELLANEOUS

Section 10.01. Records. Until five years following the full payment of principal and interest due with respect to the Commercial Paper Notes, each of the Trustee and the Issuing and Paying Agent shall keep complete and accurate records of all money received and disbursed under this Trust Agreement, which records shall be available for inspection by MICLA, the Banks and by any Owner, or the agent of any of them, at reasonable times during regular business hours and upon reasonable prior written notice.

Section 10.02. Notices. All notices, requests, demands and other communications under this Trust Agreement by any Person shall be in writing (unless otherwise specified herein) and shall be sufficiently given on the date of service if served personally upon the Person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, postage prepaid, and properly addressed as follows:

a. if to the City, to the City of Los Angeles, Office of the City Administrative Officer, City Hall East, Room 1500, 200 North Main Street, Los Angeles, California 90012-4190, Attention: Debt Management Group, Telephone: (213) 473-7500, Facsimile: (213) 473-7540;

b. if to the Trustee, to U.S. Bank National Association, [_____], Attention [_____], Telephone: ([___]) [___]-[____], Facsimile: ([___]) [___]-[____];

c. if to the Issuing and Paying Agent, to U.S. Bank National Association, [_____], [_____], Attention [_____], Telephone: ([___]) [___]-[____], Facsimile: ([___]) [___]-[____];

d. if to MICLA, to the Municipal Improvement Corporation of Los Angeles, c/o the City of Los Angeles, Office of the City Administrative Officer, City Hall East, Room 1500, 200 North Main Street, Los Angeles, California 90012-4190, Attention: MICLA Coordinator, Telephone: (213) 473-7500, Facsimile: (213) 473-7540;

e. if to a Bank, to its address as indicated in the applicable Reimbursement Agreement;

f. if to Fitch, to Fitch Ratings, Inc., One State Street Plaza, New York, New York 10004, Attention: Municipal Structured Finance, Telephone: (212) 908-0500, Facsimile: (212) 908-0267;

g. if to Moody's to Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, Attention: MSPG Surveillance Team, Telephone: (212) 553-4441, Facsimile: (212) 298-6169;

h. if to S&P, to Standard & Poor's Ratings Services, 55 Water Street, 38th Floor, New York, New York 10041-0003, Attention: Municipal Structured Group, Telephone: (212) 438-7989, Facsimile: (212) 438-2152;

i. if to the Dealers, to their addresses as indicated in their respective Dealer Agreements; and

j. if to any Owner, to its address as indicated in the records of the Depository, the Nominee or the Issuing and Paying Agent;

or to such other address or addresses as any such Person shall have designated to the others by notice given in accordance with the provisions of this Section 10.02.

Section 10.03. Defeasance. If, when all or any portion of the Commercial Paper Notes shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement, the entire principal and interest so due and payable upon said Commercial Paper Notes shall be paid, or if at or prior to the date said Commercial Paper Notes have become due and payable, sufficient moneys or noncallable, nonprepayable, direct obligations of, or obligations guaranteed by, the United States of America, the principal of and interest on which will provide sufficient moneys for such payment, as verified by a report of an independent firm of nationally recognized certified public accountants verifying the sufficiency of the escrow established to pay said Commercial Paper Notes in full on the dates that principal of and interest on said Commercial Paper Notes is due, shall be held in trust by the Trustee or MICLA and provision shall also be made for paying all other sums payable hereunder by the Trustee or MICLA with respect to said Commercial Paper Notes, the pledge herein created with respect to said Commercial Paper Notes shall thereupon cease, terminate and become discharged and said Commercial Paper Notes shall no longer be deemed Outstanding for purposes of this Trust Agreement and all the provisions of this Trust Agreement, including all covenants, agreements, liens and pledges made herein, shall be deemed duly discharged, satisfied and released with respect to said Commercial Paper Notes.

Section 10.04. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 10.05. Partial Invalidity. Any provision of this Trust Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Trust Agreement.

Section 10.06. Binding Effect; Successors. This Trust Agreement shall be binding upon and shall inure to the benefit of the parties hereto and the Owners and their respective successors and assigns. Whenever in this Trust Agreement any party is named or referred to, such reference shall be deemed to include such party's successors or assigns, and all covenants and agreements contained in this Trust Agreement by or on behalf of any party hereto shall bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

Section 10.07. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 10.08. Headings. The headings or titles of the several Articles and Sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. Unless the context requires otherwise, all references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement effective the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____
Authorized Officer
Date: _____

CITY OF LOS ANGELES

By: _____
Authorized Officer
Date: _____

ATTEST:
HOLLY L. WOLCOTT, INTERIM CITY CLERK

By: _____
Deputy

APPROVED AS TO FORM:
MICHAEL N. FEUER, CITY ATTORNEY

By: _____
Deputy/Assistant City Attorney
Date: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A-1

FORM OF SERIES A COMMERCIAL PAPER NOTE
UNITED STATES OF AMERICA

STATE OF CALIFORNIA

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE COMMERCIAL PAPER NOTE,
TAX-EXEMPT SERIES A-[__]

No.: ____	Note Date: _____
Principal Amount: ____	Maturity Date: _____
Interest to Maturity: ____	Number of Days: ____
Due at Maturity: ____	Interest Rate (%): ____

The Municipal Improvement Corporation of Los Angeles, a California nonprofit public benefit corporation ("MICLA"), FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and hereinafter stated, to the order of the party specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount at said maturity date, from the above specified note date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 365-day or 366 day year); both principal and interest on this Note being payable in lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor at the principal corporate office of such successor.

This Lease Revenue Commercial Paper Note, Tax-Exempt Series A-[__] is one of a duly authorized and issued Series of commercial paper notes of MICLA (the "Series A-[__] Commercial Paper Notes"), all of which have been issued pursuant to that certain Trust Agreement, dated as of November 1, 2015 (as amended, supplemented and modified from time to time, the "Trust Agreement"), by and among MICLA, the City of Los Angeles and U.S. Bank National Association, as trustee (the "Trustee"), for the purpose of financing or refinancing Project Costs of the Series A-[__] Projects (each as defined in the Trust Agreement) and to refinance, renew or refund the Notes (as defined in the Trust Agreement) issued pursuant to the provisions of the Trust Agreement.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all amendments and supplements thereto for a description of the rights thereunder of the bearers of the Series A-[__] Commercial Paper Notes, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Issuing and Paying Agent and of the rights and obligations of MICLA thereunder, to all the provisions of which Trust Agreement the registered Owner of this Series A-[__] Commercial Paper Note, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined shall have the meaning ascribed to them in the Trust Agreement.

This Series A-[__] Commercial Paper Note, together with the other Series A-[__] Commercial Paper Notes (the "Series A Commercial Paper Notes") and MICLA's Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Taxable Series B (the "Series B Commercial Paper Notes" and together with the Series A Commercial Paper Notes, the "Commercial Paper Notes"), is payable from and equally secured by a lien on and pledge of all of MICLA's right, title, and interest in and to: (i) the Site Lease; (ii) the Sublease (except for its right to payment of expenses of MICLA under Section 3.1(h) of the Sublease, its right to indemnification under Section 11 of the Sublease and its right to receive notices under Section 15 of the Sublease) (iii) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund and the Commercial Paper Note Proceeds Subaccounts within the Payment Account), provided that the proceeds of the sale of a Subseries of Commercial Paper Notes on deposit in any such fund or account shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility and the proceeds of any drawing or payment under a Credit Facility for a Subseries shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility; and (v) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by MICLA or by anyone on its behalf, subject only to the provisions of the Trust Agreement, the Site Lease and the Sublease.

This Series A-[__] Commercial Paper Note shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Issuing and Paying Agent shall have authenticated the same by manual signature.

This Series A-[__] Commercial Paper Note, together with the other Commercial Paper Notes, is payable solely from moneys drawn by the Issuing and Paying Agent under the applicable Credit Facility and the sources hereinabove identified securing the payment thereof and the Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of MICLA. The registered owner shall never have the right to demand payment of this obligation from any sources or properties of MICLA except as identified above.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the issuance of this Series A-[__] Commercial Paper Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that issuance of this Series A-[__] Commercial Paper Note, together with all other indebtedness of MICLA, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Notes permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Municipal Improvement Corporation of Los Angeles has caused this Series A-[__] Commercial Paper Note to be executed in its name by the manual or facsimile signature of an Authorized Officer and has caused this Series A-[__] Commercial Paper Note to be dated the Note Date set forth above.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:_____
Authorized Officer

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This Series A-[__] Commercial Paper Note is one of the Series A-[__] Commercial Paper Notes delivered pursuant to the within mentioned Trust Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Issuing and Paying Agent

By:_____
Authorized Signatory

ASSIGNMENT

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

_____

_____
(Name, Address, and Taxpayer Identification or Social Security Number of Assignee)

the Series A-[__] Commercial Paper Note and all rights thereunder, and hereby irrevocably constitutes and appointing _____, attorney to transfer said Series A-[__] Commercial Paper Note on the books of MICLA with full power of substitution in the premises.

Dated:_____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT A-2

FORM OF SERIES B COMMERCIAL PAPER NOTE
UNITED STATES OF AMERICA

STATE OF CALIFORNIA

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE COMMERCIAL PAPER NOTE,
TAXABLE SERIES B-[__]

No.: _____	Note Date: _____
Principal Amount: _____	Maturity Date: _____
Interest to Maturity: _____	Number of Days: _____
Due at Maturity: _____	Interest Rate (%): _____

The Municipal Improvement Corporation of Los Angeles, a California nonprofit public benefit corporation ("MICLA"), FOR VALUE RECEIVED, hereby promises to pay, solely from the sources hereinafter identified and hereinafter stated, to the order of the party specified above on the maturity date specified above, the principal sum specified above and to pay interest, if any, on said principal amount at said maturity date, from the above specified note date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 365-day or 366 day year); both principal and interest on this Note being payable in lawful money of the United States of America at the principal corporate office of the Issuing and Paying Agent executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor at the principal corporate office of such successor.

This Lease Revenue Commercial Paper Note, Taxable Series B-[__] is one of a duly authorized and issued Series of commercial paper notes of MICLA (the "Series B-[__] Commercial Paper Notes"), all of which have been issued pursuant to that certain Trust Agreement, dated as of November 1, 2015 (as amended, supplemented and modified from time to time, the "Trust Agreement"), by and among MICLA, the City of Los Angeles and U.S. Bank National Association, as trustee (the "Trustee"), for the purpose of financing or refinancing Project Costs of the Series B-[__] Projects (each as defined in the Trust Agreement) and to refinance, renew or refund the Notes (as defined in the Trust Agreement) issued pursuant to the provisions of the Trust Agreement.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all amendments and supplements thereto for a description of the rights thereunder of the bearers of the Series B-[__] Commercial Paper Notes, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Issuing and Paying Agent and of the rights and obligations of MICLA thereunder, to all the provisions of which Trust Agreement the registered Owner of this Series B-[__] Commercial Paper Note, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined shall have the meaning ascribed to them in the Trust Agreement.

This Series B-[__] Commercial Paper Note, together with the other Series B-[__] Commercial Paper Notes (the "Series B Commercial Paper Notes") and MICLA's Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A (the "Series A Commercial Paper Notes" and together with the Series B Commercial Paper Notes, the "Commercial Paper Notes"), is payable from and equally secured by a lien on and pledge of all of MICLA's right, title, and interest in and to: (i) the Site Lease; (ii) the Sublease (except for its right to payment of expenses of MICLA under Section 3.1(h) of the Sublease, its right to indemnification under Section 11 of the Sublease and its right to receive notices under Section 15 of the Sublease) (iii) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund and the Commercial Paper Note Proceeds Subaccounts within the Payment Account), provided that the proceeds of the sale of a Subseries of Commercial Paper Notes on deposit in any such fund or account shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility and the proceeds of any drawing or payment under a Credit Facility for a Subseries shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility; and (v) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by MICLA or by anyone on its behalf, subject only to the provisions of the Trust Agreement, the Site Lease and the Sublease.

This Series B-[__] Commercial Paper Note shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Issuing and Paying Agent shall have authenticated the same by manual signature.

This Series B-[__] Commercial Paper Note, together with the other Commercial Paper Notes, is payable solely from moneys drawn by the Issuing and Paying Agent under the applicable Credit Facility and the sources hereinabove identified securing the payment thereof and the Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of MICLA. The registered owner shall never have the right to demand payment of this obligation from any sources or properties of MICLA except as identified above.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the issuance of this Series B-[__] Commercial Paper Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that issuance of this Series B-[__] Commercial Paper Note, together with all other indebtedness of MICLA, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Notes permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Municipal Improvement Corporation of Los Angeles has caused this Series B-[__] Commercial Paper Note to be executed in its name by the manual or facsimile signature of an Authorized Officer and has caused this Series B-[__] Commercial Paper Note to be dated the Note Date set forth above.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:_____
Authorized Officer

ISSUING AND PAYING AGENT'S CERTIFICATE OF AUTHENTICATION

This Series B-[__] Commercial Paper Note is one of the Series B-[__] Commercial Paper Notes delivered pursuant to the within mentioned Trust Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Issuing and Paying Agent

By:_____
Authorized Signatory

ASSIGNMENT

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

_____

_____
(Name, Address, and Taxpayer Identification or Social Security Number of Assignee)

the Series B-[__] Commercial Paper Note and all rights thereunder, and hereby irrevocably constitutes and appointing _____, attorney to transfer said Series B-[__] Commercial Paper Note on the books of MICLA with full power of substitution in the premises.

Dated:_____

Signatures Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B-1

FORM OF SERIES A MASTER NOTE

[Attach to DTC Form of Municipal Commercial Paper - TECP Master Note]

ANNEX I TO MUNICIPAL COMMERCIAL PAPER - TECP MASTER NOTE

The Municipal Improvement Corporation of Los Angeles, a California nonprofit public benefit corporation ("MICLA"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of MICLA (the "Underlying Records") as being evidenced by this Series A-[__] Master Note, which Underlying Records are maintained by U.S. Bank National Association (the "Issuing and Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Issuing and Paying Agent without the necessity of presentation and surrender of this Series A-[__] Master Note.

This Series A-[__] Master Note is one of a duly authorized issue of Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A-[__] (the "Series A-[__] Commercial Paper Notes"), all of which have been issued in pursuance of the laws and Constitution of the State of California and that certain Trust Agreement dated as of November 1, 2015 by and among U.S. Bank National Association, as trustee (the "Trustee"), the City of Los Angeles and MICLA (as amended, modified or otherwise supplemented, from time to time, the "Trust Agreement"), for the purpose of financing or refinancing Project Costs of the Series A-[__] Projects (each as defined in the Trust Agreement) and to refinance, renew or refund Notes (as defined in the Trust Agreement) of the applicable Subseries issued pursuant to the provisions of the Trust Agreement.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all supplements thereto for a description of the rights thereunder of the registered owners of the Series A-[__] Commercial Paper Notes, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Issuing and Paying Agent and of the rights and obligations of MICLA thereunder, to all the provisions of which Trust Agreement the registered owner of this Series A-[__] Master Note, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined shall have the meaning ascribed to them in the Trust Agreement.

This Series A-[__] Master Note, together with the other Series A-[__] Commercial Paper Notes (the "Series A Commercial Paper Notes") and MICLA's Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Taxable Series B (the "Series B Commercial Paper Notes" and together with the Series A Commercial Paper Notes, the "Commercial Paper

Notes"), is payable from and equally secured by a lien on and pledge of all of MICLA's right, title, and interest in and to: (i) the Site Lease; (ii) the Sublease (except for its right to payment of expenses of MICLA under Section 3.1(h) of the Sublease, its right to indemnification under Section 11 of the Sublease and its right to receive notices under Section 15 of the Sublease) (iii) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund and the Commercial Paper Note Proceeds Subaccounts within the Payment Account), provided that the proceeds of the sale of a Subseries of Commercial Paper Notes on deposit in any such fund or account shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility and the proceeds of any drawing or payment under a Credit Facility for a Subseries shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility; and (v) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by MICLA or by anyone on its behalf, subject only to the provisions of the Trust Agreement, the Site Lease and the Sublease.

This Series A-[__] Master Note shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Issuing and Paying Agent shall have authenticated the same by manual signature.

This Series A-[__] Master Note, together with the other Commercial Paper Notes, is payable solely from moneys drawn by the Issuing and Paying Agent under the applicable Credit Facility and the sources hereinabove identified securing the payment thereof and the Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of MICLA. The registered owner shall never have the right to demand payment of this obligation from any sources or properties of MICLA except as identified above.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the issuance of this Series A-[__] Master Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that issuance of this Series A-[__] Master Note, together with all other indebtedness of MICLA, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Notes permitted to be issued under the Trust Agreement.

EXHIBIT B-2

FORM OF SERIES B MASTER NOTE

[Attach to DTC Form of Municipal Commercial Paper - TECP Master Note]

ANNEX I TO MUNICIPAL COMMERCIAL PAPER - TCP MASTER NOTE

The Municipal Improvement Corporation of Los Angeles, a California nonprofit public benefit corporation ("MICLA"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of MICLA (the "Underlying Records") as being evidenced by this Series B-[__] Master Note, which Underlying Records are maintained by U.S. Bank National Association (the "Issuing and Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Issuing and Paying Agent without the necessity of presentation and surrender of this Series B-[__] Master Note.

This Series B-[__] Master Note is one of a duly authorized issue of Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Taxable Series B-[__] (the "Series B-[__] Commercial Paper Notes"), all of which have been issued in pursuance of the laws and Constitution of the State of California and that certain Trust Agreement dated as of November 1, 2015 by and among U.S. Bank National Association, as trustee (the "Trustee"), the City of Los Angeles and MICLA (as amended, modified or otherwise supplemented, from time to time, the "Trust Agreement"), for the purpose of financing or refinancing Project Costs of the Series B-[__] Projects (each as defined in the Trust Agreement) and to refinance, renew or refund Notes (as defined in the Trust Agreement) of the applicable Subseries issued pursuant to the provisions of the Trust Agreement.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all supplements thereto for a description of the rights thereunder of the registered owners of the Series B-[__] Commercial Paper Notes, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Issuing and Paying Agent and of the rights and obligations of MICLA thereunder, to all the provisions of which Trust Agreement the registered owner of this Series B-[__] Master Note, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined shall have the meaning ascribed to them in the Trust Agreement.

This Series B-[__] Master Note, together with the other Series B-[__] Commercial Paper Notes (the "Series B Commercial Paper Notes") and MICLA's Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A (the "Series A Commercial Paper Notes" and together with the Series B Commercial Paper Notes, the "Commercial Paper

Notes"), is payable from and equally secured by a lien on and pledge of all of MICLA's right, title, and interest in and to: (i) the Site Lease; (ii) the Sublease (except for its right to payment of expenses of MICLA under Section 3.1(h) of the Sublease, its right to indemnification under Section 11 of the Sublease and its right to receive notices under Section 15 of the Sublease) (iii) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund and the Commercial Paper Note Proceeds Subaccounts within the Payment Account), provided that the proceeds of the sale of a Subseries of Commercial Paper Notes on deposit in any such fund or account shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility and the proceeds of any drawing or payment under a Credit Facility for a Subseries shall not secure any other Subseries of Commercial Paper Notes supported by a different Credit Facility; and (v) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by MICLA or by anyone on its behalf, subject only to the provisions of the Trust Agreement, the Site Lease and the Sublease.

This Series B-[__] Master Note shall not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Issuing and Paying Agent shall have authenticated the same by manual signature.

This Series B-[__] Master Note, together with the other Commercial Paper Notes, is payable solely from moneys drawn by the Issuing and Paying Agent under the applicable Credit Facility and the sources hereinabove identified securing the payment thereof and the Commercial Paper Notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of MICLA. The registered owner shall never have the right to demand payment of this obligation from any sources or properties of MICLA except as identified above.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the issuance of this Series B-[__] Master Note, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that issuance of this Series B-[__] Master Note, together with all other indebtedness of MICLA, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Notes permitted to be issued under the Trust Agreement.

EXHIBIT C

FORM OF DEALER AGREEMENT

[See attached pages]

EXHIBIT D

FORM OF PAYMENT REQUEST
(Additional Rental)

MICLA No._____

Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Notes
(Los Angeles Convention Center)

REQUISITION FOR ADDITIONAL RENTAL -
Account No._____

The undersigned City Representative hereby states and certifies that:

(i) U.S. Bank National Association, as trustee (the "Trustee") under that certain Trust Agreement, dated as of November 1, 2015 (as amended or supplemented from time to time, the "Trust Agreement"), relating to the Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), by and among the Trustee, the City of Los Angeles (the "City") and the Municipal Improvement Corporation of Los Angeles ("MICLA"), is hereby requested to pay the payees from the [Series [__] Administrative Expense Subaccount of the Administrative Expense Account][Series [A]/[B] Costs of Issuance Account] established under the [Issuing and Paying Agent Agreement][Trust Agreement] or to the City for payment by the City to the person, firm or corporation designated below as "Payee" the sum set forth opposite such designation, in payment or reimbursement of a portion of the Costs of Issuance, as those terms are defined in the Trust Agreement, for the purposes listed below:

Payee	Purpose/Contract	Amount

(ii) the amounts to be disbursed hereunder constitute [Costs of Issuance] and said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the City or MICLA, or were necessarily and reasonably incurred and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(iii) no amounts as set forth in this Requisition will be included in any other Requisition; and

(iv) the total amount to be paid under this Requisition is $_____ and such amount shall be paid to the payees indicated in paragraph (i) above.

