REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 22, 2025

CAO File No. 0220-05291-1720
Council File No. 15-1207-S1
Council District: 9

To: The Mayor
The Council

From: Matthew W. Szabo, City Administrative Officer

Subject: **REQUEST AUTHORIZATION FOR THE ISSUANCE AND SALE IN A PRINCIPAL AMOUNT UP TO $990 MILLION OF MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES (MICLA) LEASE REVENUE BONDS 2025-A (LOS ANGELES CONVENTION CENTER) AND MICLA LEASE REVENUE BONDS SERIES 2025-B (LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor, and contingent upon, the Council's acceptance of the Committed Proposal dated August 16, 2025 from AEG Plenary Conventions Los Angeles, LLC in connection with the Los Angeles Convention Center Expansion and Modernization Project:

1. ADOPT the Authorizing Resolution, which authorizes the issuance and sale in an aggregate principal amount up to $990 million of Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) and MICLA Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (collectively the "Series 2025 Bonds") to be sold on a negotiated basis, and authorizes the execution and delivery of various bond documents in connection with the issuance and sale of the Series 2025 Bonds;

2. ADOPT a Fund Ordinance to create new special funds to receive proceeds and record accounting transactions in connection with the Series 2025 Bonds;

3. ADOPT a Lease/Leaseback Ordinance to approve a lease and sublease between the City and MICLA of certain real properties and improvements thereon in connection with the Series 2025 Bonds;

4. AUTHORIZE the Controller to establish up to $870 million in appropriations within the "MICLA Lease Revenue Bonds, Series 2025 (Los Angeles Convention Center) Construction Fund" (Fund No. TBD) upon the effective date of the Fund Ordinance;

5. INSTRUCT the Controller to create two accounts in the Capital Finance Administration Fund (Fund 100, Department 53) that will be used to pay for future lease payments entitled "MICLA 2025-A (Los Angeles Convention Center)" and "MICLA 2025-B (Los Angeles Convention Center) (Federally Taxable)";

6. AUTHORIZE the City Tourism Department to amend its contracts and agreements with the Los Angeles Convention Center Operator and other service providers at the Los Angeles Convention Center, as directed by the City Administrative Officer, to ensure such contracts and agreements will not result in "private business use" of bond-financed property; and

7. AUTHORIZE the City Administrative Officer to provide Controller instructions and make technical corrections and adjustments as necessary to those transactions included in this report to implement the Mayor and Council intentions.

SUMMARY

The recommendations in this report is contingent upon the Council's acceptance of the Committed Proposal dated August 16, 2025 from AEG Plenary Conventions Los Angeles, LLC (APCLA) in connection with the Los Angeles Convention Center Expansion and Modernization Project (the "Project"). If the Council rejects moving forward with the Project, this bond financing will also terminate.

The City Administrative Officer (CAO) requests authority for the issuance and sale in an aggregate principal amount up to $990 million of Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the "Series 2025-A Bonds") and MICLA Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the "Series 2025-B Bonds). This report refers to the Series 2025-A Bonds and the Series 2025-B Bonds together as the "Series 2025 Bonds." The proposed Series 2025 Bonds will primarily (i) finance and refinance a portion of the Los Angeles Convention Center Expansion and Modernization Project (the "Project") (ii) fund capitalized interest and (iii) pay for costs of issuance. This proposed bond issuance will finance approximately 35 percent of the Project costs. Then a future bond issuance in or about November 2026 will finance the remaining project cost balance. The CAO will request bond authorization for the second bond issuance in a future report. The Project, if approved, will cause the City, through MICLA, to borrow an estimated total of $2.69 billion in lease revenue bonds.

The CAO recommends selling the Series 2025 Bonds on a negotiated basis. Given the volatility in the municipal market environment, a negotiated sale will allow the City greater timing flexibility in selling the Series 2025 Bonds to achieve the lowest true interest cost. Competitive bidding under Charter Section 371 to sell the Bonds would be undesirable and impractical, and the City proposes selling them through a negotiated sale as it serves the City's best financial interests.

To proceed with the sale of the Series 2025 Bonds, the Mayor and Council will need to adopt the Authorizing Resolution (Attachment A), which incorporates and authorizes the execution and/or delivery of the Preliminary Official Statement, which includes the form of the Continuing Disclosure

Certificate and the City of Los Angeles Information Statement (Appendix A), a final Official Statement, Indenture, Site Lease, Lease Agreement, Assignment Agreement, and the Contract of Purchase. The Mayor and Council will also need to approve a Lease/Leaseback Ordinance and a Fund Ordinance, which the City Attorney will submit separately.