CITY OF LOS ANGELES

By: _____
City Representative

Date:_____

EXHIBIT E

PROJECT LIST

Project	Anticipated Amount
[]	$[]

EXHIBIT F

FORM OF DISBURSEMENT REQUEST
(Project Costs)

MICLA No._____

Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Notes
(Los Angeles Convention Center)

REQUISITION FOR PROJECT COSTS -
Account No._____

The undersigned City Representative hereby states and certifies that:

(i) U.S. Bank National Association, as trustee (the "Trustee") under that certain Trust Agreement, dated as of November 1, 2015 (as amended or supplemented from time to time, the "Trust Agreement") relating to the Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), by and among the Trustee, the City of Los Angeles (the "City") and the Municipal Improvement Corporation of Los Angeles ("MICLA"), is hereby requested to pay the payees from the Series [__] Project Costs Subaccount within the Series [__] Project Account of the Project Fund established under the Trust Agreement or to the City for payment by the City to the person, firm or corporation designated below as "Payee" the sum set forth opposite such designation, in payment or reimbursement of a portion of the Project Costs of the Series [A]/[B] Project, as those terms are defined in the Trust Agreement, for the purposes listed below:

Payee	Purpose/Contract	Amount

(ii) the amounts to be disbursed hereunder constitute Project Costs of the Series [A]/[B] Project and said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the City or MICLA, or were necessarily and reasonably incurred and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(iii) no amounts as set forth in this Requisition will be included in any other Requisition;

(iv) the amounts remaining in the Project Costs Subaccounts within each of the applicable Project Accounts of the Project Fund will, after payment of the amounts set forth above, be sufficient to pay all remaining Project Costs of the Series [A]/[B] Project as currently estimated; and

(v) the total amount to be paid under this Requisition is $_____ and such amount shall be paid to the payees indicated in paragraph (i) above.

CITY OF LOS ANGELES

By: _____
City Representative

Date: _____

EXHIBIT G

FORM OF ISSUANCE REQUEST TO PAYING AGENT[1]

REQUEST NO. __

[This is to confirm the instructions previously given by telephone on this date.]

Pursuant to Section 3.01 of the Trust Agreement, dated as of November 1, 2015 (as amended or supplemented from time to time, the "Trust Agreement"), among the Municipal Improvement Corporation of Los Angeles ("MICLA"), the City of Los Angeles (the "City") and U.S. Bank National Association, as trustee (the "Trustee") the undersigned, a MICLA Representative under the Trust Agreement does hereby request U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent") under the Issuing and Paying Agent Agreement, dated as of November 1, 2015 among MICLA, the City and the Issuing and Paying Agent, as amended or supplemented from time to time, to cause an increase in the aggregate principal amount of Commercial Paper Notes Outstanding by authenticating and delivering Series [__] Commercial Paper Notes (each as defined in the Trust Agreement), as follows:

1.	Date of Requested Issuance:	
2.	Total Principal Amount of Original Issue Notes:	$
3.	Total Purchase Price for Notes:[2]	$
4.	Discount/Interest Bearing:	

The principal amounts for the Series [__] Commercial Paper Notes and instructions for the deposit by the Trustee of the proceeds of such Series [__] Commercial Paper Notes are set forth in Exhibit A hereto.

[Select one of the following paragraphs]

[MICLA is using the book-entry system with respect to the Series [__] Commercial Paper Notes and, accordingly, the Issuing and Paying Agent shall debit the purchaser's account at the Depository against credit to the Issuing and Paying Agent's account at the Depository, which purchase shall then be recorded on the books and records of the Issuing and Paying Agent maintained with respect to each Master Note.]

---

[1] To promptly follow telephone issuance request, given not later than 1:00 P.M. (New York City time) on the date prior to the Date of Requested Issuance specified in Paragraph 1 herein.

[2] If the Purchase Price is other than the Principal Amount, the Dealer shall certify, in writing, as to the Purchase Price of such Notes.

or

[MICLA is no longer using the book-entry system with respect to the Series [__] Commercial Paper Notes and, accordingly, the Issuing and Paying Agent shall authenticate the Series [__] Commercial Paper Notes by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Series [__] Commercial Paper Notes, and the rules of the New York Clearinghouse shall apply thereto.]

Pursuant to Section 3.01 of the Trust Agreement, the undersigned hereby certifies that all action on the part of MICLA necessary for the valid issuance of the Series [__] Commercial Paper Notes being issued pursuant to this request has been taken, that all provisions of California law necessary for the valid issuance of such Series [__] Commercial Paper Notes with provision for interest exemption from California personal income taxation have been complied with[, that all provisions of federal law for the valid issuance of such Series [__] Commercial Paper Notes with provision for the exclusion of interest on the Series A Commercial Paper Notes from gross income for federal income tax purposes have been complied with], and that such Series [__] Commercial Paper Notes in the possession of the Owners thereof will be valid and enforceable obligations of MICLA according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

MICLA further certifies that it is in compliance with the conditions to the issuance of Series [__] Commercial Paper Notes specified in Section 3.01(e) of the Trust Agreement[, and hereby reconfirms all of its expectations set forth in the Tax Certificate as of the date of this Issuance Request].

All capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Trust Agreement.

Date: _____
Request Number: ____

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____
MICLA Representative

cc: U.S. Bank National Association, as trustee

Exhibit A

Term of Commercial Paper Notes:

Original Issue Notes

Dealer	CUSIP Number	Principal Amount	Maturity	Discount /Interest Bearing

The proceeds of Original Issue Notes shall be deposited as follows:

Series A-1 Project Costs Subaccount of the Project Fund	$_____
Series B-1 Project Costs Subaccount of the Project Fund	$_____
Series A-1 Capitalized Interest Subaccount of the Series A-1 Project Account of the Project Fund	$_____
Series B-1 Capitalized Interest Subaccount of the Series B-1 Project Account of the Project Fund	$_____
Series A-1 Capitalized Fees Subaccount of the Series A-1 Project Account of the Project Fund	$_____
Series B-1 Capitalized Fees Subaccount of the Series B-1 Project Account of the Project Fund	$_____
Series A Costs of Issuance Account	$_____
Series B Costs of Issuance Account	$_____

Exhibit A-2 to Exhibit G

EXHIBIT H

FORM OF DISBURSEMENT REQUEST
(Capitalized Fees Subaccount)

MICLA No._____

Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Notes
(Los Angeles Convention Center)

REQUISITION FOR CAPITALIZED FEES -
Account No._____

The undersigned City Representative hereby states and certifies that:

(i) U.S. Bank National Association, as trustee (the "Trustee") under that certain Trust Agreement, dated as of November 1, 2015 (the "Trust Agreement") relating to the Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), by and among the Trustee, the City of Los Angeles (the "City") and the Municipal Improvement Corporation of Los Angeles ("MICLA"), is hereby requested to pay the payees from the Series [__]-[__] Capitalized Fees Subaccount within the Series [__]-[__] Project Account of the Project Fund established under the Trust Agreement or to the City for payment by the City to the person, firm or corporation designated below as "Payee" the sum set forth opposite such designation, in payment or reimbursement of a portion of the Capitalized Fees and Expenses with respect to the applicable Subseries, as such term is defined in the Trust Agreement, for the purposes listed below:

Payee	Purpose/Contract	Amount

(ii) the amounts to be disbursed hereunder constitute Capitalized Fees and Expenses with respect to the applicable Subseries and said amounts are required to be disbursed pursuant to a contract entered into therefor by or on behalf of the City or MICLA, or were necessarily and reasonably incurred and that said amounts are not being paid in advance of the time, if any, fixed for payment;

(iii) no amounts as set forth in this Requisition will be included in any other Requisition; and

(v) the total amount to be paid under this Requisition is $_____ and such amount shall be paid to the payees indicated in paragraph (i) above.

CITY OF LOS ANGELES

By: _____
City Representative

Date:_____

Exhibit N
Issuing and Paying Agent Agreement

ISSUING AND PAYING AGENT AGREEMENT

Dated as of November 1, 2015

U.S. Bank National Association
[_____]
[_____]
Attention: [_____]

Re: Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center)

Ladies and Gentlemen:

This letter will set forth the understandings made among you, the Municipal Improvement Corporation of Los Angeles, a California nonprofit public benefit corporation ("MICLA") and the City of Los Angeles, a municipal corporation organized and existing under and pursuant to its charter and the laws of the State of California (the "City"), whereby you have agreed to act (i) as depository for the safekeeping of certain notes of MICLA which may be issued and sold in the commercial paper markets (the "Commercial Paper Notes"), (ii) as issuing agent on behalf of MICLA in connection with the issuance of the Commercial Paper Notes, and (iii) as paying agent to undertake certain obligations as described below on behalf of the holders of the Commercial Paper Notes. Capitalized terms not otherwise defined herein shall have the meanings set forth in that certain Trust Agreement, dated as of November 1, 2015 (the "Trust Agreement"), among MICLA, the City and U.S. Bank National Association, as Trustee.

Under the Trust Agreement, MICLA has authorized and requested that the City act as agent for MICLA in connection with MICLA's Los Angeles Convention Center Lease Revenue Commercial Paper Note Program and as agent in connection with the use of the proceeds of the Commercial Paper Notes for Project Costs as set forth in the Trust Agreement (in such capacity, the "MICLA Agent"). You shall be entitled to treat the MICLA Agent as MICLA for purposes of all instructions, consents, notices and requests hereunder with respect to the issuance and sale of Commercial Paper Notes under the Trust Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

1. Appointment of Agent. MICLA hereby requests that you act, on the terms and conditions specified herein and in the Trust Agreement, as issuing and paying agent for its Commercial Paper Notes to be issued from time to time. Pursuant to the terms of the Trust Agreement, MICLA may issue and sell Commercial Paper Notes, which shall be short-term promissory notes issued in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), afforded by Section 3(a)(2) thereof. The Commercial Paper Notes will be placed initially through, J.P. Morgan Securities LLC ("JPMS") and Morgan Stanley & Co. LLC ("Morgan Stanley" and collectively with JPMS, and as more particularly defined in the Trust Agreement, the "Dealers" and each, a "Dealer"). The Commercial Paper Notes may be issued from time to time under the Trust Agreement as Series A Notes or any Subseries thereof or Series B Notes or any Subseries thereof. The Series A

Notes and the Series B Notes may be further designated by Subseries within a Series as directed by MICLA. The Series A Notes may be issued as physical certificates (the "Physical Series A Commercial Paper Notes") substantially in the form of Exhibit A-1 to the Trust Agreement, or as obligations ("Book-Entry Series A Commercial Paper Notes") evidenced by a Master Note (the "Series A Master Note") substantially in the form of Exhibit B-1 to the Trust Agreement. The Series B Notes may be issued as physical certificates (the "Physical Series B Commercial Paper Notes" and together with the Physical Series A Commercial Paper Notes, the "Physical Commercial Paper Notes") substantially in the form of Exhibit A-2 to the Trust Agreement, or as obligations ("Book-Entry Series B Commercial Paper Notes" and together with the Book-Entry Series A Commercial Paper Notes, the "Book-Entry Commercial Paper Notes") evidenced by a Master Note (the "Series B Master Note" and together with the Series A Master Note, the "Master Notes") substantially in the form of Exhibit B-2 to the Trust Agreement. The Master Notes and MICLA's obligations thereunder will be issued in accordance with applicable rules and regulations of DTC.

2. Master Notes; Supply of Commercial Paper Notes.

(a) The Book-Entry Commercial Paper Notes shall be evidenced by Master Notes representing 100% of the principal amount of such Commercial Paper Notes as may be Outstanding from time to time. The Master Notes shall bear the manual or facsimile signature of an Authorized Representative (as hereinafter defined), be countersigned for authentication by you, be registered in the name of the Nominee and be unavailable for transfer to the beneficial owners thereof.

You shall maintain the Master Notes in safekeeping, in accordance with your customary practices, on behalf of the Nominee, as the registered owner thereof. As long as the Nominee is the registered owner of the Master Notes, the beneficial ownership interests therein shall be shown on, and the transfer of ownership thereof shall be effected through, entries on the books maintained by DTC and the books of its Participants. The Master Notes and the Book-Entry Commercial Paper Notes represented thereby shall be subject to DTC's rules and procedures in effect at the time of the issuance of Book-Entry Commercial Paper Notes, as the same shall be amended from time to time. You shall cooperate with MICLA in assuring compliance with such rules and procedures. In connection with the DTC Same Day Funds ("SDFS") Money Market Instrument ("MMI") program, MICLA understands that as one of the conditions of its participation therein, it shall be necessary for MICLA and you to execute a Letter of Representations and for DTC to receive and accept such Letter of Representations. So long as the Master Notes are issued and any Book-Entry Commercial Paper Notes are Outstanding, no Physical Commercial Paper Notes may be issued.

(b) In the event that the Master Notes and the Book-Entry Commercial Paper Notes are no longer Outstanding, MICLA will from time to time furnish you with an adequate supply of Physical Commercial Paper Notes, which will be serially numbered and will have been executed by manual or facsimile signature by an Authorized Representative (as hereinafter defined), with the note number, principal amount, payee, date of issue, maturity date and interest rate left undetermined. Pending receipt of instructions pursuant to this Agreement, you will hold the Physical Commercial Paper Notes in safekeeping for the account of MICLA in accordance with your customary practice.

3. Authorized Representatives. From time to time MICLA will furnish you with a written instrument certifying the incumbency and specimen signatures of officers or agents of MICLA authorized to (a) execute the Master Notes, representing the Book-Entry Commercial Paper Notes, (b) execute Physical Commercial Paper Notes, and (c) to give instruction under paragraph 4 hereof or to take other action hereunder on behalf of MICLA (each an "Authorized Representative"). Until you receive a subsequent incumbency certificate of MICLA, you are entitled to rely on the last such certificate delivered to you for purposes of determining the Authorized Representatives. You shall not have any responsibility to MICLA to determine by whom or by what means a facsimile signature may have been affixed on the Commercial Paper Notes.

Any Commercial Paper Notes bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall be valid and binding after the completion and authentication thereof by you notwithstanding that such person shall have died or shall have otherwise ceased to hold his or her office on the date such Commercial Paper Notes is countersigned or delivered to you.

4. Completion Authentication and Delivery of Commercial Paper Notes.

(a) Instructions for the issuance of Commercial Paper Notes will be given via e-mail, facsimile transmission or by telephone. Instructions given by telephone, facsimile transmission or in writing shall be given by an Authorized Representative, or by an officer or employee of a Dealer (an "Authorized Dealer Representative"), or any other person who, in each case, has been designated by an Authorized Representative in writing to you as a person authorized to give such instructions hereunder.

(1) MICLA shall instruct you to issue Book-Entry Commercial Paper Notes by entering the appropriate DTC instrument codes and, after issuing such instructions, it is understood that the records maintained by you shall represent the aggregate principal amount of Book-Entry Commercial Paper Notes then outstanding and the aggregate unpaid interest thereon unless subsequently modified by MICLA with appropriate notice to you. At or before the close of business New York time, on the settlement date of each Book-Entry Commercial Paper Note, you shall: (a) determine the net proceeds due MICLA on such day and (b) credit the Funds and Accounts established under the Trust Agreement, in immediately available funds, such net proceeds in accordance with the instructions provided to you by MICLA or the applicable Dealer and the provisions of this Agreement (including paragraph 5), if and only if you have received confirmation from DTC that each Book-Entry Commercial Paper Note has settled in accordance with DTC's appropriate rules, regulations and procedures. MICLA hereby agrees with you that it shall repay such Book-Entry Commercial Paper Notes in accordance with the instructions provided to you by MICLA or the applicable Dealer, and that the aggregate amount owing at any time by MICLA in connection with all Outstanding Book-Entry Commercial Paper Notes shall be the amount of the aggregate principal amount of such Book-Entry Commercial Paper Notes plus the aggregate interest to be paid thereon at the scheduled maturity thereof.

(2) Upon receipt of instructions to issue Physical Commercial Paper Notes as described paragraph 2, you shall also withdraw the necessary Physical Commercial Paper Note(s) from safekeeping and, in accordance with such instructions, shall:

(A) complete each Physical Commercial Paper Note as to its note number, principal amount (which shall not be less than $100,000), interest rate, payee, date of issue, maturity date (which shall be a Business Day and shall not be more than 270 days from the date of issue nor later than five (5) days prior to the stated expiration or termination date of the Credit Facility unless MICLA shall have arranged for an Alternate Credit Facility) and place of payment; and

(B) manually countersign each Physical Commercial Paper Note, which signature may be by anyone of your officers or employees duly authorized and designated for this purpose; and

(C) deliver the Physical Commercial Paper Note(s) to the applicable Dealer or its designated consignees, which delivery shall be against receipt for payment as herein provided or as otherwise provided in such instructions in accordance with Paragraph 5.

(b) Instructions delivered by telephone, facsimile transmission or in writing must be received by you by 1:00 p.m. New York time, if the Commercial Paper Note(s) are to be delivered the same day. Telephonic and e-mail instructions shall be confirmed in writing or by facsimile the same day by 4:00 p.m. New York time.

(c) MICLA understands that although you have been instructed to deliver Physical Commercial Paper Notes against payment, delivery of Physical Commercial Paper Notes will, in accordance with the custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once you have delivered a Physical Commercial Paper Note to the applicable Dealer or its designated consignee as provided in Paragraph 4(a)(2)(C), MICLA shall bear the risk that such Dealer or designated consignee fails to remit payment for the Physical Commercial Paper Notes to you. It is understood that each delivery of Physical Commercial Paper Notes hereunder shall be subject to the rules of the New York Clearing House in effect at the time of such delivery.

(d) Notwithstanding anything to the contrary contained herein, and notwithstanding any contrary instructions from MICLA, you shall not issue or deliver any Commercial Paper Notes of a Subseries pursuant to such instructions if, immediately after issuance of such Commercial Paper Notes of such Subseries, the aggregate principal amount of all Commercial Paper Notes of such Subseries and the related Revolving Note Outstanding would exceed the Maximum Principal Amount with respect to such Subseries. Additionally, no Commercial Paper Note will be issued that (i) matures on a day that is not a Business Day; or (ii) has a term in excess of 270 days; or (iii) has a maturity date less than five days prior to the expiration of the applicable Credit Facility unless MICLA shall have arranged for an Alternate Credit Facility pursuant to Section 6.02 of the Trust Agreement; or (iv) bears interest at a rate in excess of the Maximum Interest Rate; provided, however, that the principal of and accrued interest due and payable at the stated maturity of the Commercial Paper Notes of such Subseries

to be Outstanding as of the date of such issuance does not exceed the amount available to be drawn under the applicable Credit Facility.

(e) Notwithstanding anything to the contrary herein, if any officer or administrator of your Corporate Trust Department receives a No-Issuance Notice with respect to one or more Subseries of the Commercial Paper Notes from the related Bank, you shall cease completing and countersigning and shall use reasonable efforts to cease delivery of such Subseries of the Commercial Paper Notes, notwithstanding any contrary instructions from MICLA, until such time as the related Bank shall have rescinded the No-Issuance Notice and shall have consented to the issuance of Commercial Paper Notes of such Subseries by a notice in writing to you.

5. Proceeds of Sale of the Commercial Paper Notes. Contemporaneously with the execution and delivery of this Agreement, and for the purposes of this Agreement and the Trust Agreement, you will establish a fund designated the Issuing and Paying Agent Fund in MICLA's name (the "Issuing and Paying Agent Fund") and you shall establish within such Issuing and Paying Agent Fund, a Base Rental Account (the "Base Rental Account"), an Administrative Expense Account (the "Administrative Expense Account"), a Payment Account (the "Payment Account"), and a Bank Reimbursement Account (the "Bank Reimbursement Account"), in each case as agent for the Trustee. Within such Administrative Expense Account, you shall establish a Series A-1 Administrative Expense Subaccount, a Series B-1 Administrative Expense Subaccount and from time to time other administrative expense subaccounts with respect to other Series or Subseries of the Commercial Paper Notes (each a "Administrative Expense Subaccount"), in each case as agent for the Trustee. Within such Payment Account, you shall establish a Series A-1 Payment Subaccount, a Series B-1 Payment Subaccount and from time to time other payment subaccounts with respect to other Subseries of the Commercial Paper Notes (each, a "Payment Subaccount"), and within each such Payment Subaccount, you shall establish with respect to the related Subseries of the Commercial Paper Notes, a Credit Facility Proceeds Subaccount, a Commercial Paper Note Proceeds Subaccount, and a Base Rental Payment Subaccount, in each case as agent for the Trustee. Within such Bank Reimbursement Account, you shall establish a Series A-1 Bank Reimbursement Subaccount, a Series B-1 Bank Reimbursement Subaccount and from time to time other bank reimbursement subaccounts with respect to other Series or Subseries of the Commercial Paper Notes (each a "Bank Reimbursement Subaccount"), in each case as agent for the Trustee. Funds received in payment for the Commercial Paper Notes are to be credited to the Issuing and Paying Agent Fund or transferred to the Project Fund or the Costs of Issuance Fund held by the Trustee and applied in accordance with the provisions of the Trust Agreement and instructions provided to you by MICLA or the applicable Dealer, as provided in the Trust Agreement. You shall apply the purchase price for Commercial Paper Notes for the purposes set forth in Section 3.02 of the Trust Agreement and in accordance with the written instructions of MICLA. You shall apply the funds on deposit in the Issuing and Paying Agent Fund for the purposes and at the times set forth in Section 3.05 of the Trust Agreement, and will invest such funds as provided in the Trust Agreement. In addition, you shall authenticate and deliver the Commercial Paper Notes and accept the duties and obligations of the Issuing and Paying Agent described in the Trust Agreement, but only upon the terms and conditions described therein. From time to time, as provided in Section 3.05(f)(iii) of the Trust Agreement, upon telephonic or written instructions

received by you from an Authorized Representative, you agree to transfer immediately excess funds from the Base Rental Account for our account.

6. Payment of Matured Commercial Paper Notes; Payments to Banks.

(a) On the date that any Commercial Paper Notes are scheduled to mature, you shall, by no later than 11:00 a.m. New York time, request an Advance in accordance with the terms of the applicable Credit Facility by delivering by facsimile a sight draft and any required certificates, as appropriate, in an amount equal to the principal of and interest on the applicable Subseries of the Commercial Paper Notes maturing on such date. The proceeds of all such Advances made pursuant to the applicable Credit Facility shall be deposited in the appropriate Payment Subaccount within the Issuing and Paying Agent Fund and expended for the payment of principal of and interest on maturing Commercial Paper Notes of the applicable Subseries. When any matured Commercial Paper Note is presented to you for payment by the holder thereof, payment shall be made from and charged to the appropriate Payment Subaccount within the Issuing and Paying Agent Fund in the priority specified in the Trust Agreement. Amounts held for the payment of maturing Commercial Paper Notes shall be held by you uninvested until the matured Commercial Paper Note is presented for payment by the holder thereof.

(b) You shall pay to the related Bank from moneys on deposit in the applicable Bank Reimbursement Subaccount and the applicable Administrative Expense Subaccount of the Issuing and Paying Agent Fund, amounts required to be paid to such Bank pursuant to the applicable Reimbursement Agreement.

7. Reliance on Instructions. You shall incur no liability to MICLA in acting hereunder upon telephonic, facsimile or other instructions contemplated hereby which the recipient thereof reasonably believed in good faith to have been given by an Authorized Representative or Authorized Dealer Representative, as the case may be. If a discrepancy exists with respect to the telephonic instructions as recorded and the written instructions, the written instructions will be deemed the controlling and proper instructions. It is understood that all telephonic instructions may be recorded by you, and MICLA hereby consents to such recording.

8. Cancellation of Commercial Paper Notes. You will in due course cancel Physical Commercial Paper Note(s) presented for payment and return them to MICLA. Promptly upon the written request of MICLA, you agree to cancel and return to MICLA all unissued Commercial Paper Notes in your possession at the time of such request.

9. Representations and Warranties of Authority. Each instruction given to you in accordance with Paragraph 4 shall constitute a representation and warranty to you by MICLA that the issuance and delivery of the Commercial Paper Notes have been duly and validly authorized by MICLA and that the Book-Entry Commercial Paper Notes, or, in the case of the Physical Commercial Paper Notes, that the Physical Commercial Paper Notes when completed, countersigned and delivered pursuant hereto, will constitute the legal, valid and binding obligations of MICLA, and that your appointment to act for MICLA hereunder has been duly authorized by all necessary corporate action of MICLA.

10. Notice: Addresses.

(a) All communications by or on behalf of the Trustee, MICLA or a Dealer, by telephone or otherwise, relating to the completion, authentication, delivery or payment of the Commercial Paper Note(s) are to be directed to your Commercial Paper Issuance Unit of your Corporate Trust Department (or such other department or division which you shall specify in writing to the Trustee, MICLA or such Dealer). MICLA will send all Commercial Paper Notes to be completed and delivered by you to your Commercial Paper Issuance Unit of your Corporate Trust Department (or such other department or division as you shall specify in writing to MICLA). You will advise the Trustee, MICLA and the Dealers from time to time of the individuals generally responsible for the administration of this Agreement, will from time to time certify incumbency and specimen signatures of officers or employees authorized to countersign Commercial Paper Notes and will supply a list of employees authorized to receive telephonic instructions.

(b) Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

if to MICLA, at the following address:	Municipal Improvement Corporation of Los Angeles c/o City of Los Angeles Office of the City Administrative Officer City Hall East, Room 1500 200 North Main Street Los Angeles, California 90012-4190 Attention: MICLA Coordinator Telephone: (213) 473-7500 Facsimile: (213) 473-7540
if to the MICLA Agent or the City, at the following address:	City of Los Angeles Office of the City Administrative Officer City Hall East, Room 1500 200 North Main Street Los Angeles, California 90012-4190 Attention: Debt Management Group Telephone: (213) 473-7500 Facsimile: (213) 473-7540
if to you, at the following addresses:	U.S. Bank National Association [_____] [_____] Attention: [_____]
if to the Dealers:	To their addresses as indicated in their respective Dealer Agreements

if to the Banks:	To their addresses as indicated in their respective Reimbursement Agreements
if to the Trustee, at the following address:	U.S. Bank National Association [_____] [_____] Attention: [_____]

Notices shall be deemed delivered when received at the address specified above. For purposes of this paragraph, "when received" shall mean actual receipt (i) of an electronic communication by a telex machine, telecopier or time-sharing terminal specified in or pursuant to this Agreement; (ii) of an oral communication by any person answering the telephone at your office specified in subparagraph 10(a) hereof and otherwise at the office of the individual or department specified in or pursuant to this Agreement; or (iii) of a written communication hand-delivered or mailed to the office specified in or pursuant to this Agreement.

11. Additional Information. Upon the request of MICLA given at any time and from time to time, you shall promptly provide MICLA with information with respect to the Commercial Paper Note(s) issued and paid hereunder. Such request shall be in written form and shall include the serial number, principal amount, date of issue, maturity date and interest rate of each Commercial Paper Note which has been issued or paid by you and for which the request is being made. You and MICLA shall discuss from time to time the extent to which such information is reasonably available and the times at which you can reasonably furnish such information.

12. Liability. Neither you nor your officers, employees or agents shall be liable for any act or omission hereunder, except in the case of ordinary negligence or willful misconduct, in which case you shall indemnify, defend and hold harmless MICLA's officers, employees and agents from and against any liability, claim, damage cost or expense (including legal fees and expenses) related to or arising out of such ordinary negligent action or inaction or willful misconduct, except to the extent that they are caused directly by MICLA's gross negligence or willful misconduct. This indemnity obligation shall survive termination of this Agreement.

13. Indemnification. MICLA agrees to indemnify and hold you and your officers, employees and agent harmless from and against all liabilities, claims, damages, costs and expense (including legal fees and expenses) relating to or arising out of their actions or inactions in connection with this Agreement, except to the extent they are caused by your negligence or willful misconduct. This indemnity shall survive termination of this Agreement.

14. Waiver of Setoff Offset Lien or Counterclaim. You hereby waive to the fullest extent possible under applicable law any and all rights of setoff, offset, lien or counterclaim you may have with respect to any amounts held by you in the Issuing and Paying Agent Fund, including without limitation the Payment Accounts and the Bank Reimbursement Accounts, by reason of any claim you may have against MICLA, the City, any of the Banks or any other person.

15. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, the Banks, the Dealers and the holders of any Notes, and no other person shall acquire or have any right under or by virtue hereof. Each Bank shall be a third party beneficiary of this Agreement with the power to enforce the same until the later of (i) the date the applicable Credit Facility have terminated and been surrendered to such Bank for cancellation and (ii) the date all amounts payable under the applicable Reimbursement Agreement and the related Revolving Note have been satisfied in full.

16. Termination. This Agreement may be terminated as provided in the Trust Agreement, but such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination.

17. Governing Law. This Agreement is to be delivered and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California.

18. Fees. You shall receive fees from MICLA for acting as depository, issuing agent and paying agent hereunder in such amounts as you and MICLA shall agree from time to time in writing. You shall send an invoice to MICLA for any such amounts.

19. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

20. Amendments. This Agreement may be amended in writing by the parties hereto, but only with the prior written consent of the Banks.

21. Certain Procurement Requirements. In its performance of this Agreement, (a) the Issuing and Paying Agent shall be subject to the provisions of Los Angeles Administrative Code Section 10.8.2 relating to non-discrimination in its employment practices, and (b) at such time the Issuing and Paying Agent becomes subject to the provisions of Los Angeles Administrative Code Section 10.10 and California Family Code Section 5230, the Issuing and Paying Agent agrees to comply with such laws.

Please indicate your agreement with and acceptance of the foregoing terms and provisions by signing the counterpart of this letter as indicated below.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____
Authorized Officer

Date: _____

CITY OF LOS ANGELES

By: _____
Authorized Officer

Date: _____

ATTEST:
HOLLY L. WOLCOTT, INTERIM CITY CLERK

By: _____
Deputy

Date: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, CITY ATTORNEY

By: _____
Authorized Officer

Date: _____

AGREED TO AND ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Issuing and Paying Agent

By: _____
Title: _____

Date: _____

Exhibit O
Commercial Paper Dealer Agreement

COMMERCIAL PAPER DEALER AGREEMENT

among

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES,

CITY OF LOS ANGELES

and

[NAME OF CP DEALER]
CP Dealer

Dated as of [_____], 20[__]

Relating to

Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Notes
(Los Angeles Convention Center)

COMMERCIAL PAPER DEALER AGREEMENT

THIS COMMERCIAL PAPER DEALER AGREEMENT, dated as of [_____], 20[__] (this "Agreement"), among the **MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES**, a California nonprofit public benefit corporation ("MICLA"), the **CITY OF LOS ANGELES** (the "City") and **[NAME OF CP DEALER]** ("[CP Dealer]" or the "CP Dealer").

For and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Background and Definitions. MICLA has authorized and the City has approved the issuance and reissuance from time to time of MICLA's Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) (the "Commercial Paper Notes"). The Commercial Paper Notes may be issued in one or more series and as tax-exempt or taxable notes.

(a) MICLA has authorized and the City has approved the issuance of the Commercial Paper Notes pursuant to a Trust Agreement, dated as of November 1, 2015 (as amended from time to time, the "Trust Agreement"), by and among MICLA, the City and U.S. Bank National Association, as trustee, and an Issuing and Paying Agent Agreement, dated as of November 1, 2013 (as amended from time to time, the "Issuing and Paying Agent Agreement"), by and among MICLA, the City and U.S. Bank National Association, as issuing and paying agent (collectively, the "Authorizing Document").

(b) The Authorizing Document provides for the appointment of one or more Dealers (as such term is defined in the Trust Agreement) to perform certain duties, including the offering and sale from time to time of the Commercial Paper Notes on behalf of MICLA.

(c) [CP Dealer] has agreed to accept the duties and responsibilities of a Dealer with respect to the Commercial Paper Notes under the Authorizing Document and this Agreement.

(d) All references herein to a "Bank," the "Banks," a "Credit Facility" or the "Credit Facilities" shall have the meanings ascribed thereto in the Trust Agreement and shall be deemed to include such party's successors or assigns or the applicable Alternate Bank or Alternate Credit Facility. All references herein to the "Bank," the "Banks," the "Credit Facility" or the "Reimbursement Agreement," as the context requires, shall be deemed to refer to the applicable Bank or Banks, the applicable Credit Facility or Credit Facilities or the applicable Reimbursement Agreement or Reimbursement Agreements, as such terms are defined in the Trust Agreement for the applicable Subseries of the Commercial Paper Notes.

(e) Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Trust Agreement.

Section 2. Appointment of CP Dealer. Subject to the terms and conditions contained herein, MICLA and the City each hereby appoints [CP Dealer] as a Dealer for the Commercial

Paper Notes, and [CP Dealer] hereby accepts such appointment. [CP Dealer] acknowledges that MICLA and the City have also appointed [_____] as Dealers, and may from time to time appoint other Dealers for the Commercial Paper Notes.

Section 3. Responsibilities of CP Dealer. Subject to the terms and conditions set forth in this Agreement, [CP Dealer] agrees to perform the duties of a Dealer under the Authorizing Document and of the CP Dealer as set forth in this Agreement. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the CP Dealer will act solely as an agent and not as a principal, except as expressly provided in this Agreement. The CP Dealer shall use its best efforts to solicit and arrange sales of the Commercial Paper Notes on behalf of MICLA at such rates and maturities as may prevail from time to time in the market. The CP Dealer, MICLA and the City agree that any Commercial Paper Notes which the CP Dealer may sell or which, in the CP Dealer's sole discretion, it may elect to purchase, will be purchased or sold on the terms and conditions and in the manner provided in the Trust Agreement, the Issuing and Paying Agent Agreement and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and of the Trust Agreement, the provisions of the Trust Agreement shall be controlling.

(a) Notwithstanding anything to the contrary contained herein, the CP Dealer:

(i) will suspend its efforts with respect to the offer or sale of the Commercial Paper Notes on behalf of MICLA upon the receipt of notice of the occurrence of an event of default under the Authorizing Document, the applicable Credit Facility or the applicable Reimbursement Agreement; and

(ii) may, in its sole discretion, suspend its efforts with respect to the offer or sale of the Commercial Paper Notes on behalf of MICLA immediately upon the occurrence of any of the following events, which suspension will continue so long as, in the CP Dealer's reasonable judgment, such event continues to exist as to the Commercial Paper Notes:

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities;

(3) the engagement or escalation by the United States in hostilities if the effect of such engagement or escalation, in the CP Dealer's judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Commercial Paper Notes;

(4) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other

governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Commercial Paper Notes, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "Securities Act") as then in effect, or the Securities Exchange Act of 1934, as amended (the "Exchange Act") as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Commercial Paper Notes, or the Commercial Paper Notes themselves, as contemplated hereby;

(5) any event shall occur or information shall become known, which, in the CP Dealer's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure documents used by the CP Dealer in connection with the performance of its duties hereunder, whether provided pursuant to Section 5 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(6) any governmental authority shall impose, as to the Commercial Paper Notes, or obligations of the general character of the Commercial Paper Notes, any material restrictions regarding the ownership or transfer of the Commercial Paper Notes not now in force, or increase materially those now in force;

(7) any of the representations and warranties of MICLA or the City made hereunder shall not have been materially true and correct on the date made;

(8) either MICLA or the City fails to observe any of the covenants or agreements made herein and such failure continues for a period of not to exceed thirty days from the time the CP Dealer notifies MICLA or the City, as applicable, of such failure;

(9) any of the rating agencies then rating the Commercial Paper Notes or the applicable Bank shall either (i) downgrade the ratings assigned to either the Commercial Paper Notes or the applicable Bank so that such Commercial Paper Notes are not "Eligible Securities" as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended or (ii) suspend or withdraw the then current ratings assigned to either the Commercial Paper Notes or the applicable Bank; or

(10) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes the effect of which in the CP Dealer's reasonable judgment makes it impractical to market the Commercial Paper Notes or to enforce contracts for the sale of the Commercial Paper Notes.

Section 4. Transactions in Commercial Paper Notes.

(a) All transactions in Commercial Paper Notes between the CP Dealer and MICLA shall be in accordance with the Trust Agreement, this Agreement, the Issuing and Paying Agent Agreement, the applicable Reimbursement Agreement and the applicable Credit Facility and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Trust Agreement. As early as possible, but not later than 12:30 p.m. (New York City time) on the day on which any Commercial Paper Notes are to be issued, the CP Dealer shall notify MICLA, the City and the Issuing and Paying Agent of the proposed final maturities, prices and interest rates or yields, CUSIP number, whether taxable or tax-exempt, whether interest bearing or sold at a discount, and whether sold at a public or private sale, upon which terms the CP Dealer will purchase or cause the purchase of the Commercial Paper Notes, and provide MICLA and the City with any other information as required for delivery of such Commercial Paper Notes. The CP Dealer shall not be obligated to purchase or cause the purchase of any Commercial Paper Notes unless and until agreement has been reached in each case on the foregoing points and the CP Dealer has agreed to such purchase. Not later than 1:00 p.m. (New York City time) on the date of each transaction the CP Dealer shall either (i) confirm each transaction made with or arranged by it or (ii) notify MICLA, the City and the Issuing and Paying Agent of the difference, if any, between the amount of maturing Commercial Paper Notes and the amount of Commercial Paper Notes which the CP Dealer has arranged to sell or has agreed to purchase. Such confirmation or notification shall be given by telephone (or by other telecommunications medium acceptable to MICLA and the City) and in writing to MICLA, the City and the Issuing and Paying Agent.

(b) If the CP Dealer is unable to find purchasers for the Commercial Paper Notes allocated to it and MICLA does not reallocate such Commercial Paper Notes to another Dealer, at its discretion the CP Dealer may purchase such Commercial Paper Notes for its own account, with the principal amount of Commercial Paper Notes to be purchased, the interest rate or yield applicable thereto and the maturity thereof determined by negotiation and agreement between the CP Dealer and MICLA. The CP Dealer shall not be obligated to purchase any Commercial Paper Notes unless and until agreement has been reached in each case on the foregoing terms.

Section 5. Payment for Commercial Paper Notes. The CP Dealer shall pay the Issuing and Paying Agent for the Commercial Paper Notes sold by the CP Dealer (or purchased by the CP Dealer for its own account) in immediately available funds by 2:15 p.m. (New York City time) on the Business Day such Commercial Paper Notes are delivered to the CP Dealer (provided that such Commercial Paper Notes are to be delivered to the CP Dealer by no later than 2:45 p.m. (New York City time) on such Business Day). All Series A Commercial Paper Notes will be sold at par, and Series B Commercial Paper Notes may be sold at a discount or at par. All Commercial Paper Notes will be evidenced by one or more global notes immobilized with The Depository Trust Company, New York, New York or will be executed and delivered in the manner provided for in the Authorizing Document.

Section 6. Designated Representative. Commercial Paper Note transactions with MICLA, pursuant to Section 4 hereof, shall be with the Assistant Secretary and Treasurer of MICLA or any one of the officers or employees of MICLA who are designated as a Designated

Representative by a certificate signed by the Assistant Secretary and Treasurer of MICLA, in substantially the form appended hereto as Appendix A. MICLA agrees to provide the CP Dealer with revised written designations in the form of Appendix A when and as required by changes in the Designated Representatives. The CP Dealer may rely upon such designation unless and until otherwise notified in writing by MICLA. MICLA has authorized and requested that the City act as agent for MICLA in connection with MICLA's Los Angeles Convention Center Lease Revenue Commercial Paper Note Program and as agent in connection with the use of the proceeds of the Commercial Paper Notes for Project Costs as set forth in the Trust Agreement (in such capacity, the "MICLA Agent"). [CP Dealer] shall be entitled to treat MICLA Agent as MICLA for purposes of all instructions, consents, notices and requests hereunder with respect to the issuance and sale of Commercial Paper Notes under the Authorizing Document.

Section 7. Resignation and Removal of CP Dealer. The CP Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing MICLA, the City and the Issuing and Paying Agent and the Banks with not less than sixty (60) days' prior written notice, which resignation will become effective only upon the appointment of a successor Dealer. MICLA and the City each will use its best efforts to appoint a successor Dealer within 60 days after receipt of notice of the CP Dealer's resignation. The CP Dealer may be removed at any time, at the direction of MICLA or the City upon not less than fourteen (14) days' prior written notice to the CP Dealer, the Issuing and Paying Agent and the Banks. Upon removal or resignation of the CP Dealer, MICLA shall promptly cause the Issuing and Paying Agent to give notice thereof by mail to all Holders of the Commercial Paper Notes and to any rating agency which has assigned a rating to the Commercial Paper Notes. The CP Dealer shall assign and deliver this Agreement to its successor if requested by MICLA or the City.

Section 8. Furnishing of Disclosure Materials.

(a) Each of MICLA and the City agrees to furnish the CP Dealer with such information with respect to MICLA, the City and the Commercial Paper Notes as the CP Dealer shall reasonably request from time to time.

(b) Each of MICLA and the City agrees to cooperate with the CP Dealer in the preparation from time to time of amendments or supplements to the offering memoranda relating to the Commercial Paper Notes (collectively, the "Offering Memorandum") or a new offering memorandum for any of the Commercial Paper Notes in the event the CP Dealer reasonably determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of MICLA of such Commercial Paper Notes, and to furnish or to cause to be furnished to the CP Dealer as many copies of such new Offering Memorandum as the CP Dealer shall request.

(c) Notwithstanding that the Commercial Paper Notes are exempt from the continuing disclosure requirements of Rule 15c2-12 promulgated under the Exchange Act ("Rule 15c2-12"), each of MICLA and the City will provide prompt notice to the CP Dealer of the occurrence of any event with respect to the Commercial Paper Notes referred to in paragraph (b)(5)(i)(C) of Rule 15c2-12, except that draws on a Credit Facility that is a direct-pay letter of credit shall not require such notice be given.

(d) Each of MICLA and the City agrees to furnish promptly to the CP Dealer a copy of each filing or notice made to anyone (whether in connection with the Commercial Paper Notes or not) pursuant to any undertaking or other agreement of MICLA or the City made with respect to general fund obligations of the City under any provision of Rule 15c2-12.

(e) It is expressly understood and agreed by MICLA and the CP Dealer that, after the initial issuance of the Commercial Paper Notes, MICLA will not undertake to determine or to inform any person (including the CP Dealer) whether or not the Offering Memorandum omits to state any fact necessary to make the Offering Memorandum not misleading. MICLA shall have no obligation to provide any ongoing information to the CP Dealer regarding corrections to the Offering Memorandum other than as expressly provided herein.

Section 9. Fees and Expenses. For the CP Dealer's services under this Agreement, MICLA and the City will be obligated, jointly and severally, to pay the CP Dealer a fee of [_____] basis points ([_____]%) per annum of the weighted average of the principal amount of Commercial Paper Notes sold by the CP Dealer that is outstanding during each three-month period, computed on the basis of a 365- or 366-day year. MICLA and/or the City will pay the fee quarterly in arrears commencing [_____], and each October 15, January 15, April 15 and July 15 thereafter. The CP Dealer shall submit invoices to MICLA and the City for each such quarterly fee. MICLA and the City also agree to pay the reasonable out-of-pocket expenses of the CP Dealer incurred in connection with the performance of its obligations hereunder.

Section 10. Representations and Warranties of MICLA. MICLA, by its acceptance hereof, represents, warrants, covenants and agrees with the CP Dealer that:

(a) It is a California nonprofit public benefit corporation duly formed and validly existing under the laws of the State of California.

(b) The Commercial Paper Notes have been duly authorized and, when issued and delivered as provided in the Trust Agreement and paid for, will be duly and validly issued and delivered and will constitute legal, valid and binding obligations of MICLA in accordance with their terms.

(c) It has full power and authority to take all actions required or permitted to be taken by MICLA by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement, the Trust Agreement, the Reimbursement Agreements, the Site Lease, the Sublease, the Assignment Agreement and any other instrument or agreement relating thereto to which MICLA is a party (the "MICLA Financing Documents").

(d) MICLA Financing Documents have been duly authorized, executed and delivered by MICLA and constitute legal, valid and binding obligations of MICLA, enforceable against MICLA in accordance with their terms, except to the extent enforceability may be limited by MICLA's bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) There are no consents, authorizations or approvals of, or filings with, any federal or state government authority (other than MICLA and the City) required in connection with the

issuance or sale of the Commercial Paper Notes or the performance of its obligations thereunder except as may be required by state securities laws and those which have already been obtained or made.

(f) The execution, delivery and performance by MICLA of the Commercial Paper Notes and the MICLA Financing Documents will not result in a breach or violation of, conflict with, or constitute a default under any law, regulation, order, judgment, agreement or instrument to which MICLA is a party or by which MICLA or any of its property is bound.

(g) Each delivery of Commercial Paper Notes to the CP Dealer shall be deemed a representation and warranty by MICLA, as of the date thereof, that (i) the Commercial Paper Notes issued on such date have been duly authorized, issued and delivered and, upon payment therefor, will constitute legal, valid and binding obligations of MICLA, enforceable against MICLA in accordance with their terms, except to the extent enforceability may be limited by MICLA's bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law, and (ii) the representations and warranties of MICLA set forth in paragraphs (a) through (f) of this Section 10 are true and correct as if made on such date.