The MICLA Board of Directors is tentatively scheduled to consider the issuance and sale of the Series 2025 Bonds on September 16, 2025. The bond sale is scheduled for mid-November 2025, with closing in late November 2025.

This report contains the financing information for the issuance and sale of the Series 2025 Bonds as required by Section 5852.1 of the California Government Code. By placing this report on the Council Agenda, the City fulfills the requirement to disclose the financing information in a meeting open to the public.

FISCAL IMPACT STATEMENT

The first lease payment from the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) and Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the “Series 2025 Bonds”) will be due on April 15, 2026. There is no additional General Fund impact in 2025-26 as sufficient funding for the first lease payment will be paid from bond proceeds within the Capitalized Interest Fund. Lease payments due on April 15, 2026 through October 15, 2028 will be paid from the Capitalized Interest Fund. Lease payments beginning in April 15, 2029 through April 15, 2055 will require future budget appropriations.

Similarly, first lease payment from the second bond issuance (the “Series 2026 Bonds”) is expected to be due on April 15, 2027. Expected lease payments due on April 15, 2027 through October 15, 2029 will be paid from the Capitalized Interest Fund. Lease payments beginning in April 15, 2030 through April 15, 2056 will require future budget appropriations.

Total estimated debt service is $5.39 billion of which $409.43 million will be paid from capitalized interest (bond proceeds) and the remaining $4.98 billion (net debt service) will be payable from lease payments to be made by the City to MICLA, which is an obligation of the General Fund. The lease payments will require future budget appropriations in the Capital Finance Administration Fund (Fund 100, Department 53).

CITY FINANCIAL POLICIES STATEMENT

The issuance of the Series 2025 Bonds and the Series 2026 Bonds will not cause the City’s debt obligation payments to exceed six percent of General Revenues for non-voter approved debt as established in the City’s Financial Policies. After the issuances of the Series 2025 Bonds and the Series 2026 Bonds, the projected non-voter approved debt ratio is the highest in 2030-31 at 3.98 percent (Attachment B).

DEBT IMPACT STATEMENT

The Series 2025 Bonds will be payable from lease payments made by the City which is a General Fund obligation. Lease payments due on April 15, 2026 through October 15, 2028 will be paid from the Capitalized Interest Fund. Lease payments due on April 15, 2029 through April 15, 2055 will be annually budgeted in the Capital Finance Administration Fund (Fund 100, Department 53). Based on current market rates, the estimated average annual debt service for the Series 2025 Bonds is $63.0 million over 30 years, through May 1, 2055. The total estimated debt service, including total principal and interest, over the life of the Series 2025 Bonds is approximately $1.89 billion. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance.

The Series 2026 Bonds will be payable from lease payments made by the City which is a General Fund obligation. Lease payments due on April 15, 2027 through October 15, 2029 will be paid from the Capitalized Interest Fund. Lease payments due on April 15, 2030 through April 15, 2056 will be annually budgeted in the Capital Finance Administration Fund (Fund 100, Department 53). Based on current market rates, the estimated average annual debt service for the Series 2026 Bonds is $116.7 million over 30 years, through May 1, 2056. The total estimated debt service, including total principal and interest, over the life of the Series 2026 Bonds is approximately $3.50 billion. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance.

FINDINGS

1. Background – Municipal Improvement Corporation of Los Angeles (MICLA)

MICLA is a non-profit public benefit corporation established by the City in 1984 to assist in the financing of capital projects and capital equipment. MICLA serves as the lessee and sublessor in lease revenue transactions involving the City for the acquisition of capital equipment and acquisition and improvement of real property. MICLA is directed by a five-person board whose members are self-appointed and confirmed by Council. All MICLA financings require the approval of the MICLA Board of Directors. The MICLA Board of Directors is tentatively scheduled to consider the issuance and sale of the Series 2025 Bonds on September 16, 2025.

As of August 1, 2025, there is $1.21 billion in long-term outstanding lease revenue obligations (commonly referred to as MICLA bonds). If the Los Angeles Convention Center Expansion and Modernization Project (the "Project") is approved it would cause the issuance of lease revenue bonds totaling approximately $2.69 billion over the next two years. By 2026-27, after the second bond issuance, the City's long-term outstanding lease revenue obligations would have increased over 200 percent from present day.