Section 11. Representations and Warranties of the City. The City, by its acceptance hereof, represents, warrants, covenants and agrees with the CP Dealer that:

(a) It is a charter city and municipal corporation validly existing under the laws of the State of California.

(b) It has full power and authority to take all actions required or permitted to be taken by the City by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement, the Trust Agreement, the Reimbursement Agreements, the Site Lease, the Sublease and any other instrument or agreement relating thereto to which the City is a party (the "City Financing Documents").

(c) The City Financing Documents have been duly authorized, executed and delivered by the City and constitute legal, valid and binding obligations of the City, enforceable against the City in accordance with their terms, except to the extent enforceability may be limited by the City's bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) There are no consents, authorizations or approvals of, or filings with, any federal or state government authority (other than MICLA and the City) required in connection with the issuance or sale of the Commercial Paper Notes or the performance of its obligations thereunder except as may be required by state securities laws and those which have already been obtained or made.

(e) The execution, delivery and performance by the City of the City Financing Documents will not result in a breach or violation of, conflict with, or constitute a default under

any law, regulation, order, judgment, agreement or instrument to which the City is a party or by which the City or any of its property is bound.

(f) Each delivery of Commercial Paper Notes to the CP Dealer shall be deemed a representation and warranty by the City, as of the date thereof, that the representations and warranties of the City set forth in paragraphs (a) through (e) of this Section 11 are true and correct as if made on such date.

Section 12. Covenants and Agreements of MICLA.

(a) MICLA will promptly notify the CP Dealer of any fact or circumstance which may constitute, or with the passage of time will constitute, an event of default under the Commercial Paper Notes, the Trust Agreement, a Credit Facility or a Reimbursement Agreement.

(b) MICLA will notify the CP Dealer promptly in the event that the Assistant Secretary and Treasurer of MICLA has received actual notice that opinions from Note Counsel or Special Tax Counsel delivered in connection with the initial issuance of the Commercial Paper Notes have been withdrawn, adversely modified or retracted.

(c) MICLA will take all action within its control necessary to maintain the exclusion of interest on the Series A Commercial Paper Notes from the gross income of the Holders thereof for federal income tax purposes.

(d) MICLA will notify the CP Dealer of the replacement or substitution of any Credit Facility in accordance with Section 6.02 of the Trust Agreement.

Section 13. Covenants and Agreements of the City.

(a) The City will provide [CP Dealer] at its address set forth below, as promptly as available, the complete Comprehensive Annual Financial Report ("CAFR") of the City, certified as to the fairness of presentation and conformity with generally accepted accounting principles by a recognized firm of independent certified public accountants.

(b) The City will promptly notify the CP Dealer of any fact or circumstance which may constitute, or with the passage of time will constitute, an event of default under the Commercial Paper Notes, the Trust Agreement, a Credit Facility or a Reimbursement Agreement.

(c) The City will notify the CP Dealer promptly in the event that the City Administrative Officer has received actual notice that opinions from Note Counsel or Special Tax Counsel delivered in connection with the initial issuance of the Commercial Paper Notes have been withdrawn, adversely modified or retracted.

(d) The City will take all action within its control necessary to maintain the exclusion of interest on the Series A Commercial Paper Notes from the gross income of the Holders thereof for federal income tax purposes.

(e) The City will notify the CP Dealer of the replacement or substitution of any Credit Facility in accordance with Section 6.02 of the Trust Agreement.

Section 14. Conditions Precedent. At or promptly following the execution of this Agreement and as a condition precedent to any obligations of the CP Dealer hereunder, MICLA and the City shall furnish to the CP Dealer the following documents, in form and substance satisfactory to the CP Dealer.

(a) Certified copies of the Trust Agreement, the Issuing and Paying Agent Agreement, the Sublease, the Site Lease, the Assignment Agreement and documents authorizing the execution and delivery of this Agreement.

(b) Reliance letters on opinions of Note Counsel and Special Tax Counsel to MICLA substantially in the forms attached as Appendix A and Appendix B to the Offering Memorandum for the Commercial Paper Notes.

(c) All other pertinent legal documents supporting this transaction.

Section 15. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until the cessation of the Commercial Paper Notes program, subject to the right of suspension and termination as provided herein.

Section 16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 17. Dealing in Commercial Paper Notes by the CP Dealer; No Obligation to Purchase Commercial Paper Notes.

(a) The CP Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Commercial Paper Notes, including, without limitation, any Commercial Paper Notes offered and sold by the CP Dealer pursuant to this Agreement, and may join in any action which any Holder may be entitled to take with like effect as if it did not act in any capacity hereunder. The CP Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with MICLA and may act as depositary, account party, or agent for any committee or body of owners of the Commercial Paper Notes or other obligations of MICLA as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the CP Dealer an underwriter of the Commercial Paper Notes or to obligate the CP Dealer to purchase any Commercial Paper Notes for its own account at any time.

Section 18. Miscellaneous. Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The CP Dealer:

[_____]
[_____]
[_____]
Attention: [_____]
Telephone: ([___]) [___]-[____]
Facsimile: ([___]) [___]-[____]

MICLA:

Municipal Improvement Corporation of Los Angeles
c/o City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Assistant Secretary and Treasurer
Telephone: (213) 473-7526
Facsimile: (213) 473-7511

The City:

City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Debt Management Group
Telephone: (213) 473-7526
Facsimile: (213) 473-7511

The Issuing and Paying Agent:

U.S. Bank National Association
[_____]
[_____]
Attention: [_____]
Telephone: ([___]) [___]-[____]
Facsimile: ([___]) [___]-[____]

The Banks:

to their addresses as indicated in their respective Reimbursement Agreements.

Each party hereto may, by notice given under this Agreement to the other parties described above, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(a) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Commercial Paper Notes merely because of such purchase. Except as provided in (c) below, neither the Banks nor any owner of the Commercial Paper Notes or other third party shall have any rights or privileges hereunder.

(b) The Banks are third party beneficiaries of this Agreement only for the purpose of enforcing the rights and obligations of the CP Dealer, MICLA and the City pursuant to Sections 3, 4, 5 and 7 of this Agreement.

(c) All of the representations and warranties of MICLA and the City in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the CP Dealer, (ii) the offering and sale of and any payment for any Commercial Paper Notes hereunder or (iii) suspension, termination or cancellation of this Agreement.

(d) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto. If such an amendment, change, waiver discharging or termination affects the Banks, the prior written consent of the Banks will be required.

(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(h) In its performance of this Agreement, (a) the CP Dealer shall be subject to the provisions of Los Angeles Administrative Code Sections 10.8.2 (Non-discrimination), 10.8.2.1 (Equal Benefits Ordinance), and 10.41.2 (Affidavit Required with respect to Participation in or Profits derived from Slavery) and (b) at such time the CP Dealer becomes subject to the provisions of Los Angeles Administrative Code Sections 10.10 (Child Support Assignment Orders) and 10.40 (Contractor Responsibility Program), Los Angeles Municipal Code Article 8 (Municipal Lobbying), and California Family Code Section 5230, the CP Dealer agrees to comply with such laws. Pursuant to Los Angeles Administrative Code Section 10.8.2.1(f), (i) the CP Dealer certifies and represents that during the performance of this Agreement, it will comply with the Equal Benefits Ordinance, (ii) the failure of the CP Dealer to comply with the Equal Benefits Ordinance will be deemed to be a material breach of this Agreement and (iii) if the CP Dealer fails to comply with the Equal Benefits Ordinance the City may cancel, terminate or suspend this Agreement, in whole or in part, and all monies due or to become due under this Agreement may be retained by the City.

(Signature Page to Follow.)

IN WITNESS WHEREOF, the parties hereto have executed this Commercial Paper Dealer Agreement as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By _____
Authorized Officer

Date: _____

CITY OF LOS ANGELES

By _____
Authorized Officer

Date: _____

ATTEST:
HOLLY L. WOLCOTT, INTERIM CITY CLERK

By: _____
Deputy City Clerk

APPROVED AS TO FORM:

MICHAEL N. FEUER, CITY ATTORNEY

By _____
Assistant/Deputy City Attorney

Date: _____

[NAME OF CP DEALER]

By _____
[Title]

APPENDIX A

CERTIFICATE OF DESIGNATED REPRESENTATIVE

I am the Assistant Secretary and Treasurer of the Municipal Improvement Corporation of Los Angeles ("MICLA") duly authorized pursuant to the Trust Agreement, dated as of November 1, 2015 (as amended from time to time, the "Trust Agreement"), by and among MICLA, the City of Los Angeles and U.S. Bank National Association, as trustee, to appoint Designated Representatives of MICLA in connection with the issuance, from time to time, by MICLA of its Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) in accordance with the Trust Agreement. I hereby designate the following persons to act on my behalf in accordance with the Trust Agreement and specimen signatures of such persons are set forth beside their names.

Designated Representative	Specimen Signature
_____	_____
_____	_____

Executed this ____ day of _____, 20__

_____

Natalie R. Brill
Assistant Secretary and Treasurer
of the Municipal Improvement
Corporation of Los Angeles

Exhibit P
Letter of Credit and Reimbursement Agreement

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

dated as of November 1, 2015

among

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES,
CITY OF LOS ANGELES

and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch

relating to

$110,000,000 aggregate principal amount of
Municipal Improvement Corporation of Los Angeles
Lease Revenue Commercial Paper Notes (Los Angeles Convention Center),
Tax-Exempt Series A-1 and Taxable Series B-1

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EXHIBIT A – Form of Letter of Credit
EXHIBIT B – Form of Revolving Note
EXHIBIT C – Form of Request for Decrease in Stated Amount
EXHIBIT D – Form of Request for Extension

THIS LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of November 1, 2015, among the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES (the *"MICLA"*), the CITY OF LOS ANGELES (the *"City"*) and THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., acting through its New York Branch (together with its successors and assigns, the *"Bank"*).

WITNESSETH:

WHEREAS, pursuant to a Trust Agreement dated as of November 1, 2015, by and among MICLA, the City and **[Name of Trustee]**, as trustee (the *"Trustee"*) as it is from time to time amended, supplemented, waived and modified in accordance therewith and with Section 5.1(b) hereof (the *"Trust Agreement"*), MICLA may from time to time issue up to $110,000,000 in aggregate principal amount outstanding at any time of its Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A-1 and Taxable Series B-1 (the *"Notes"* and each, a *"Note"*);

WHEREAS, the Trust Agreement provides, as a condition precedent to the issuance of the Notes, for delivery to the Issuing and Paying Agent (as defined in the Trust Agreement) of a letter of credit with respect to the Notes; and

WHEREAS, the Bank has agreed to issue its letter of credit pursuant to this Agreement;

NOW THEREFORE, in consideration of the premises and in order to induce the Bank to issue the Letter of Credit, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Certain Defined Terms. The following terms, as used herein, have the following meanings:

"Additional Rental" has the meaning set forth in the Sublease.

"Advance" means any Principal Advance or Default Advance.

"Agreement" means this Letter of Credit and Reimbursement Agreement, as the same may from time to time be amended, supplemented or otherwise modified in accordance with its terms.

"Alternate Credit Facility" has the meaning set forth in the Trust Agreement.

"Assignment Agreement" means the Assignment Agreement, dated as of November 1, 2015, by and among MICLA, the Trustee and the Bank, as amended, supplemented, waived and modified from time to time in accordance therewith and with Section 5.1(b) hereof.

"*Bank*" has the meaning assigned that term in the first paragraph of this Agreement.

"*Base Rate*" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.00%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.00%), and (iii) eight percent (8.00%).

"*Base Rental Payments*" has the meaning set forth in the Sublease.

"*Base Rental Period*" has the meaning set forth in the Trust Agreement.

"*Business Day*" means any day other than (i) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State of California or in New York for commercial banking purposes; (ii) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon which commercial banks are authorized or required by law or executive order to be closed in the city and state in which demands for payment may be presented under the Letter of Credit.

"*CAFR*" has the meaning set forth in Section 5.1(a)(i).

"*City*" means the City of Los Angeles, California, a municipal corporation and charter city, and its successors and assigns.

"*City Representative*" has the meaning set forth in the Trust Agreement.

"*Code*" means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

"*Component*" has the meaning set forth in the Sublease.

"*Contingent Obligation*" means, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any indebtedness, leases, dividends, or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation, or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities, or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; *provided, however*, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect

thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"*Credit Event*" means any one of the following: the issuance of the Letter of Credit; an increase in the Stated Amount of the Letter of Credit; the making of any Principal Advance; or the conversion of a Principal Advance to a Term Loan.

"*Date of Issuance*" means the date on which the conditions precedent set forth in Section 3.1 of this Agreement are met or waived by the Bank and the Letter of Credit is issued.

"*Dealer*" means, with respect to the Notes, each and every Dealer appointed by MICLA pursuant to a Dealer Agreement, or any successors or assigns permitted under a Dealer Agreement or any other dealer for the Notes appointed by MICLA.

"*Dealer Agreement*" means the Commercial Paper Dealer Agreement among MICLA, the City and [_____], as a Dealer, or any other dealer for the Notes appointed by MICLA, providing for the acceptance by such Dealer of the duties and obligations imposed thereby and imposing certain other duties and obligations, as amended, supplemented, waived and modified from time to time in accordance therewith and with Section 5.1(b) hereof.

"*Debt*" means, with respect to any Person, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person as lessee under capital leases; (c) all obligations of such Person to pay the deferred purchase price of property or services; (d) certificates of participation evidencing an undivided ownership interest in payments made by such Person as lessee under capital leases, as purchaser under an installment sale agreement or otherwise as an obligor in connection therewith; (e) all Guarantees by such Person of Debt of another Person; (f) the face amount of any letter of credit issued for the account of such Person and, without duplication, all drafts drawn and reimbursement obligations arising thereunder; (g) all Debt of a second Person secured by any lien on any property owned by such first Person, whether or not such Debt has been assumed; (h) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, including but not limited to, take-or-pay or similar obligations; (i) all obligations of such Person under any Swap Contract; and (j) all Contingent Obligations of such Person; *provided, however,* that Debt shall not include trade payables arising in the ordinary course of business; and *provided, further, however* that with respect to the City, Debt shall exclude conduit, enterprise and other Debt that have no claim on the General Fund of the City.

"*Decrease Date*" means each Decrease Date set forth in a Notice of Decrease in Stated Amount.

"*Default*" means an event that with the giving of notice or passage of time, or both, shall constitute an Event of Default.

"*Default Advance*" or "*Default Advances*" each has the meaning assigned that term in Section 2.6(c).

"*Default Rate*" means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus two percent (2.00%).

"*Drawing*" has the meaning assigned to that term in the Letter of Credit.

"*ERISA*" means the Employee Retirement Income Security Act of 1974.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) under common control with the City or MICLA within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"*Event of Default*" has the meaning assigned that term in Section 6.1.

"*Federal Funds Rate*" means for any day, a fluctuating interest rate per annum (rounded upwards, if necessary, to the nearest one one-hundredth (1/100th) of one percent (1%)) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Bank from three (3) Federal funds brokers of recognized standing selected by the Bank.

"*Fee Letter*" means that certain Fee Letter dated November [__], 2015, among MICLA, the City and the Bank, as the same may be amended and supplemented from time to time and any agreement entered into in substitution thereof.

"*Final Drawing Notice*" has the meaning set forth in the Letter of Credit.

"*Fiscal Year*" means the twelve-month period commencing on July 1 of each year; *provided, however*, that the City may, from time to time, agree on a different twelve-month period as the Fiscal Year.

"*Fitch*" means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by MICLA that is reasonably acceptable to the Bank.

"*GAAP*" means generally accepted accounting principles in effect from time to time for government units and as prescribed by the Governmental Accounting Standards Board in the United States.

"*Governmental Authority*" means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body,

agency, commission, bureau or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

"Issuing and Paying Agent Agreement" means the Issuing and Paying Agent Agreement, dated as of November 1, 2015, by and among MICLA, the City and **[Name of Trustee]**, as Issuing and Paying Agent for the Notes, providing for the acceptance by such Issuing and Paying Agent of the duties and obligations imposed thereby and imposing certain other duties and obligations, as the same shall have been amended, supplemented or otherwise modified as permitted thereby.

"Issuing and Paying Agent" means the Issuing and Paying Agent appointed with respect to the Notes pursuant to Article V of the Trust Agreement, and having the duties, responsibilities and rights provided for therein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant thereto.

"Lease Obligation Debt" means any Debt of the City and/or MICLA, the payment of which is payable from and/or secured by lease revenue rental payments payable under real property (but not equipment) leases from the general fund of the City.

"Letter of Credit" means an irrevocable direct-pay letter of credit issued by the Bank, in substantially the form of Exhibit A hereto.

"Letter of Credit Expiration Date" has the meaning assigned to that term in the Letter of Credit.

"Material City Debt" means any Debt of the City that is outstanding in a principal amount of $10,000,000 or more.

"Maximum Base Rental" has the meaning set forth in the Trust Agreement.

"Maximum Rate" means ten percent (10%) per annum.

"MICLA" has the meaning assigned that term in the first paragraph of this Agreement.

"MICLA Representative" has the meaning set forth in the Trust Agreement.

"Minimum Required Rental Payment" has the meaning set forth in the Sublease.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by MICLA that is reasonably acceptable to the Bank.

"No-Issuance Notice" has the meaning assigned that term in Section 3.3.

"Note" and *"Notes"* each has the meaning assigned in the first recital of this Agreement.

"Notice of Decrease in Stated Amount" means a notice from the Bank to the Issuing and Paying Agent in the form of Annex F to the Letter of Credit.

"Notice of Extension" means a notice from the Bank to the Issuing and Paying Agent in the form of Annex G to the Letter of Credit.

"Obligations" means any and all amounts including, but not limited to, fees, expenses and Reimbursement Obligations, which may from time to time be owing by MICLA to the Bank under this Agreement and the Fee Letter.

"Offering Memorandum" means the offering memorandum with respect to the Notes.

"Original Stated Amount" means $[_____].

"Outstanding," when used in reference to Notes means, as of a particular date, all Notes authenticated and delivered pursuant to the Trust Agreement except: (i) any Note cancelled at or before such date, (ii) any Note deemed to have been paid in accordance with the Trust Agreement and (iii) any Note in lieu of or in substitution for which another Note shall have been authenticated and delivered pursuant to the Trust Agreement.

"Participant Bank" means any institution to which the Bank has granted a participation in or assigned, sold, or otherwise transferred the whole or any part of the Bank's rights or obligations (or both) under this Agreement or any other Related Document.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Pledged Property" has the meaning set forth in the Trust Agreement.

"Prime Rate" means, for any day, the per annum rate of interest for such day announced or otherwise established by the Bank from time to time as its base rate or equivalent rate for United States dollar denominated loans to borrowers located in the United States as in effect on such day, with any change in such prime rate or equivalent to be effective on the date of the announcement of such change, it being understood that such rate may not be the best or lowest rate offered by the Bank.

"Principal Advance" and *"Principal Advances"* each has the meaning assigned to that term in Section 2.5.

"Principal Advance Date" has the meaning assigned to that term in Section 2.5.

"Principal Advance Rate" means, on any particular date, a rate of interest calculated with respect to a particular Principal Advance equal to the Base Rate in effect on such date; *provided*, that from and after the occurrence of an Event of Default, the Principal Advance Rate shall equal the Default Rate; *provided, further*, that at no time shall the Principal Advance Rate be less than the highest rate of interest borne by any Note.

"Property" has the meaning set forth in the Trust Agreement.

"Quarterly Payment Date" means the first day of each March, June, September and December.

"Rating Agency" means Fitch, Moody's or S&P.

"Reimbursement Obligations" means any and all amounts owing by MICLA to the Bank under this Agreement for all amounts drawn under the Letter of Credit, Principal Advances, Term Loans and Default Advances.

"Related Documents" means the Trust Agreement, the Letter of Credit, this Agreement, the Fee Letter, the Notes, the Revolving Note, the Issuing and Paying Agent Agreement, the Offering Memorandum, the Site Lease, the Sublease, the Assignment Agreement and the Dealer Agreement.

"Rental Payments" has the meaning set forth in the Sublease.

"Request for Decrease in the Stated Amount" means a notice from MICLA to the Bank substantially in the form of Exhibit C attached hereto.

"Request for Extension" means a notice from the City to the Bank substantially in the form of Exhibit F attached hereto.

"Revolving Note" means MICLA's revolving note, substantially in the form of Exhibit B attached hereto, issued to the Bank pursuant to Section 2.11 hereof, to evidence the indebtedness of MICLA due and owing to the Bank under this Agreement with respect to amounts drawn on the Letter of Credit.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by MICLA that is reasonably acceptable to the Bank.

"Site Lease" means the Site Lease, dated as of November 1, 2015, by and between the City and MICLA, as from time to time amended or supplemented in accordance therewith and with Section 5.1(b) hereof.

"*State*" means the State of California.

"*Stated Amount*" has the meaning assigned that term in the Letter of Credit.

"*Stated Termination Date*" has the meaning assigned to that term in the Letter of Credit.

"*Sublease*" means the Sublease, dated as of November 1, 2015, by and between the City and MICLA, as amended, supplemented, waived and modified from time to time in accordance therewith and with Section 5.1(b) hereof.

"*Sublease Term*" has the meaning set forth in the Sublease.

"*Swap Contract*" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*Taxes*" has the meaning assigned that term in Section 2.9(b).

"*Term Loan*" and "*Term Loans*" each has the meaning assigned that term in Section 2.6(a).

"*Term Loan Conversion Date*" has the meaning assigned that term in Section 2.6(a).

"*Term Loan Rate*" means, for each day of determination, a rate per annum equal to the Base Rate from time to time in effect plus 1.00%; *provided*, that from and after the occurrence of an Event of Default, the Term Loan Rate shall equal the Default Rate; *provided, further*, that at no time shall the Term Loan Rate be less than the highest rate of interest borne by any Note.

"*Trust Agreement*" has the meaning assigned in the first recital of this Agreement.

"*Trustee*" means **[Name of Trustee]**, and its successor or successors, and any other person that may at any time be substituted in its place pursuant to the Trust Agreement.

Section 1.2. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word "from" means "from and including" and the words "till" and "until" each mean "to but excluding." All references to time in this Agreement shall mean Los Angeles time, whether or not so expressed and unless expressed otherwise.

Section 1.3. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP consistently applied.

Section 1.4. Terms Defined in Trust Agreement. Any capitalized term not defined herein shall have the meaning ascribed to such term in the Trust Agreement.

Section 1.5. Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (d) all references herein to Articles, Sections and Exhibits shall be construed to refer to Articles and Sections of, and Exhibits to, this Agreement.

Section 1.6. Fee Letter. References in this Agreement to "this Agreement" shall, whenever the context permits, be deemed to be references to "this Agreement and/or the Fee Letter" and references to "hereunder" or "hereto" (or words of similar import) shall, whenever the context permits, be deemed to be references to "hereunder and/or under the Fee Letter" or "hereto and/or under the Fee Letter".

ARTICLE II

AMOUNT AND TERMS OF THE LETTER OF CREDIT

Section 2.1. The Letter of Credit. The Bank agrees, on the terms and conditions hereinafter set forth, to issue the Letter of Credit to the Issuing and Paying Agent in the Original Stated Amount as of the Date of Issuance and expiring by its terms not later than the Letter of Credit Expiration Date.

Section 2.2. Issuance of the Letter of Credit. The Bank will issue the Letter of Credit to the Issuing and Paying Agent on the Date of Issuance upon fulfillment of the applicable conditions precedent set forth in Section 3.1.

Section 2.3. Letter of Credit Fees. MICLA hereby agrees to pay to the Bank a non refundable Letter of Credit Fee at the times and in the amounts set forth in the Fee Letter. MICLA hereby agrees to pay to the Bank as Additional Rental all other amounts set forth in the Fee Letter at the times and in the amounts set forth therein. The terms of the Fee Letter are hereby incorporated herein by reference as if fully set forth herein. All references to amounts or obligations due hereunder shall be deemed to include all amounts and obligations (including without limitation fees and expenses) under the Fee Letter. All fees paid under this Agreement and the Fee Letter shall be fully earned when due and nonrefundable when paid.

Section 2.4. Payment of Amounts Drawn on Letter of Credit. (a) MICLA shall pay or cause to be paid to the Bank an amount equal to that amount drawn on the Bank under the Letter of Credit pursuant to any Drawing with respect to the payment of accrued interest on maturing Notes or, subject to the provisions of Section 2.5 hereof, any Drawing with respect to the payment of principal of maturing Notes, on the same Business Day such drawing is honored.

(b) Any amount drawn under the Letter of Credit pursuant to a Drawing that is not repaid to the Bank when due as provided in clause (a) of Section 2.4, shall bear interest at the Default Rate until paid in full, payable on demand. Principal Advances, Term Loans and Default Advances shall be repaid to the Bank as provided in Sections 2.5 and 2.6 hereof.

(c) Any amount drawn under the Letter of Credit shall be noted by the Bank as principal due and owing on the grid attached to the Revolving Note pursuant to Section 2.11.

Section 2.5. Principal Advances. If the Bank shall make any payment under the Letter of Credit pursuant to a Drawing with respect to the payment of principal of maturing Notes and the conditions precedent set forth in Section 3.2 shall have been fulfilled, and MICLA (at its option) does not reimburse or cause to be reimbursed the Bank in connection therewith on the same Business Day, then such payment shall constitute a principal advance made by the Bank to MICLA on the date (the *"Principal Advance Date"*) and in the amount of such payment (each such advance being a *"Principal Advance"* and, collectively, the *"Principal Advances"*). MICLA shall pay or cause to be paid interest on the unpaid amount of each Principal Advance from the Principal Advance Date until such amount is repaid in full. Such interest shall be payable by MICLA monthly in arrears (based on a 365 day or 366 day year, as applicable, and the actual days elapsed since the Principal Advance Date), on the first Business Day of each calendar month during the term of each Principal Advance and, with respect to any such amount repaid, on the date any such amount is repaid, at a rate per annum equal to the Principal Advance Rate.

Section 2.6. Conversion of Principal Advances to Term Loans; Term Loans; Default Advances. (a) Subject to the satisfaction of the conditions set forth in Section 3.2 hereof, any amount of a Principal Advance (but not a Default Advance) remaining unpaid by MICLA to the Bank under Section 2.5 on the ninetieth (90th) day after the date on which such Principal Advance was made (the *"Term Loan Conversion Date"*) shall be converted to a term loan (each, a *"Term Loan"* and, collectively, the *"Term Loans"*).

(b) Subject to Section 2.7(c) hereof and Section 2.13 hereof, MICLA shall repay or cause to be repaid the principal amount of each Term Loan in installments as to principal, commencing on the first Quarterly Payment Date that is no less than ninety (90) days following the Term Loan Conversion Date and on each Quarterly Payment Date thereafter, with the final principal installment in an amount equal to the entire then outstanding principal amount of the Term Loan payable by MICLA on the date which is the fifth (5th) anniversary of the date the related Principal Advance was made. The principal amount of each Term Loan shall be amortized over such five (5) year period in equal quarterly installments of principal; *provided, however,* that the unpaid amount of each Term Loan shall be paid or caused to be paid by MICLA in each year only to the extent of the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Components subject to the Sublease for such Base Rental Period, and to the extent not so repaid, such Term Loan shall be paid or caused to be paid by MICLA during each subsequent Base Rental Period, to the extent owed, to the extent of the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Components subject to the Sublease for each such subsequent Base Rental Period, and such Term Loan shall continue to be an obligation of the City pursuant to the Sublease. MICLA may prepay or cause to be prepaid the outstanding amount of any Term Loan in whole or in part with accrued interest to the date of such prepayment on the amount prepaid. The amount of the Letter of Credit and the amounts available to be drawn thereunder by the Issuing and Paying Agent by any Drawing shall not be increased with respect to the conversion of a Principal Advance to a Term Loan. Each Term Loan shall bear interest at the Term Loan Rate, payable by MICLA quarterly in arrears on each Quarterly Payment Date during the term of such Term Loan and on the date on which the final installment of principal of the Term Loan is payable.

(c) If (i) the Bank shall make any payment under the Letter of Credit pursuant to a Drawing with respect to the payment of principal of maturing Notes and the conditions set forth in Section 3.2 shall not have been fulfilled, and MICLA fails to reimburse or cause to be reimbursed the Bank in connection therewith, (ii) the Bank shall have made a Principal Advance to MICLA and such amount remains outstanding on the Letter of Credit Expiration Date, (iii) the Bank shall have made a Principal Advance to MICLA and the conditions set forth in Section 3.2 shall not have been fulfilled on the Term Loan Conversion Date or (iv) an Event of Default shall have occurred while any Principal Advance remains outstanding, such payment or Principal Advance shall constitute a default advance (and not a Principal Advance) made by the Bank to MICLA from and after the date and in the amount of such payment under the Letter of Credit or such other date on which any event described in clauses (i), (ii), (iii) or (iv) above shall occur (each such default advance being a *"Default Advance"* and, collectively, the *"Default Advances"*). MICLA hereby agrees to pay or cause to be paid to the Bank (i) interest at the Default Rate on any amount of the Default Advance remaining unpaid by MICLA to the Bank from the date of such Default Advance until payment in full, payable in arrears, upon demand, and (ii) the unpaid amount of each Default Advance immediately upon demand by the Bank but if no demand is made, then on each Quarterly Payment Date in an amount equal to the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Components subject to the Sublease for such quarterly period; *provided, however,* that the unpaid amount of each Default Advance shall be paid or caused to be paid by MICLA in each year only to the extent of the available Maximum Base Rental for (and in any event only to the

extent of the then fair rental value of) the Components subject to the Sublease for such Base Rental Period, and to the extent not so repaid, such Default Advance shall be paid or caused to be paid by MICLA during each subsequent Base Rental Period, to the extent owed, to the extent of the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Components subject to the Sublease for each such subsequent Base Rental Period, and such Default Advance shall continue to be an obligation of the City pursuant to the Sublease.

Section 2.7. Prepayment of Principal Advances or Term Loans; Reinstatement of Letter of Credit Amounts. (a) MICLA may prepay or cause to be prepaid the amount of any Principal Advance or Term Loan outstanding in whole or in part with accrued interest to the date of such repayment on the amount prepaid. Any prepayment in part under this Section 2.7(a) shall be applied by the Bank against each such Principal Advance or Term Loan, as the case may be, in the order in which each such Principal Advance or Term Loan, as the case may be, was made.

(b) Any prepayment made under Section 2.7(a) shall be applied by the Bank as a reimbursement of the related drawing (and as a prepayment of the Principal Advance or Term Loan, as the case may be, resulting from such drawing) and, in the case of a prepayment of a Principal Advance, MICLA irrevocably authorizes the Bank to reinstate the amount available to be drawn under the Letter of Credit by the amount of such prepayment; *provided, however*, that the Issuing and Paying Agent shall not deliver any Notes (the aggregate principal and interest of which is payable from the amount of the Letter of Credit so reinstated) for sale or otherwise until the Letter of Credit has been reinstated pursuant to the terms of this Agreement and the Letter of Credit. The amount of the Letter of Credit and the amounts available to be drawn thereunder by the Issuing and Paying Agent by any Drawing shall not be increased with respect to repayments of Term Loans or Default Advances, unless otherwise agreed to by the Bank.

(c) In the event that the Issuing and Paying Agent delivers any Notes while any Principal Advance or Term Loan or any portion of any Principal Advance or Term Loan remains unpaid, MICLA shall apply the proceeds of any such Notes to the prepayment of such outstanding Principal Advance or Term Loan, as the case may be. Any prepayment in part under this Section 2.7(c) shall be applied against each such Principal Advance or Term Loan, as the case may be, in the order in which each such Principal Advance or Term Loan, as the case may be, was made.

Section 2.8. Increased Costs; Capital Adequacy. (a) If the Bank or any Participant Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty, regulation, policy, guideline, supervisory standard or directive of, or any change in the interpretation, implementation, or administration thereof by, any Governmental Authority (in each case, whether or not having the force of law), or compliance by the Bank or any Participant Bank with any request by or directive of any Governmental Authority (in each case, whether or not having the force of law), including but not limited to any such law, rule, regulation, policy, guideline, standard, directive, interpretation, application or promulgation implementing, invoking or in any way related to any provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (or any other statute referred to therein or amended thereby), regardless of the date enacted, adopted or issued, or any rules, guidelines, standards, policies, regulations,

or directives promulgated by the Basel Committee on Banking Supervision or the Bank for International Settlements (or any successor or similar organizations), regardless of the date enacted, adopted or issued, shall:

(i) change the basis of taxation of payments to the Bank or such Participant Bank of any amounts payable hereunder or under the Revolving Note or the Fee Letter (except for taxes on the overall net income of the Bank or such Participant Bank); or

(ii) impose, modify or deem applicable any reserve, liquidity, capital or liquidity ratio, special deposit, insurance premium, fee, financial charge, monetary burden or similar requirement against funding any Drawing under the Letter of Credit or maintaining the Letter of Credit, or making any Advance under, or complying with any term of, this Agreement, or against assets held by, or deposits with or for the account of, the Bank or such Participant Bank; or

(iii) impose on the Bank or such Participant Bank any other condition, expense or cost regarding this Agreement, the Revolving Note, any Drawing, any Advance or the Letter of Credit;

and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank or such Participant Bank of funding any Drawing under the Letter of Credit or maintaining the Letter of Credit, or making any Advance under, or complying with any term of, this Agreement or the Letter of Credit or to reduce the amount of any sum received or receivable by the Bank or such Participant Bank hereunder or under the Revolving Note or the Fee Letter (each such instance, referred to individually herein as a *"Reduction in Amount"* and, collectively as *"Reductions in Amount"*), then MICLA shall pay or cause to be paid to the Bank, as Additional Rental under the Sublease, at such time and in such amount as is set forth in paragraph (c) of this Section 2.8, such additional amount or amounts as will compensate the Bank or such Participant Bank for such increased costs or Reductions in Amount.

The Bank or Participant Bank (as the case may be) shall use commercially reasonable efforts to provide to MICLA, as soon as reasonably practicable after a Responsible Officer (as hereinafter defined) has actual knowledge that the Bank or Participant Bank (as the case may be) has determined to demand additional compensation under this Section 2.8(a) and the amount thereof, written notice of the occurrence or expected occurrence of any event referred to in clause (i), (ii) or (iii) above, setting forth in reasonable detail the amount or amounts of such additional compensation (such notice, a *"Yield Protection Demand Notice"*) and the date or anticipated date upon which the Bank or Participant Bank is demanding or expects to make such demand upon MICLA. Subject to the third full paragraph of Section 2.8(c) hereof, in the event that MICLA pays all outstanding Obligations and effects the termination of the Letter of Credit (the date of such payment and termination, the *"Termination Date"*), then MICLA shall not be obligated to pay, Additional Rental under the Sublease, any compensation set forth in such Yield Protection Demand Notice for any increased costs or Reductions in Amount incurred or suffered during, or relating to, any period after the Termination Date. MICLA and the Bank agree that the intent of this provision is solely to assist MICLA in managing its financing costs and that the Bank shall have no liability of any kind for failure to timely provide a Yield Protection Demand

Notice. All such amounts will be payable, as Additional Rental under the Sublease, as set forth in Section 2.8(c) hereof. As used in this provision, "Responsible Officer" means the officer of the Bank to whom notices to the Bank are required to be addressed under Section 7.2 hereof.

Notwithstanding the foregoing, a failure or delay by the Bank or any Participant Bank to deliver to MICLA a Yield Protection Demand Notice shall in no event relieve the obligation of MICLA of any obligation under this Section 2.8(a). Additionally, nothing set forth in this Section 2.8(a) shall limit the obligation of MICLA to pay to the Bank, as Additional Rental under the Sublease, any increased cost imposed upon the Bank related to any event referred to in clause (i), (ii) or (iii) of this Section 2.8(a).

(b) If the Bank or any Participant Bank shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty, regulation, policy, guideline, supervisory standard or directive of, or any change in the interpretation, implementation, or administration thereof by, any Governmental Authority (in each case whether or not having the force of law), or compliance by the Bank or any Participant Bank with any request by or directive of any Governmental Authority (in each case, whether or not having the force of law), including but not limited to any such law, rule, regulation, policy, guideline, standard, directive, interpretation, application or promulgation implementing, invoking or in any way related to any provision (as now or hereafter amended) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (or any other statute referred to therein or amended thereby) or any rules, guidelines, standards, or directives promulgated by the Basel Committee on Banking Supervision or the Bank for International Settlements (or any successor or similar organizations), shall impose, modify or deem applicable any capital or liquidity (including but not limited to contingent capital or liquidity) adequacy, reserve, insurance, liquidity or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or any Participant Bank allocates capital or liquidity resources or reserves to its commitments) that either:

(i) affects or would affect the amount of capital or liquidity or reserves to be maintained by the Bank or such Participant Bank, or

(ii) reduces or would reduce the rate of return on the Bank's or such Participant Bank's capital or liquidity or reserves to a level below that which the Bank or such Participant Bank could have achieved but for such circumstances (taking into consideration the policies of the Bank or such Participant Bank with respect to capital or liquidity adequacy or the maintenance of reserves) then,

then the Bank or Participant Bank (as the case may be) shall use commercially reasonable efforts to provide to MICLA, as soon as reasonably practicable after its Responsible Officer (as hereinafter defined) has actual knowledge that the Bank has determined to demand additional compensation for such reduction under this Section 2.8(b) and the amount thereof, written notice of the occurrence or expected occurrence of any event referred to in clause (i) or (ii), setting forth in reasonable detail the amount or amounts of such additional compensation (such notice, a *"Capital or Liquidity Adequacy Demand Notice"*) and the date or anticipated date upon which the Bank or Participant Bank is demanding or expects to make such demand upon MICLA.

Subject to the third full paragraph of Section 2.8(c) hereof, in the event that MICLA pays all outstanding Obligations and effects the termination of the Letter of Credit, then MICLA shall not be obligated to pay any compensation set forth in such Capital or Liquidity Adequacy Demand Notice for any such reduction incurred or suffered during, or relating to, any period after the Termination Date. MICLA and the Bank agree that the intent of this provision is solely to assist MICLA in managing its financing costs and that the Bank shall have no liability of any kind for failure to timely provide a Capital or Liquidity Adequacy Demand Notice. All such amounts will be payable, as Additional Rental under the Sublease, as set forth in Section 2.8(c) hereof.

Notwithstanding the foregoing, (i) a failure or delay by the Bank or any Participant Bank to deliver to MICLA a Capital or Liquidity Adequacy Demand Notice shall in no event relieve the obligation of MICLA of any obligation under this Section 2.8(b). Additionally, nothing set forth in this Section 2.8(b) shall limit the obligation of MICLA to pay to the Bank, as Additional Rental under the Sublease, any increased cost imposed upon the Bank related to any event referred to in clause (i) or (ii) of this Section 2.8(b).

(c) All payments of amounts referred to in this Section 2.8 shall be paid by MICLA, as Additional Rental under the Sublease, to the Bank, for its own account, or to the Participant Bank for the account of such Participant Bank, as applicable, within sixty (60) days of the date the Bank or Participant Bank makes demand therefor on MICLA; *provided* that, subject to the following proviso, any increased costs in excess of the product of twenty basis points (0.20%) times the Original Stated Amount shall be paid by MICLA, as Additional Rental under the Sublease, to the Bank, for its own account, or to the Participant Bank for the account of such Participant Bank, as applicable, within one hundred twenty (120) calendar days of the date the Bank or the Participant Bank, as applicable, makes demand therefor on MICLA; *provided* further that to the extent a particular amount of increased costs in excess of the product of twenty basis points (0.20%) times the Original Stated Amount is expected to be an ongoing obligation of MICLA (referred to herein as "*Recurring Increased Costs*") as determined by the Bank or the Participant Bank, as applicable, in a written notice from the Bank or the Participant Bank, as applicable, to MICLA, then after the first payment of such Recurring Increased Costs pursuant to the immediately preceding proviso, subsequent payments of such Recurring Increased Costs shall be due and payable, as Additional Rental under the Sublease, within sixty (60) days of the date the Bank or Participant Bank makes demand therefor on MICLA or on such recurring payment date as otherwise agreed to in writing by the Bank and MICLA.

The amounts demanded in the respective Yield Protection Demand Notice or Capital or Liquidity Adequacy Demand Notice or any other written notice from the Bank to MICLA making a demand on MICLA for the payment of increased costs or Reductions in Amount pursuant to this Section 2.8, as applicable, are intended to compensate the Bank or Participant Bank, as applicable, for such increased costs or Reductions in Amount incurred by the Bank or such Participant Bank as a result of any event referred to in subsections (a) or (b) above. Any Yield Protection Demand Notice or Capital or Liquidity Adequacy Demand Notice or any other written notice from the Bank to MICLA making a demand on MICLA for the payment of increased costs or Reductions in Amount pursuant to this Section 2.8 submitted by the Bank or any Participant Bank to MICLA shall be conclusive as to the amount thereof absent manifest error.

MICLA shall not be required to compensate the Bank or any Participant Bank pursuant to this Section 2.8 in respect of a period occurring more than six (6) months prior to the date the above-described written demand is given to MICLA with respect thereto (the "*Cut-Off Date*"), except where (i) the Bank or Participant Bank, as applicable, had no actual knowledge of the action resulting in such increased costs, increased capital or liquidity or Reduction in Amount, as applicable, as of the Cut-Off Date or (ii) such increased costs, increased capital or liquidity or Reduction in Amount apply to the Bank or Participant Bank retroactively to a date prior to the Cut-Off Date.

In making the determinations contemplated by any Yield Protection Demand Notice or Capital or Liquidity Adequacy Demand Notice or any other written notice from the Bank to MICLA making a demand on MICLA for the payment of increased costs or Reductions in Amount pursuant to this Section 2.8, the Bank or Participant Bank may make and shall include in such notice such reasonable estimates, assumptions, allocations and the like that the Bank or Participant Bank in good faith determines to be appropriate. For purposes of this Section 2.8, the term "Bank" or "Participant Bank" as applicable, shall also include any entity controlling the Bank or Participant Bank or the holding company thereof. For purposes of the immediately preceding sentence, "controlling" means the power to direct the management and policies of the Bank, directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise. The obligations of MICLA under this Section 2.8 shall survive the termination of this Agreement, the Letter of Credit and repayment of all Obligations hereunder and under the Fee Letter.

(d) Notwithstanding anything to the contrary in this Section 2.8, in the event the Bank grants any participation to any Participant Bank pursuant to Section 7.7(b) hereof, neither MICLA nor the City shall have any obligation to pay amounts pursuant to this Section 2.8 in an amount greater than that which it would have been required to pay if the Bank had not granted such participation.

Section 2.9. Payments and Computations. (a) MICLA shall make or cause to be made each payment hereunder representing reimbursement pursuant to Section 2.4 hereof to the Bank of the amount drawn on the Bank pursuant to a Drawing made under the Letter of Credit not later than 1:00 P.M., Los Angeles time (4:00 P.M. New York City time), on the day when due. MICLA shall make or cause to be made all other payments hereunder and/or under the Fee Letter not later than 10:00 A.M., Los Angeles time (1:00 P.M. New York City time), on the day when due. All payment made by MICLA under this Agreement and the Fee Letter shall be made in lawful money of the United States of America to the account of the Bank at its address set forth in Section 7.2 in immediately available funds; *provided, however,* that whenever any payment hereunder or under the Fee Letter shall be due on a day that is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time; and *provided, further* that MICLA shall be permitted to make any payment pursuant to the Fee Letter in next day funds if such payment is made (i) on the Business Day immediately preceding the date on which such payment would otherwise have been due and (ii) in an amount equal to the amount that would have been required to have been paid had the payment not been made in next day funds in reliance upon this proviso. Payment received by the Bank after the applicable time set forth in this Section 2.9

shall be considered to have been made on the next succeeding Business Day. Computations of the Base Rate, the Principal Advance Rate, the Term Loan Rate and the Default Rate hereunder shall be made by the Bank on the basis of a year of 365 days or 366 days, as applicable, for the actual number of days elapsed.

(b) All payments hereunder and under the Fee Letter will be made without counterclaim, setoff, condition or defense free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction, taxing authority or taxing jurisdiction in which MICLA is organized, has its principal place of business, is managed and controlled or from which or through payments to or from the Bank or such Participant Bank are made (each, a *"Taxing Jurisdiction"*), but excluding any tax imposed on the overall net income of the Bank or such Participant Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office of the Bank or such Participant Bank is located) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being hereinafter referred to as *"Taxes"*)); *provided, however,* that if the Bank or any Participant Bank, as the case may be, is not organized under the laws of the United States or a state thereof, MICLA shall have no liability with respect to any Taxes which are imposed on the Bank or any such Participant Bank pursuant to the laws of the Taxing Jurisdiction in which the principal office of the Bank or such Participant Bank is located unless (i) the Bank or such Participant Bank is entitled to the benefits of an income tax treaty with the United States that provides for an exemption from United States withholding tax on interest and other amounts payable to the Bank or such Participant Bank, as the case may be, pursuant to the terms of this Agreement, the Revolving Note and any other Related Document, or (ii) all interest and other amounts payable to the Bank or such Participant Bank pursuant to the terms of this Agreement, the Revolving Note or any other Related Documents will be effectively connected with the conduct by the Bank or such Participant Bank of a trade or business within the United States. If any Taxes are so levied or imposed, MICLA agrees to pay or cause to be paid to the Bank on demand the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due hereunder, under the Fee Letter, under the Revolving Note or under any Related Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein, in the Fee Letter, in the Revolving Note or in such Related Document. MICLA will deliver to the Bank within 45 days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts evidencing such payment by MICLA. To the extent permitted by law, MICLA will indemnify and hold harmless the Bank or such Participant Bank and reimburse the Bank upon written request, for the amount of any Taxes so levied or imposed and paid by the Bank or such Participant Bank.

(c) Unless otherwise provided herein, amounts not paid when due shall bear interest at the Default Rate and shall be payable upon demand of the Bank.

(d) Payments under this Agreement and/or the Fee Letter shall be made to the Bank as follows: [_____].

Section 2.10. Extension of Stated Termination Date; Reduction in Stated Amount.

(a) *Extension of Stated Termination Date.* On the Date of Issuance, the Stated Termination Date shall be **[November ___]**, 2018; *provided* that such date shall be subject to extension at any time following the then scheduled Stated Termination Date, as set forth below and in the Letter of Credit. At least 120 days but not more than 180 days prior to the Stated Termination Date, MICLA and the City may request in writing that the Bank extend the Stated Termination Date for an additional term of one year or such other period as the parties may agree by delivery to the Bank of a Request for Extension. Within 60 days of the date of any such Request for Extension, the Bank will notify MICLA and the City in writing of the decision by the Bank in its absolute discretion whether to extend for such additional period, the Stated Termination Date for purposes of this Agreement and the Letter of Credit, including in such notice the extended Stated Termination Date and the conditions of such consent (including conditions relating to legal documentation and the consent of the Issuing and Paying Agent). If the Bank does so agree to extend, the Bank shall deliver an executed Notice of Extension to the Issuing and Paying Agent. If the Bank shall not so notify MICLA, the Bank shall be deemed to have denied any such extension.

(b) *Reduction in Stated Amount.* MICLA and the City may elect to reduce the Stated Amount of the Letter of Credit from time to time prior to the Letter of Credit Expiration Date by delivery of a Request for Decrease in Stated Amount to the Bank, upon receipt of which the Bank will notify the Issuing and Paying Agent by means of a notice in the form attached to the Letter of Credit as Annex F, thereby reducing the Stated Amount, all as set forth in the Letter of Credit. Upon such reduction, the Stated Amount of the Letter of Credit shall not be less than the sum of (i) the face value of all discount Notes and (ii) the principal amount of all outstanding non-discount Notes plus all interest to accrue on such non-discount Notes to the maturity date thereof.

Section 2.11. Evidence of Debt; Revolving Note. The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of MICLA resulting from each drawing under the Letter of Credit and from each Advance and Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such accounts shall be prima facie evidence of the existence and amounts of the obligations of MICLA therein recorded. To evidence the indebtedness of MICLA due and owing to the Bank under this Agreement with respect to amounts drawn under the Letter of Credit, MICLA will issue the Revolving Note, substantially in the form of Exhibit B attached hereto, to the Bank on the Date of Issuance. The Bank shall note on the grid attached to the Revolving Note principal amounts owing to the Bank, and the maturity schedule therefor pursuant to Sections 2.5 and 2.6 respecting outstanding Advances and Term Loans with interest until payment in full pursuant to the terms of the Revolving Note. MICLA shall pay amounts under the Revolving Note on each date on which MICLA is required to make a principal payment on Advances and Term Loans in an amount equal to the Advance or Term Loan payment due on such date. The payment of the principal of and interest on the Revolving Note shall constitute payment of the principal of and interest on the related Advances and Term Loans and the payment of the principal of and interest on the Advances and Term Loans shall constitute the payment of and principal and interest on

the Revolving Note and the failure to make any payment on any Advance or Term Loan when due shall be a failure to make a payment on the Revolving Note and the failure to make any payment on the Revolving Note when due shall be a failure to make a payment on the Advance or Term Loan.

Section 2.12. Obligations Absolute. The obligations of MICLA under this Agreement and the Fee Letter shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms thereof, under all circumstances whatsoever, including without limitation the following circumstances:

(a) any lack of validity or enforceability of any of the Related Documents;

(b) any amendment to, waiver of or consent to departure from any provision of, this Agreement or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which MICLA or the City may have at any time against the Trustee, the Issuing and Paying Agent, the Dealer, the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Agreement), any beneficiary or any transferee of the Letter of Credit (or any person or entity for whom any such beneficiary or any such transferee may be acting) or any other Person, whether in connection with this Agreement, any Related Document or any unrelated transaction;

(d) any demand, statement or any other document presented under the Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) any non-application or misapplication by the Issuing and Paying Agent of the proceeds of any drawing under the Letter of Credit;

(f) payment by the Bank under the Letter of Credit to the person entitled thereto against presentation of a draft or certificate which does not comply strictly with the terms of the Letter of Credit; or

(g) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Nothing contained in this Section 2.12 shall operate to prevent MICLA or the City from bringing a cause of action against the Bank for any liability it may incur as a result of the Bank's gross negligence or willful misconduct as and to the extent provided in Section 7.5 hereof.

Notwithstanding the foregoing, the obligations of MICLA under this Agreement are a special obligation of MICLA payable solely from the Pledged Property. To the extent the City pays any obligation of MICLA under this Agreement, such payment shall be deemed to be payment by MICLA of such obligation.

Section 2.13. Termination; Acceptance of Alternate Credit Facility. MICLA may terminate the Letter of Credit prior to the Letter of Credit Expiration Date by (i) (A) delivering to the Issuing and Paying Agent an Alternate Credit Facility in substitution for the Letter of Credit in accordance with the terms and conditions of Trust Agreement and causing the Issuing and Paying Agent to deliver written notice to the Bank in the form of Annex C to the Letter of Credit and (B) delivering written notice to the Bank not less than thirty (30) days prior to the substitution date; or (ii) causing the Issuing and Paying Agent to deliver written notice to the Bank in the form of Annex D to the Letter of Credit in accordance with the terms and conditions of Trust Agreement. On or prior the date, if any, on which an Alternate Credit Facility is substituted for the Letter of Credit, MICLA shall pay, or cause to be paid, to the Bank all unpaid Obligations including, without limitation, any Advance or Term Loan and all amounts owing on the Revolving Note, at or prior to the time of such termination.

Section 2.14. Pledge by MICLA. To provide security to the Bank for the payment by MICLA of the Obligations and any and all amounts now or hereafter owing to the Bank under this Agreement and the Revolving Note, MICLA has pledged to the Bank the Pledged Property pursuant to the Trust Agreement and as evidenced by the Assignment Agreement.

Section 2.15. Maximum Interest Rate; Payment of Fee. If the rate of interest payable hereunder shall exceed any maximum interest rate permitted by law for any period for which interest is payable, then (i) interest at such maximum interest rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) such maximum interest rate (the *"Excess Interest"*), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed such maximum interest rate, at which time MICLA shall pay or cause to be paid to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal such maximum interest rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of this Agreement, in consideration for any limitation of the rate of interest which may otherwise be payable hereunder, MICLA shall pay or cause to be paid to the Bank a fee equal to the amount of all unpaid deferred Excess Interest (the *"Termination Fee"*); *provided* that the Termination Fee shall be payable as and to the extent that the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Components subject to the Sublease for such Base Rental Period exceeds the sum of all other Reimbursement Obligations remaining unpaid hereunder and the amount of interest accruing on the Notes during such Base Rental Period. MICLA hereby represents and warrants that the obligations of MICLA under the Revolving Note and all other Reimbursement Obligations hereunder are not subject to any limitation as to maximum interest rate.

Section 2.16. Adjustment of Base Rental Payments. (a) Following the Letter of Credit Expiration Date and for so long thereafter as any Reimbursement Obligations remain unpaid, the City and MICLA shall increase the amount of the Base Rental Payments payable under the Sublease for the Property for each Base Rental Period to the available Maximum Base Rental for (and in any event only to the extent of the then fair rental value of) the Property for the

Components subject to the Sublease for such Base Rental Period, as it may be re-determined in accordance with subsection (b) below.

(b) Following the Letter of Credit Expiration Date and for so long thereafter as any Reimbursement Obligations remain unpaid, unless the Sublease has terminated in accordance with its terms, the City and MICLA agree, at the Bank's sole written request, from time to time (but not more than once in any twelve month period), to determine or cause to be determined, the Maximum Base Rental for one or more Components for each Base Rental Period based on the then fair rental value for such Components for each Base Rental Period. Such determination shall be by any method that the Bank may reasonably request, subject to the reasonable approval of such method by the City, MICLA and bond counsel, including a Class C appraisal conducted by an employee of the City and shall be at the sole expense of the City and MICLA. In addition, the City and MICLA agree to extend the term of (i) the Site Lease in accordance with Section 4 thereof and (ii) the Sublease in accordance with Section 2.2 thereof, if, on the stated expiration thereof, any amounts remain owing to the Bank hereunder or under any of the other Related Documents.

ARTICLE III

CONDITIONS OF ISSUANCE

Section 3.1. Conditions Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit is subject to the fulfillment of the following conditions precedent on or before the Date of Issuance in form and substance and in a manner satisfactory to the Bank:

(a) The Bank shall have received:

(i) Certified copies of the resolutions of MICLA and the City approving this Agreement, the other Related Documents and the other matters contemplated hereby and thereby, and all other documents, including records of proceedings of MICLA and the City, instruments, governmental approvals, third party approvals and opinions as the Bank and its counsel may reasonably request evidencing any other necessary action.

(ii) A certificate of MICLA and the City stating the names and true signatures of the officers of MICLA and the City authorized to sign this Agreement and the other documents to be delivered by MICLA and the City hereunder.

(iii) Executed or conformed copies of each of the Related Documents in form and substance satisfactory to the Bank.

(iv) (A) A letter addressed to the Bank from Hawkins Delafield & Wood LLP, entitling the Bank to rely on such firm's approving Note opinion addressed to MICLA and (B) an opinion of Hawkins Delafield & Wood LLP,

addressed to the Bank in form and substance satisfactory to the Bank and its counsel, including, without limitation, that this Agreement and the Fee Letter are valid and binding agreements of the City and MICLA enforceable in accordance with their respective terms, subject to standard exceptions.

(v) Evidence that the ratings assigned to the Notes by Fitch, S&P and Moody's are the short-term ratings of the Bank.

(vi) The Revolving Note duly executed and delivered by MICLA to the Bank.

(vii) A certificate of the City setting forth the Maximum Base Rental for each Component subject to the Sublease for each Base Rental Period for the remaining term of the Sublease.

(viii) Certificates of MICLA and the City stating that (A) on the Date of Issuance, no event has occurred and is continuing, or would result from the issuance of the Letter of Credit, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and that (B) on the Date of Issuance and after giving effect to the issuance of the Letter of Credit, all representations and warranties of MICLA and the City contained herein or otherwise made in writing in connection herewith shall be true and correct with the same force and effect as though such representations and warranties had been made on and as of such time.

(ix) An opinion of the City Attorney of the City, as counsel to MICLA, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(x) An opinion of the City Attorney of the City, as counsel to the City, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xi) Audited financial statements for the City for the two most recently available fiscal years and the most recent unaudited operating budget summaries for the City's General Fund for the current fiscal year.

(xii) Evidence of title insurance on the Components in the form of a CLTA leasehold policy (10-21-87) of title insurance insuring the Trustee and naming the Bank as an additional insured, in an amount not less than the Original Stated Amount, subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be reasonably required by the Bank, including such endorsements as may be reasonably required by the Bank, and otherwise in form and substance satisfactory to the Bank and its counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State of California.

(xiii) Evidence of the City's current all-risk (including rental interruption) insurance for the Components. The Bank shall also have received a certificate from the City's Risk Manager stating that the City's current policies of insurance and any self-insurance or alternative risk management programs maintained by the City comply with the provisions of Section 4.3 of the Sublease and Sections 5.1(u) hereof. Any such commercial insurance policies shall name the Bank as loss payee and additional insured and shall be issued by insurers rated "A" or better by Best's or approved by the Bank.

(xiv) A copy of the investment policy of the City.

(xv) Certificates of the Trustee and the Issuing and Paying Agent evidencing the signatures and offices of officers of each executing the Related Documents and with respect to the Issuing and Paying Agent, authorized to draw on the Letter of Credit, and with respect to such other matters as the Bank may reasonably request, and an opinion of counsel to each of the Issuing and Paying Agent and the Trustee, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xvi) Such other documents, certificates, opinions, approvals and filings with respect to the Related Documents and this Agreement as the Bank may reasonably request.

(xvii) Evidence that the City has appropriated amounts sufficient to pay the Base Rental Payments due, or anticipated to be due in the 2014/2015 Fiscal Year with respect to the Components.

(xviii) Written evidence satisfactory to the Bank that (i) a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service for the Revolving Note and (ii) the Revolving Note has been assigned a long-term unenhanced rating of at least of *"Baa3"* (or its equivalent) or better by Moody's. The City will (at its expense) ensure that the CUSIP Number and the Revolving Note rating is available on an electronic registry acceptable to the Bank.

(b) All other legal matters pertaining to the execution and delivery of this Agreement, the Related Documents and the issuance of the first installment of the Notes shall be reasonably satisfactory to the Bank and its counsel.

(c) MICLA shall have made payment to the Bank of all amounts due on the Date of Issuance under Section 7.6 hereof.

Upon issuance of the Letter of Credit by the Bank, all conditions precedent contained in this Section 3.1 shall be deemed to have been met or waived by the Bank.

Section 3.2. Conditions Precedent to Each Credit Event. As a condition precedent to the occurrence of each Credit Event hereunder, including the initial Credit Event, the following conditions shall be satisfied on the date of such Credit Event:

(a) no Default or Event of Default shall have occurred and be continuing; and

(b) the representations and warranties made by MICLA and the City in Article 4 hereof (other than in Section 4.1(g) and 4.2(g) hereof) shall be true and correct in all material respects on and as of such date, as if made on and as of such date.

On the occurrence of each Credit Event, MICLA shall be deemed to have represented and warranted that the foregoing conditions precedent have been satisfied.

Section 3.3. No-Issuance Notice; Final Drawing Notice. The Bank may deliver a notice to the Issuing and Paying Agent in the form of (i) Annex H to the Letter of Credit (a *"Final Drawing Notice"*) or (ii) Annex G to the Letter of Credit (a *"No-Issuance Notice"*) at any time that the Bank shall have determined that (A) the conditions precedent to the occurrence of a Credit Event set forth in Section 3.2 have not been satisfied or (B) an Event of Default shall have occurred and be continuing. Upon receipt of such notice, the Issuing and Paying Agent shall cease authenticating Notes, as provided in Section 3.1 of the Trust Agreement, unless and until such No-Issuance Notice or Final Drawing Notice is rescinded. Any such notice received after 7:00 A.M., Los Angeles time (10:00 A.M. New York City time), shall be deemed to have been received on the next succeeding Business Day. The Bank shall not incur any liability as a result of the Bank's giving of any No-Issuance Notice or Final Drawing Notice that, in its good faith judgment, the Bank determines to be in accordance with this Section 3.3. Notwithstanding anything in this Section 3.3 which may be to the contrary, a No-Issuance Notice shall not affect the obligation of the Bank to honor demands for payment under the Letter of Credit with respect to Notes authenticated prior to the receipt by the Issuing and Paying Agent of such No-Issuance Notice, and the Issuing and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Notes authenticated prior to the receipt by the Issuing and Paying Agent of such No-Issuance Notice. A No-Issuance Notice or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within 24 hours, but the failure to so confirm such No-Issuance Notice or the Final Drawing Notice in writing shall not render such No-Issuance Notice or the Final Drawing Notice ineffective. The Bank will furnish a copy of any No-Issuance Notice or the Final Drawing Notice to the City, MICLA and the Dealers promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such No-Issuance Notice or Final Drawing Notice.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. City Representations and Warranties. The City represents and warrants that, as of the date on which this Agreement is executed:

(a) *Existence.* The City is validly existing as a municipal corporation organized and existing under its charter and the laws of the State, with full right and power to own its properties and to carry on its affairs as now being conducted and to execute, deliver and perform its obligations under this Agreement and each other Related Document to which it is a party.

(b) *Authorization; Contravention.* The execution, delivery and performance by the City of this Agreement and the other Related Documents to which it is a party are within the City's powers, have been duly authorized by all necessary action, require no further consent or action by or in respect of, or filing with, any governmental body, agency, official or other Person and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, writ, determination, award, decree or material instrument binding upon the City or by which the City or its properties may be bound or affected, or result in the creation or imposition of any lien or encumbrance on any asset of the City (other than pursuant to such enumerated documents). The City is not a party to, or otherwise subject to, any provision contained in any instrument evidencing indebtedness of the City, any agreement relating thereto, or any other contract or agreement (including its charter) that limits the amount of, or otherwise imposes restrictions on, the incurring of obligations of the City that would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(r) *Binding Effect.* Assuming due execution by the other parties thereto, this Agreement and the other Related Documents to which the City is a party each constitutes a valid, binding and enforceable agreement of the City, subject to applicable laws affecting creditors' rights generally and general principles of equity regardless of whether such enforceability is considered in a proceeding at law or in equity.

(d) *No Default.* It is not, in any material respect, in breach of or default under its organizational documents, or any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the transactions contemplated hereby or by the other Related Documents, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject. Late delivery of financial statements or other reporting documentation shall not be deemed material for purposes of this Section.

(e) *Litigation.* Except as disclosed in writing to the Bank prior to the Date of Issuance, there is no action, suit or proceeding pending with service of process having

been accomplished against, or to the knowledge of the City, threatened against or affecting, the City before any court or arbitrator or any governmental body, agency or official seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting or affecting the validity of the Notes or in which there is a reasonable possibility of an adverse decision which could have a material adverse effect on (i) the ability of the City to perform or satisfy its obligations hereunder or under the other Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(f) *No Sovereign Immunity.* The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations hereunder or under any other Related Document to which it is a party or by which it is bound.

(g) *Incorporation of Representations and Warranties by Reference.* As of the Date of Issuance, the City hereby makes to the Bank the same representations and warranties made by the City as are set forth in the Related Documents (other than this Agreement) to which it is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Related Documents (other than this Agreement) to which it is a party shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the consent of the Bank.

(h) *No Proposed Legal Changes.* To the knowledge of the City Administrative Officer, there is no amendment, or no proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect (i) the execution and delivery of this Agreement or the other Related Documents to which the City is a party, or (ii) the performance by the City of its obligations under this Agreement or the other Related Documents to which the City is a party.

(i) *Offering Memorandum.* The information contained in the Offering Memorandum under the caption "City of Los Angeles," as of the Date of Issuance, and as of the date of each issuance of Notes under the Trust Agreement, does not contain any untrue statement of any material fact.

(j) *Title to Property; Sublease.* The City has good and marketable fee simple title to all of the Components, subject only to Permitted Encumbrances. The Sublease is in full force and effect. The City, as lessee under the Sublease, is in peaceable possession of the Property. No waiver, indulgence or postponement of any of the City's obligations under the Sublease has been granted by MICLA. There exists no event of default or event, occurrence, condition or act that, with the giving of notice, the lapse of time or the

happening of any further event or condition, would become a default under the Sublease. The statements in Section 2.14 hereof are true and correct.

(k) *Disclosure.* Except as disclosed in writing to the Bank prior to the Date of Issuance, there is no fact known to the City, as of the date this representation is made, that would have a material adverse effect on (i) the ability of the City to perform its obligations hereunder or under the other Related Documents to which it is a party or (ii) the enforceability or validity of any of the Related Documents.

(l) *Financial Information.* The consolidated statement of financial position of the City as of June 30, 2014, as well as each CAFR of the City as of any more recent date, delivered to the Bank pursuant to this Agreement, fairly present the financial condition of the City as at such date and the results of the operations of the City for the period ended on such date, all in accordance with GAAP consistently applied, and since the date of such financial information, there has been no change in the business, financial condition, results of operations, or prospects of the City which would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(m) *Legal Matters.* The City is in material compliance with all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over the City, non-compliance with which would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(n) *Insurance.* The City currently maintains a system of self-insurance or insurance coverage with insurance companies believed by the City to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to the City (as determined in its reasonable discretion) and in full compliance with Section **[4.3]** of the Sublease.

Section 4.2. MICLA Representations and Warranties. MICLA represents and warrants that, as of the date on which this Agreement is executed:

(a) *Existence.* MICLA is validly existing as a California non-profit public benefit corporation, with full right and power to own its properties and to carry on its affairs as now being conducted and to issue the Notes, to pledge the security and to execute, deliver and perform its obligations under this Agreement and each other Related Document to which it is a party.

(b) *Authorization; Contravention.* The execution, delivery and performance by MICLA of this Agreement, the Revolving Note and the other Related Documents to which it is a party are within MICLA's powers, have been duly authorized by all necessary action, require no further consent or action by or in respect of, or filing with (except as has previously been made), any governmental body, agency, official or other Person and do not violate or contravene, or constitute a default under, any provision of

applicable law, articles of incorporation, bylaws, ordinance or regulation or of any material agreement, judgment, injunction, order, writ, determination, award, decree or material instrument binding upon MICLA or by which MICLA or its properties may be bound or affected, or result in the creation or imposition of any lien or encumbrance on any asset of MICLA (other than pursuant to such enumerated documents). MICLA is not a party to, or otherwise subject to, any provision contained in any instrument evidencing indebtedness of MICLA, any agreement relating thereto, or any other contract or agreement (including its articles of incorporation and bylaws) that limits the amount of, or otherwise imposes restrictions on, the incurring of obligations of MICLA that would materially and adversely affect the ability of MICLA to perform its obligations hereunder or under any other Related Documents to which it is a party.

(r) *Binding Effect.* Assuming due execution by the other parties thereto, this Agreement and the other Related Documents to which MICLA is a party each constitutes a valid, binding and enforceable agreement of MICLA, subject to applicable laws affecting creditors' rights generally and general principles of equity regardless of whether such enforceability is considered in a proceeding at law or in equity.

(d) *No Default.* It is not, in any material respect, in breach of or default under its articles of incorporation or its bylaws or other similar documents, or any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the issuance of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject. Late delivery of financial statements or other reporting documentation shall not be deemed material for purposes of this Section.

(e) *Litigation.* Except as disclosed in writing to the Bank prior to the Date of Issuance, there is no action, suit or proceeding pending with service of process having been accomplished against, or to the knowledge of MICLA, threatened against or affecting, MICLA before any court or arbitrator or any governmental body, agency or official seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting or affecting the validity of the Notes or in which there is a reasonable possibility of an adverse decision which could have a material adverse effect on (i) the ability of MICLA to perform or satisfy its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(f) *No Sovereign Immunity.* MICLA does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations hereunder or under any other Related Document to which it is a party or by which it is bound.

(g) *Incorporation of Representations and Warranties by Reference.* As of the Date of Issuance, MICLA hereby makes to the Bank the same representations and warranties made by MICLA as are set forth in the Related Documents (other than this Agreement) to which it is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the

same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Related Documents (other than this Agreement) to which it is a party shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the consent of the Bank.

(h) *No Proposed Legal Changes.* To the knowledge of the Treasurer of MICLA, there is no amendment, or no proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect (i) the execution and delivery of this Agreement, the Fee Letter or the other Related Documents to which MICLA is a party, or (ii) the performance by MICLA of its obligations under this Agreement or the other Related Documents to which MICLA is a party.

(i) *Offering Memorandum.* The information contained in the Offering Memorandum under the caption "MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES," as of the Date of Issuance, and as of the date of each issuance of Notes under the Trust Agreement, does not contain any untrue statement of any material fact.

(j) *Title to Property.* MICLA has good and marketable leasehold title to all of the Components pursuant to the Site Lease. The Site Lease is in full force and effect. MICLA, as lessee under the Site Lease, is in peaceable possession of the Property. No waiver, indulgence or postponement of any of MICLA's obligations under the Site Lease has been granted by the City. There exists no event of default or event, occurrence, condition or act that, with the giving of notice, the lapse of time or the happening of any further event or condition, would become a default under the Site Lease.

(k) *Disclosure.* Except as disclosed in writing to the Bank prior to the Date of Issuance, there is no fact known to MICLA that would have a material adverse effect on (i) the ability of MICLA to perform its obligations hereunder or under the other Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(l) *No Maximum Rate of Interest.* The obligations of MICLA under the Revolving Note and all other Reimbursement Obligations hereunder are not subject to any limitation as to maximum interest rate.

(m) *Legal Matters.* MICLA is in material compliance with all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over MICLA, non-compliance with which would materially and adversely affect the ability of MICLA to perform its obligations hereunder or under any other Related Documents to which it is a party.

(n) *Pledged Property.* The Trust Agreement creates a valid pledge of the Pledged Property as security for the punctual payment and performance of the obligations of MICLA under this Agreement and under the Revolving Note.

ARTICLE V

COVENANTS

Section 5.1. Covenants. MICLA and the City each agrees that so long as the Letter of Credit remains outstanding or any amount payable hereunder remains unpaid:

(a) *Information.* The City and MICLA will prepare or cause to be prepared and deliver to the Bank the following:

(i) as promptly as available (and in any event within 270 days following the end of each Fiscal Year of the City), the complete Comprehensive Annual Financial Report (*"CAFR"*) of the City, certified as to the fairness of presentation and conformity with GAAP by a recognized firm of independent certified public accountants;

(ii) concurrently with the delivery of each CAFR pursuant to (a)(i) above, a certificate from a City Representative certifying that such City Representative has no knowledge of any event which constitutes a Default or an Event of Default that has occurred and is continuing and a certificate from a MICLA Representative certifying that such MICLA Representative has no knowledge of any event which constitutes a Default or an Event of Default that has occurred and is continuing;

(iii) within ninety (90) days of proposal or adoption (as the case may be) of the most recently proposed or adopted annual operating budget of the City (as the case may be) with respect to the City's General Fund, evidence that such annual operating budget with respect to the City's General Fund includes therein as a separate line item all Minimum Required Rental Payments and Additional Payments due during such period, if not otherwise paid from capitalized interest funded by proceeds of the Notes; and

(iv) such other information respecting the affairs, conditions and/or operations, financial or otherwise, of the City or MICLA, as the Bank may from time to time reasonably request.

All factual information hereinafter delivered by MICLA or the City in writing to the Bank will be, to the knowledge of the authorized person delivering such information after reasonable inquiry, accurate and complete in all material respects on the date as of which such information is certified.

(b) *Amendments to Related Documents.* Without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed, or except as may be permitted in any Related Document, MICLA and the City will not agree or consent to any amendment, supplement, waiver or modification of any provision of any Related Document to which MICLA or the City is a party.

(c) *Incorporation of Covenants by Reference.* MICLA and the City each agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents to which it is a party, which provisions, as well as related defined terms contained herein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank.

(d) *Issuing and Paying Agent.* MICLA and the City will at all times have an Issuing and Paying Agent performing the duties thereof contemplated by the Trust Agreement and the Issuing and Paying Agent Agreement.

(e) *Dealer.* MICLA and the City will at all times have one or more Dealers reasonably acceptable to the Bank performing the duties thereof contemplated by the Trust Agreement and the Dealer Agreement.

(f) *Outstanding Notes Plus All Interest to Accrue Thereon Not to Exceed Stated Amount; No Issuance after Receipt of No-Issuance Notice.* (i) MICLA will instruct the Issuing and Paying Agent not to authenticate or deliver any Note if, immediately after the authentication and delivery of, and receipt of payment for, such Note, the sum of (i) the face value of all discount Notes and (ii) the principal amount of all outstanding non-discount Notes plus all interest to accrue on such non-discount Notes to the maturity date thereof, would exceed the Stated Amount.

(ii) MICLA will not instruct the Issuing and Paying Agent to authenticate or deliver any Note if the Issuance and Paying Agent has received a No- Issuance Notice or Final Drawing Notice, unless and until such No-Issuance Notice or Final Drawing Notice is rescinded.

(g) *Defaults.* MICLA and the City will promptly (and in any event within ten Business Days after becoming aware thereof) notify the Bank of the occurrence of any Event of Default, specifying the details of such Event of Default and, to the extent a determination has been made, the action that MICLA proposes to take with respect thereto.

(h) *Books, Records.* MICLA and the City will permit, during normal business hours and from time to time, upon reasonable prior notice, the Bank or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of MICLA and the City, respectively (except records and books of accounts the examination of which by the Bank is prohibited by law), and to discuss the affairs, finances and accounts of MICLA and the City with any representative or any other appropriate officer of MICLA and the City or MICLA's or the City's independent public accountants.

(i) *Other Obligations.* MICLA and the City will each comply with and observe all other material obligations and requirements set forth in the Trust Agreement and each other Related Document to which it is a party (including without limitation all provisions therein for the benefit of the Bank) and in all laws, statutes and regulations binding upon it, noncompliance with which would materially adversely affect MICLA's or the City's ability to perform its respective obligations under the Notes, this Agreement, the Fee Letter or any of the other Related Documents.

(j) *Litigation; Material Change.* MICLA and the City shall promptly notify the Bank of (i) the existence and status of any litigation which individually or in the aggregate could, in the event of an unfavorable outcome, or (ii) the occurrence of any other event or change which could have a material adverse effect on (A) the ability of MICLA or the City to perform their respective obligations hereunder or under the other Related Documents or (B) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(k) *Repayment of Drawings.* On and after the date of any drawing on the Letter of Credit, MICLA will use its best efforts to cause the Dealer to sell Notes as soon as practicable and to use the proceeds of the sale of such Notes to repay such drawing.

(l) *Obligations under Related Documents.* MICLA and the City shall take all actions as may be reasonably requested by the Bank to enforce the obligations under the Related Documents of each of the other parties thereto.

(m) *Replacement of Certain Entities.* MICLA shall obtain the prior written consent of the Bank to the replacement of the Issuing and Paying Agent or the Dealer, which consent shall not be unreasonably withheld or delayed. MICLA and the City shall provide the Bank with prior written notice of the replacement of any other entity that is a party to a Related Document.

(n) *Limitation on Voluntary Liens.* MICLA and the City shall not create a pledge, lien or charge on any part of the Property or the Pledged Property, other than the lien in favor of holders of the Notes and the Bank. The City and MICLA covenant (i) to keep the Components and all parts thereof free from judgments, and materialmen's and mechanics' liens, claims, demands, encumbrances, liabilities and other liens of whatever nature or character, which, in each case, might hamper the City in utilizing the Components; and (ii) promptly, upon request of the Bank, to take such action from time

to time as may be reasonably necessary or proper to remedy or cure any cloud upon or defect in the title to the Components or any part thereof, whether now existing or hereafter developing, to prosecute all actions, suits, or other proceedings as may be reasonably appropriate for such purpose.

(o) *City and MICLA to Maintain Existence.* MICLA agrees that it will maintain its existence as a California nonprofit public benefit corporation. The City agrees that it will maintain its existence as a municipal corporation under its charter and the laws of the State.

(p) *Further Assurances.* The City and MICLA will execute, acknowledge where appropriate, and deliver from time to time promptly at the request of the Bank all such instruments and documents as in the opinion of the Bank are reasonably necessary or desirable to carry out the intent and purposes of this Agreement.

(q) *No Impairment.* The City and MICLA will not take any action, or cause or permit the Trustee or the Issuing and Paying Agent to take any action, under the Trust Agreement, the Sublease or any other Related Document inconsistent with the rights and remedies of the Bank under this Agreement.

(r) *Lease Payments.* Without the prior written consent of the Bank, the City and MICLA will not issue or authorize the issuance of any Debt or other obligation (x) payable from the Rental Payments (as defined in the Sublease) due under the Sublease or (y) secured by a lien on all or any portion of the Pledged Property, other than the Notes and the Revolving Note.

(s) *References to the Bank.* The City and MICLA will not refer to the Bank in any official statement, offering memorandum, or private placement memorandum or make any changes in reference to the Bank in any revision of the Offering Memorandum without the Bank's prior written consent thereto, which consent shall not be unreasonably withheld or delayed.

(t) *Title Insurance.* The City and MICLA shall, during the term of the Sublease (including any extension of the initial term thereof), cause each of the Components to be covered by a CLTA leasehold policy (10-21-87) of title insurance insuring the Trustee and naming the Bank as an additional insured as its interests may appear, in a combined amount not less than the Maximum Principal Amount, subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be reasonably required by the Bank (with timely notice), including endorsements regarding zoning and access to public roads, and otherwise in form and substance satisfactory to the Bank and its counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State of California.

(u) *Maintenance of Insurance.* Throughout the term of the Sublease, the City shall maintain or cause to be maintained insurance in the manner and in form and substance as required by Section 4.3 of the Sublease.

(v) *Covenants and Legal Duties.* Subject to Section 3.1(g) of the Sublease, the City agrees to include all Minimum Required Rental Payments and Additional Rental due under the Sublease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such Minimum Required Rental Payments and Additional Rental, and for all Minimum Supplemental Rental Payments, if any, subject to Section 3.5 of the Sublease. The covenants on the part of the City herein contained and in the Sublease shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance, of the official duty of such officials to enable the City to carry out and perform such covenants and agreements.

(w) *Use of Proceeds.* The proceeds of drawings made under the Letter of Credit will be expended solely to pay the principal of and interest on maturing Notes.

(x) *Ratings.* The City shall give written notice to the Bank as soon as practicable of the increase, decrease, withdrawal or suspension of any rating maintained by the City at Moody's, Fitch or S&P in respect of its unenhanced Lease Obligation Debt, unless such rating is terminated due to the payment in full of such Lease Obligation Debt; *provided* that the requirement to provide such notice shall be satisfied if such information is publicly available on the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board.

(y) *Voluntary Rent Abatement.* Except as required by law and the terms of the Sublease, the City shall not seek or assert a claim for abatement of any of the Rental Payments under the Sublease.

(z) *Immunity.* To the fullest extent permitted by law, each of MICLA and the City agree not to assert the defense of immunity (on the grounds of sovereignty or otherwise) in any proceeding by the Bank to enforce any of the obligations of the MICLA or the City under this Agreement or any other Related Document.

(aa) *Ratings.* The City shall cause to be maintained (A) at least two long-term unenhanced ratings on its Lease Obligation Debt by Moody's, Fitch or S&P, (B) a short-term credit rating on the Notes by any one of Fitch, Moody's or S&P and (C) a long-term credit rating by any one of Moody's, Fitch or S&P applicable to the Revolving Note.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.1. Events of Default. The occurrence of any of the following events shall be an "Event of Default" hereunder:

(a) MICLA or the City shall fail to pay (i) any Reimbursement Obligation or interest thereon as and when due hereunder, subject to the proviso in Section 2.6(c) hereof; (ii) any fee set forth in the Fee Letter as and when due thereunder and the continuance of such failure for a period of three (3) Business Days; or (iii) any other amount payable hereunder, under the Fee Letter or under the Revolving Note and the continuance of such failure for a period of thirty (30) days after written notice thereof;

(b) MICLA or the City shall default in the performance of any of the covenants set forth in Section 5.1(b), (f), (g), (m), (n), (o), (q), (r), (s), (t), (u), (v), (z) or (aa) hereof;

(c) MICLA or the City shall default in the performance of any other material term, covenant or agreement set forth herein and such failure shall continue for a period of 30 days after the earlier to occur of written notice thereof shall have been given to MICLA or the City, as applicable, by the Bank;

(d) Any representation, warranty, certification or material statement made by MICLA or the City (or incorporated by reference) in this Agreement or by MICLA or the City in any other Related Document or in any certificate, financial statement or other document delivered pursuant to this Agreement or any other Related Document shall prove to have been incorrect in any material respect when made;

(e) The City shall (A) fail to make any payment on any Material City Debt (other than the Notes) or any interest or premium thereon when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material City Debt; or (B) fail to perform or observe any material term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Material City Debt when required to be performed or observed, and such failure shall not be waived and shall continue beyond the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to permit the acceleration of the maturity of such Material City Debt or result in the acceleration of the maturity of such Material City Debt; or (C) any Material City Debt shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment or an optional prepayment), prior to the stated maturity thereof; *provided, however,* that in the case of clause (A) or (B) any such failure shall not be considered an Event of Default hereunder if the same is being contested in good faith and by appropriate proceedings and

such contest shall operate to stay the acceleration of the maturity of such Material City Debt;

(f) MICLA or the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, debt restructuring, debt restrictions, debt adjustment or comparable restrictions or shall take any action to authorize any of the foregoing;

(g) A case or other proceeding shall be commenced against MICLA or the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against MICLA or the City under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of MICLA or the City, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(h) Any material provision of this Agreement, the Fee Letter or any other Related Document shall cease for any reason whatsoever to be a valid and binding agreement of MICLA or the City, or MICLA or the City shall contest the validity or enforceability thereof;

(i) Any pledge created hereunder or under the Trust Agreement to secure any amounts due under this Agreement shall fail to be valid or fully enforceable;

(j) An event of default shall occur under any of the Related Documents (other than this Agreement) or the City shall fail to make any payment under the Sublease when and as due; or

(k) The long-term unenhanced rating by Moody's, Fitch or S&P on any Lease Obligation Debt of the City shall be withdrawn, suspended or otherwise unavailable for credit related reasons or reduced below *"Baa2"* (or its equivalent), *"BBB"* (or its equivalent) or *"BBB"* (or its equivalent), respectively.

Section 6.2. Upon an Event of Default. If any Event of Default shall have occurred and be continuing, the Bank may, by notice to MICLA and the Issuing and Paying Agent, (i) issue a No-Issuance Notice, (ii) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Issuing and Paying Agent), (iii) declare the Revolving Note, in whole or in part, all or some Advances and Term Loans, as well as any other Reimbursement Obligation, and all interest thereon to be a Default Advance hereunder due and payable in the manner set forth in and subject to Section 2.6 hereof, or (iv) take any other action permitted by equity or law. Notwithstanding anything to the contrary contained in the preceding sentence, upon the occurrence or existence of an Event of Default of the type described in Section 6.1(f) or (g), the remedies described in clauses (ii) and (iii) above shall occur immediately and automatically without notice or further action on the part of the Bank or any other person and the remedy described on clause (i) above shall occur by the giving of notice only to the Issuing and Paying Agent. Anything in Article 2 hereof the contrary notwithstanding, from and after the occurrence an Event of Default, all Reimbursement Obligations shall bear interest at the Default Rate. Upon any action by the Bank as contemplated in the foregoing clauses (i) and (ii), the Stated Amount shall be permanently reduced upon, and by the amount of, each drawing under the Letter of Credit following the occurrence of an Event of Default. Notwithstanding the foregoing, the occurrence of an Event of Default shall not affect the Bank's obligations under the Letter of Credit with respect to Notes that are outstanding at the time of the occurrence of such Event of Default, and the Issuing and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Notes that are outstanding at the time of the occurrence of such Event of Default. Nothing contained in this Section 6.2 shall result in, or be construed to require, an acceleration of the payment of Base Rental pursuant to the Sublease. Nothing contained in this Section 6.2 shall abrogate the obligation of the Bank to honor properly presented and conforming drawings under the Letter of Credit prior to the termination of the Letter of Credit in accordance with its terms.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Amendments and Waivers. No amendment, change, discharge or waiver of any provision of this Agreement, nor consent to any departure by MICLA or the City therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on MICLA or the City in any case shall entitle MICLA or the City, as the case may be, to any other or further notice or demand in the same, similar or other circumstances.

Section 7.2. Notices. All notices and other communications provided for hereunder shall be in writing (including facsimiles) and mailed or faxed or delivered:

If to MICLA:

Municipal Improvement Corporation of Los Angeles
c/o City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: MICLA Coordinator

City:

City of Los Angeles
Office of the City Administrative Officer
City Hall East, Room 1500
200 North Main Street
Los Angeles, California 90012-4190
Attention: Debt Management Group

if to the Bank:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

if to the Issuing and Paying Agent:

[Name of Trustee]
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

if to the Trustee:

[Name of Trustee]
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Facsimile: [_____]

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed or faxed, be effective when deposited in the mails or faxed, respectively, addressed as aforesaid, except that notice to the Bank pursuant to the provisions of Article II shall not be effective until received by the Bank.

Section 7.3. No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on MICLA or the City in any case shall entitle MICLA or the City to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.4. Indemnification. (a) MICLA, to the extent permitted by law, hereby indemnifies and holds the Bank and its directors, officers, employees and agents (the *"Indemnified Parties"*) harmless from and against any and all claims, direct, as opposed to consequential, special, punitive, exemplary or indirect, damages (the right to receive consequential, special, punitive, exemplary or indirect damages being hereby waived), losses, liabilities, costs or expenses which such Indemnified Parties may incur or which may be claimed against such Indemnified Parties by any person by reason of or in connection with (i) the offering, sale, remarketing or resale of the Notes (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Related Documents or in any supplement or amendment to the Offering Memorandum or any similar disclosure document (other than in connection with a description of the Bank), or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading (other than in connection with a description of the Bank; (ii) the validity, sufficiency, enforceability or genuineness of any Related Document; (iii) the issuance of the Letter of Credit or the use of any proceeds of the Letter of Credit; (iv) the execution and delivery of this Agreement; or (v) any Property; *provided, however,* that MICLA, or the City on behalf of MICLA, shall not be required to indemnify an Indemnified Party pursuant to this Section 7.4(a), and the Bank shall be liable, for any claims, damages, losses, liabilities, costs or expenses to the extent caused by the willful misconduct or gross negligence of the Bank.

(b) To the extent not prohibited by applicable law, MICLA agrees to indemnify and hold the Bank harmless (on a net after-tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any jurisdiction in California or any state, county or city where the Bank is headquartered, in connection with the execution, delivery and performance of, or any payment made under, this Agreement, the Notes and the other Related Documents, or any amendment thereto.

Section 7.5. Liability of the Bank. MICLA and the City shall have claims against the Bank, and the Bank shall be liable to MICLA and the City to the extent of any direct, as opposed to consequential, special, punitive, exemplary or indirect, damages (the right to receive consequential, special, punitive, exemplary or indirect damages being hereby waived) suffered by MICLA or the City caused by the Bank's willful misconduct or gross negligence in respect of the Letter of Credit, the Fee Letter or this Agreement. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information (other than actual knowledge to the contrary) to the contrary.

Section 7.6. Expenses; Documentary Taxes. MICLA shall pay or cause to be paid (a) subject to the Fee Letter, the reasonable fees and expenses of Chapman and Cutler LLP, United States special counsel for the Bank, and Yumoto, Ota & Miyazaki, Japanese counsel for the Bank, in connection with the preparation of this Agreement, the Fee Letter and the Letter of Credit as set forth in the Fee Letter, (b) all reasonable expenses incurred by the Bank in connection with this Agreement, the Fee Letter and the Letter of Credit, (c) all reasonable out-of-pocket expenses of the Bank, including reasonable fees and disbursements of counsel, in connection with any waiver or consent hereunder or any amendment hereof or any Default or Event of Default or alleged Default or Event of Default hereunder, and (d) all out-of- pocket expenses incurred by the Bank, including reasonable fees and disbursements of counsel, in connection with any Event of Default or any investigation or enforcement proceedings with respect to this Agreement or any Related Document. MICLA shall reimburse the Bank for any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution a delivery of this Agreement or any Related Document or the acquisition or disposition by the Bank of the Revolving Note pursuant to this Agreement.

Section 7.7. Binding Effect. (a) This Agreement shall become effective when it shall have been executed by MICLA, the City and the Bank and thereafter shall be binding upon and inure to the benefit of MICLA, the City and the Bank and their respective successors and assigns, except that MICLA and the City shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the Bank.

(b) The Bank shall have the right at any time to sell, assign, grant or transfer participations in all or part of the Letter of Credit and the obligations of MICLA and the City hereunder and under the other Related Documents to any Participant Bank without the consent of MICLA or the City, *provided* that no such action by the Bank shall relieve the Bank of its obligations under the Letter of Credit or violate any City ordinance. The Bank may disclose to any Participant Bank or prospective Participant Bank any information or other data or material in

the Bank's possession relating to this Agreement, any other Related Document, MICLA, the City and the Property, without the consent of MICLA or the City, *provided* that if required by MICLA or the City, the Participant Bank or prospective Participant Bank shall certify to MICLA and/or the City, as the case may be, that the information provided by the Bank is being used solely to assist the Participant Bank or prospective Participant Bank in evaluating its position as a Participant Bank in the Letter of Credit. No Participant Bank shall be entitled to receive any greater payment under Section 2.8 hereof than the Bank would have been entitled to receive with respect to the rights and obligations hereunder transferred.

Section 7.8. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.9. Approvals. The Bank hereby approves with respect to the Notes, **[Name of Trustee]**, as Trustee, and **[Name of Trustee]**, as Issuing and Paying Agent, and [_____], as Dealers.

Section 7.10. Governing Law and Jurisdiction. (a) This Agreement shall be governed by, and construed in accordance with, the internal laws of the State.

(b) Each of the parties hereto hereby submits to the exclusive jurisdiction of any federal or state court of competent jurisdiction in the State for the purpose of any suit, action or other proceeding arising out of or relating to this Agreement; service of process may be accomplished by registered mail, return receipt requested to each of the parties at the address listed for notice in Section 7.2 hereof.

(c) To the extent permitted by law, each of MICLA, the City and the Bank irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to legal claims based on MICLA's, the City's or the Bank's performance of its obligations under this Agreement or any other Related Document. IN THE EVENT THAT, IN CONNECTION WITH ANY ACTION OR PROCEEDING BEFORE A STATE OR FEDERAL COURT IN THE STATE, SUCH COURT, OR ANY APPELLATE COURT, DETERMINES THAT THE JURY WAIVER REFERENCED IN THE PRECEDING SENTENCE IS UNENFORCEABLE, THE PARTIES HERETO AGREE THAT ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE SUBJECT TO JUDICIAL REFERENCE PURSUANT TO THE TERMS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638. IN SUCH EVENT, (I) THE REFEREE SHALL BE A RETIRED STATE OR FEDERAL JUDGE WITH EXPERIENCE IN PUBLIC FINANCE ISSUES AND (II) THE REFEREE SHALL DETERMINE ALL OF THE ISSUES IN THE ACTION OR PROCEEDING, WHETHER OF FACT OR LAW, AND WILL REPORT A STATEMENT OF DECISION. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS CONSENT AND EACH KNOWINGLY AND VOLUNTARILY CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(d) The waivers made pursuant to this Section 7.10 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement.

Section 7.11. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 7.12. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 7.13. Integration. This Agreement, the Fee Letter, the Letter of Credit and the Revolving Note are intended to be the final agreement between the parties hereto relating to the subject matter hereof and thereof and this Agreement, the Fee Letter, the Letter of Credit, the Revolving Note and any agreement, document or instrument attached hereto or thereto or referred to herein or therein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof and thereof.

Section 7.14. Certain Procurement Requirements. In its performance of its obligations under the Letter of Credit and otherwise in connection with this Agreement, (a) the Bank shall be subject to the provisions of Los Angeles Administrative Code Section 10.8.2 relating to non-discrimination in their respective employment practices, and (b) at such time as the Bank becomes subject to the provisions of Los Angeles Administrative Code Section 10.10 and California Family Code Section 5230, the Bank agrees to comply with such laws.

Section 7.15. Government Regulations. The City and MICLA each agree to provide documentary and other evidence of their identity as may be requested by the Bank at any time to enable the Bank to verify their identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

The City and MICLA each hereby represents and warrants and covenants and agrees (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (*"OFAC"*), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the City or MICLA or from otherwise conducting business with the City or MICLA and (b) to ensure that the proceeds of the Notes shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 7.16. Assignment of Obligations. The Bank may assign and pledge as collateral, without the consent of MICLA, all or any portion of the Revolving Note (or any payment obligations of MICLA hereunder) to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any

payment in respect of such assigned rights made by MICLA to the Bank in accordance with the terms of this Agreement and/or the Revolving Note shall satisfy MICLA's obligations hereunder and/or under the Revolving Note, as the case may be, to the extent of such payment. No such collateral assignment shall release the Bank from its obligations hereunder or under the Letter of Credit.

Section 7.17. Arm's Length Transaction. The transaction described in this Agreement is an arm's length, commercial transaction among the City, MICLA and the Bank in which: (i) the Bank is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to the City or MICLA; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the City or MICLA with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the City or MICLA on other matters); (iv) the only obligations the Bank has to the City and MICLA with respect to this transaction are set forth in this Agreement; and (v) the Bank is not recommending that the City or MICLA take an action with respect to the transaction described in this Agreement and the other Related Documents, and before taking any action with respect to the this transaction, the City and MICLA should discuss the information contained herein with the their own respective legal, accounting, tax, financial and other advisors, as the City or MICLA deems appropriate.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Letter of Credit and Reimbursement Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____
Name: _____
Title: _____
Date: _____

CITY OF LOS ANGELES

By: _____
Name: _____
Title: _____
Date: _____

ATTEST:

JUNE LAGMAY, CITY CLERK

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

CARMEN A. TRUTANICH, CITY ATTORNEY

By: _____
Name: Assistant City Attorney
Title: _____

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch, as the Bank

By: _____
Name: _____
Title: _____

EXHIBIT A

[FORM OF LETTER OF CREDIT]

EXHIBIT B

[FORM OF REVOLVING NOTE]
REVOLVING NOTE

$[_____]

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES (*"MICLA"*), for value received, hereby promises to pay to THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., acting through its New York Branch (together with its successors and assigns, the *"Bank"*), or registered assigns, under the Reimbursement Agreement hereinafter referred to, at the principal office of the Bank in New York, New York, the sum of [_____] DOLLARS or, if less, the aggregate principal amount of all drawings paid by the Bank under the Letter of Credit and all Advances made by the Bank pursuant to the Reimbursement Agreement, together with accrued and unpaid interest thereon.

The unpaid principal amount hereof from time to time outstanding shall bear interest at the rate or rates and be payable as provided in and calculated in the manner set forth in the Reimbursement Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America.

Annexed hereto and made a part hereof is a grid (the *"Grid"*) on which shall be shown all drawings paid by the Bank and all Advances and Term Loans outstanding from time to time under the Reimbursement Agreement and the amounts of principal and interest payable and paid from time to time under the Reimbursement Agreement. MICLA hereby appoints the Bank as its agent to endorse the principal amounts owing to the Bank and the maturity schedule therefor pursuant to Section 2.5 and 2.6 of the Reimbursement Agreement respecting outstanding Advances and Term Loans with interest until payment in full pursuant to the terms of this Note, and the date and the amount of each such drawing, Advance or Term Loan or principal or interest repayment made hereunder. In any legal action or proceeding in respect of this Note, the entries made in such accounts shall be prima facie evidence of the existence and the amounts of the obligations of MICLA recorded therein.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, a Letter of Credit and Reimbursement Agreement dated as of November 1, 2015 (as the same may at any time be amended or modified and in effect, the *"Reimbursement Agreement"*), among MICLA, the City of Los Angeles and the Bank, to which reference is hereby made for a statement of said terms and provisions, including those under which this Note may be paid prior to its due date.

Notwithstanding the foregoing, the obligations of MICLA under this Note are a special obligation of MICLA payable solely from the Pledged Property. To the extent the City pays any obligation of MICLA under this Note, such payment shall be deemed to be payment by MICLA of such obligation.

MICLA hereby agrees to pay or cause to be paid all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note in endeavoring to collect any amounts payable hereunder which are not paid when due.

This Note is made under the laws of the State of California, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to principles of conflicts of law. Capitalized terms not otherwise defined herein have the meaning set forth in the Reimbursement Agreement.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Reimbursement Agreement precedent to and in the issuance of this Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Note have been duly authorized by resolution of MICLA duly adopted.

MICLA hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever.

IN WITNESS WHEREOF, the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES has caused this Note to be duly executed in its name by the manual or facsimile signature of an Authorized Officer as of November [___], 2015.

MUNICIPAL IMPROVEMENT CORPORATION OF
LOS ANGELES

By: _____
Title: Authorized Officer

REVOLVING NOTE GRID

DRAWINGS, ADVANCES AND TERM LOANS AND PAYMENTS OF PRINCIPAL AND INTEREST

Date	Drawing, Advance or Term Loan	Amount of Drawing, Advance or Term Loan	Principal Amount of Advances or Term Loans Repaid	Amount of Interest on Advances or Term Loans Repaid	Aggregate Advance Balance	Notation Made By

Note: Additional pages of this Revolving Note and Revolving Note Grid may be attached to the Revolving Note as may be necessary to record certain information regarding each drawing, Advance or Term Loan.

EXHIBIT C

[FORM OF REQUEST FOR DECREASE IN STATED AMOUNT]

REQUEST FOR DECREASE IN STATED AMOUNT

The undersigned, duly authorized signatories of the undersigned Municipal Improvement Corporation of Los Angeles (*"MICLA"*) and the City of Los Angeles (the *"City"*), hereby certify to The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (together with its successors and assigns, the *"Bank"*), with reference to the Irrevocable Letter of Credit No. [_____] (the *"Letter of Credit,"* the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(b) of the Letter of Credit and Reimbursement Agreement dated as of November 1, 2015 (the *"Reimbursement Agreement,"* to which reference is made for the definition of capitalized terms not otherwise defined herein), among MICLA, the City and the Bank, MICLA and the City hereby elect to reduce the Stated Amount of the Letter of Credit in the amount of $_____, effective as of _____ (the *"Decrease Date"*).

2. The Decrease Date for which such decrease is requested is _____, which is at least one (1) Business Day and not more than five (5) days after the date the Bank receives this Request for Decrease in Stated Amount.

3. The new Stated Amount of the Letter of Credit will be $_____. As of the Decrease Date and upon such reduction, the Stated Amount will not be less than the sum of (i) the face value of all discount Notes and (ii) the principal amount of all outstanding non-discount Notes plus all interest to accrue on such non-discount Notes to the maturity date thereof.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the _____ day of _____, _____.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:_____
Title:

CITY OF LOS ANGELES

By:_____
Title:

EXHIBIT D

[FORM OF REQUEST FOR EXTENSION OF LETTER OF CREDIT EXPIRATION DATE]

REQUEST FOR EXTENSION OF LETTER OF CREDIT EXPIRATION DATE

The undersigned, duly authorized signatories of the undersigned Municipal Improvement Corporation of Los Angeles (*"MICLA"*) and the City of Los Angeles (the *"City"*), hereby certify to The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (together with its successors and assigns, the *"Bank"*), with reference to the Irrevocable Letter of Credit No. [_____] (the *"Letter of Credit,"* the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(a) of the Letter of Credit and Reimbursement Agreement dated as of November 1, 2015 (the *"Reimbursement Agreement,"* to which reference is made for the definition of capitalized terms not otherwise defined herein), among MICLA, the City and the Bank, MICLA and the City hereby request an extension of the Letter of Credit Expiration Date to _____.

2. All representations and warranties contained in Article IV of the Reimbursement Agreement are true and correct and will be true and correct as of the date of this Certificate as if made on and as of the date hereof and no Event of Default has occurred and is continuing and no event has occurred and is continuing which is or with the passage of time or giving of notice or both would be an Event of Default on and as of the date hereof or will occur as a result of the extension of the Letter of Credit Expiration Date of the Letter of Credit.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the _____ day of _____, _____.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____
Title:

CITY OF LOS ANGELES

By: _____
Title:

Exhibit Q
Fee Letter

FEE LETTER
DATED NOVEMBER [__], 2015

Reference is hereby made to (i) that certain Letter of Credit and Reimbursement Agreement dated as of November 1, 2015 (as amended, supplemented or otherwise modified from time to time, the *"Agreement"*), among The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (the *"Bank"*), the Municipal Improvement Corporation of Los Angeles (*"MICLA"*), and the City of Los Angeles (the *"City"*), relating to MICLA's $110,000,000 Lease Revenue Commercial Paper Notes (Los Angeles Convention Center), Tax-Exempt Series A-1 and Taxable Series B-1 (the *"Notes"*) and (ii) that certain Irrevocable Letter of Credit dated November [___], 2015 (as amended, supplemented or otherwise modified from time to time, the *"Letter of Credit"*), issued by the Bank pursuant to the Agreement, supporting the Notes. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Letter is to confirm the agreement among the Bank, MICLA and the City with respect to, among other things, the Letter of Credit Fees (as defined below) and certain other fees payable to the Bank. This Fee Letter is the Fee Letter referenced in the Agreement and the terms of this Fee Letter are incorporated by reference into the Agreement. This Fee Letter and the Agreement are to be construed as one agreement among the City, MICLA and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Letter.

ARTICLE I. FEES.

Section 1.1. Letter of Credit Fees. (a) MICLA hereby agrees to pay or cause to be paid to the Bank quarterly in arrears on each Quarterly Payment Date occurring prior to the Termination Date, and on the Termination Date, a non-refundable facility fee (the *"Letter of Credit Fee"*), for each fee period, commencing on the first calendar day of such fee period and ending on the last calendar day of such fee period, in an amount equal to the product of the rate per annum corresponding to the applicable Level specified below associated with the applicable Rating (as defined below) as specified below (the *"Letter of Credit Fee Rate"*) multiplied by the average daily Stated Amount (without regard to any temporary reductions thereof) during each related quarterly fee period:

LEVEL	S&P RATING	FITCH RATING	MOODY'S RATING	LETTER OF CREDIT FEE RATE
Level 1	A+ or above	A+ or above	A1 or above	0.35%
Level 2	A	A	A2	0.40%
Level 3	A-	A-	A3	0.60%
Level 4	BBB+	BBB+	Baa1	1.60%
Level 5	BBB	BBB	Baa2	2.10%

LEVEL	S&P RATING	FITCH RATING	MOODY'S RATING	LETTER OF CREDIT FEE RATE
Level 6	BBB-	BBB-	Baa3	3.10%
Level 7	Below BBB-	Below BBB-	Below Baa3	4.60%

(b) The term *"Rating"* shall mean the lowest long-term rating assigned by Fitch, S&P and Moody's to the City's unenhanced Lease Obligation Debt (without regard to bond insurance or other credit enhancement). In the event of a split Rating (i.e., one of the foregoing Rating Agency's Rating is at a different level than the Rating of either of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the Level in which the lowest Rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term rating of the City's Lease Obligation Debt in connection with the adoption of a *"global"* rating scale, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. MICLA and the City each represent that as of the date hereof the Letter of Credit Fee Rate is that specified above for *"Level 1."* Upon the occurrence and during the continuance of an Event of Default, the Letter of Credit Fee shall immediately and without notice be increased by an additional one and one-half of one percent (1.50%) from the rate then in effect upon the occurrence of such Event of Default. In the event that any applicable rating is suspended, withdrawn or otherwise unavailable for credit-related reasons from any Rating Agency (to the extent then providing such a rating), the Letter of Credit Fee Rate shall immediately and without notice increase to the Letter of Credit Fee Rate set forth in Level 7. Any and all such increases in the Letter of Credit Fee Rate shall be cumulative. The Letter of Credit Fee shall be payable quarterly in arrears, based upon a year of 360 days and the actual number of days elapsed. To the extent any Letter of Credit Fee is not paid when due, such Letter of Credit Fee shall accrue interest from the date payment is due until payment in full at a per annum rate of interest equal to the Default Rate, payable on demand.

Section 1.2. Drawing Fee. MICLA hereby agrees to pay or cause to be paid quarterly in arrears on each Quarterly Payment Date occurring prior to the Termination Date, and on the Termination Date, a non-refundable fee of $250 to the Bank for each Drawing under the Letter of Credit during such quarterly period.

Section 1.3. Amendment and Transfer Fee. MICLA agrees to pay, or cause to be paid, to the Bank, on the date of each amendment, modification, extension, waiver or consent with respect to the Agreement or Letter of Credit, a fee of $2,500, plus, in each case, the reasonable fees and expenses of counsel to the Bank.

Upon each transfer of the Letter of Credit in accordance with its terms or the appointment of a successor Issuing and Paying Agent under the Issuing and Paying Agent Agreement, MICLA agrees to pay the Bank a non-refundable transfer fee in an amount equal to $2,500, and to reimburse the Bank for its actual costs and expenses associated with such transfer or appointment (including, without limitation, the reasonable fees and expenses of counsel to the Bank), payable on the date of such transfer or appointment.

Section 1.4. Termination Fee. (a) Notwithstanding any other provision of the Agreement or this Fee Letter to the contrary, MICLA and the City agree not to terminate or replace the Agreement or the Letter of Credit or permanently reduce the Stated Amount prior to the first anniversary of the Date of Issuance, except upon (i) the payment by MICLA to the Bank of the Termination Fee or Reduction Fee, as applicable, as described below, (ii) with respect to a termination or replacement, the payment by MICLA to the Bank of all Obligations payable under the Agreement and this Fee Letter and (iii) MICLA providing the Bank with thirty (30) days prior written notice of its intent to terminate or replace the Agreement and the Letter of Credit or permanently reduce the Stated Amount; *provided,* that any such termination of the Agreement or the Letter of Credit or reduction of the Stated Amount shall be in compliance with the terms and conditions of the Trust Agreement and the Agreement.

(b) MICLA hereby agrees to pay to the Bank a Termination Fee (as hereinafter defined) in connection with the termination or replacement of the Letter of Credit by MICLA as set forth in Section 1.4(a) hereof in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect pursuant to Section 1.1 hereof on the date of termination, (B) the Stated Amount (without regard to any temporary reductions thereof) on the date of such termination, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the first anniversary of the Date of Issuance and the denominator of which is 360 (the "*Termination Fee*"), payable on the date the Letter of Credit is terminated or replaced; *provided, however,* that no Termination Fee shall become payable if the Letter of Credit is terminated or replaced as a result (i) of a withdrawal, suspension or reduction of the Bank's senior unsecured short-term ratings below "P-1", "F1" or "A-1", respectively, by Moody's, Fitch or S&P or (ii) the Bank imposing and MICLA paying increased costs pursuant to Section 2.8 of the Agreement and, in the event that any replacement letter of credit or liquidity provider supports all or any of the Notes upon such termination, such replacement letter of credit or liquidity provider certifying in writing that it will not impose on MICLA similar increased costs.

(c) MICLA hereby agrees to pay to the Bank a Reduction Fee (as hereinafter defined) in connection with any permanent reduction of the Stated Amount as set forth in Section 1.4(a) hereof in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect pursuant to Section 1.1 hereof on the date of such permanent reduction, (B) the difference between the Stated Amount (without regard to any temporary reductions thereof) prior to such permanent reduction and the Stated Amount (without regard to any temporary reductions thereof) after such permanent reduction and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction to and including the first anniversary of the Date of Issuance and the denominator of which is 360 (the "*Reduction Fee*"), payable on the date the Stated Amount is permanently reduced; *provided, however,* that no Reduction Fee shall

become payable if the Stated Amount is permanently reduced as a result of (i) a withdrawal, suspension or reduction of the Bank's senior unsecured short-term ratings below "P-1", "F1" or "A-1", respectively, by Moody's, Fitch or S&P or (ii) the Bank imposing and MICLA paying increased costs pursuant to Section 2.8 of the Agreement and, in the event that any replacement letter of credit or liquidity provider supports all or any of the Notes upon such reduction, such replacement letter of credit or liquidity provider certifying in writing that it will not impose on MICLA similar increased costs.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Out-of-Pocket Expenses. In accordance with Section 7.6 of the Agreement, MICLA shall pay or cause to be paid to the Bank promptly upon receipt of invoice any and all reasonable fees and expenses of the Bank (including the reasonable out-of-pocket expenses of the Bank and the reasonable legal fees and expenses (for both domestic and foreign counsel) of the Bank incurred in connection with the preparation and negotiation of the Agreement, this Fee Letter and certain other Related Documents in an amount not to exceed $45,000 for domestic counsel and $4,500 for foreign counsel, in each case plus disbursements) in connection with the preparation of the Agreement, this Fee Letter and the Letter of Credit.

Section 2.2. Amendments. No amendment to this Fee Letter shall become effective without the prior written consent of MICLA, the City and the Bank.

Section 2.3. Governing Law. This Fee Letter shall be governed by and construed in accordance with the laws of the State.

Section 2.4. Counterparts. This Fee Letter may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. This Fee Letter may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 2.5. Severability. Any provision of this Fee Letter which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.6. No Disclosure. Unless required by law, the City and MICLA shall not deliver or permit, authorize or consent to the delivery of this Fee Letter to a Dealer or any other Person for delivery to the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By: _____
Name: _____
Title: _____

Date: _____

CITY OF LOS ANGELES

By: _____
Name: _____
Title: _____

Date: _____

ATTEST:

JUNE LAGMAY, CITY CLERK

By: _____
Deputy City Clerk

APPROVED AS TO FORM:
CARMEN A. TRUTANICH, CITY ATTORNEY

By: _____
Title: Assistant City Attorney
Date: _____

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
acting through its New York Branch

By: _____
Name: _____
Title: _____