2. Background – MICLA Los Angeles Convention Center Commercial Paper Program

The MICLA Los Angeles Convention Center Commercial Paper Program (the "MICLA LACC CP Program") was approved and established in November 2015 as a short-term borrowing tool to finance capital improvements and equipment acquisitions related to the Los Angeles Convention Center (C.F. 15-1206). Commercial paper notes have maturities ranging from one to 270 days. Upon maturity, the commercial paper notes are either re-sold in the short-term market or refinanced into long-term bonds, as is being done under this proposed financing. The current size of the MICLA LACC CP Program is $100 million. As of August 22, 2025 the amount of outstanding commercial paper notes is $49.7 million.

3. Background - Los Angeles Convention Center Expansion and Modernization Project

Project Description

The Project in the current design includes an expansion scope that would add up to 190,000 square feet of contiguous space connecting the LACC existing South Hall and the West Hall above Pico Boulevard; add up to 55,000 square feet of meeting room space; and up to 95,000 square feet of multi-purpose space. This design would provide for 750,000 square feet in contiguous hall space and over 1.2 million square feet of total usable space across the LACC campus, helping Los Angeles become competitive for large convention events on par with San Diego, San Francisco, and Anaheim. The Project also includes modernization elements and a new digital signage program installed throughout the exterior of the LACC campus. The Project scope does not include the expansion of the J.W. Marriott hotel or the redevelopment of Gilbert Lindsay Plaza.

Business Structure of the Project

The City's development partner for the Project is APCLA, a Special Purpose Entity (SPE) formed by a joint venture of the Anschutz Entertainment Group (AEG) and the Plenary Group (Plenary). The City Team has worked with APCLA on the Project since 2019. The City had previously engaged with APCLA to deliver the Project as a Public-Private Partnership (P3), in which APCLA would design, build, finance, operate, and maintain (DBFOM) the Project in exchange for annual payments from the City for an extended period of time. The City stopped pursuing that P3/DBFOM structure in June 2024 when Council directed the City to instead pursue a Design-Build delivery model with APCLA (i.e., the City would not ask APCLA to finance, operate, and maintain the Project). APCLA has recently advised the City that, immediately before the execution of the PA, AEG intends to withdraw from the APCLA entity. From Commercial Close onwards, the APCLA entity would become wholly owned and managed by Plenary alone during the construction phase. To be clear, the City would be entering into the PA with APCLA without AEG as one of its members.

As an SPE, APCLA has no assets, capital, or creditworthiness and is best described as a legal business structure created for the specific objective of executing the Project. When the deal structure changed from a DBFOM structure to a Design-Build structure, AEG's and Plenary's equity contribution to the Project was no longer needed. As such, AEG's exit from APCLA will not create any additional liability for the City nor add more risk to the Project. Nonetheless, AEG would still honor its obligation to release/modify the "AEG Rights" upon Commercial Close, as defined and discussed in the June 14, 2024 report to Council and exhibits thereto (Council File No. 15-1207-S1).

APCLA's selected Design-Build Contractor for the Project is PWJV, which is a 50/50 joint venture between PCL Construction and Webcor Construction. PWJV will deliver the Project through a combination of its own internal resources and personnel, together with a design team led by Populous, and through subcontractors, suppliers and specialty trade partners. Through the preconstruction activities completed under the Early Works Agreement, PWJV has already selected subcontractors for some of the larger scopes of work on the Project, such as Rosendin (electrical), Murray (plumbing and HVAC) and Cosco (fire protection), and these subcontractors have contributed to the development of the final cost and schedule commitments included in APCLA's Committed Proposal. PWJV has also confirmed its full participation and compliance with the City's Project Labor Agreement (PLA) 2020-2030.

Critical Construction Risk Issues within the Baseline Project Schedule

APCLA and PWJV provided a Baseline Project Schedule within the Committed Proposal dated August 16, 2025, including a total of 2,550 activities planned and sequenced from Commercial Close through to Final Completion of the Project. APCLA and PWJV have committed to the following Contract Deadlines, provided that Commercial Close occurs by September 29, 2025:

- Olympics Readiness Deadline of March 31, 2028
- Substantial Completion Deadline of February 9, 2029
- Final Completion Deadline of May 11, 2029

Many of the risks and uncertainties facing the Project schedule include the availability of skilled labor, procurement lead times for materials and equipment, management of multiple concurrent subcontractors, and unexpected safety, weather or quality issues. These are all well understood challenges that are common to any large, urban construction project. The City Team is confident in the prior experience of each of the joint venture members within the PWJV, as sophisticated construction contractors with knowledge of construction in Los Angeles. In addition to standard construction risk, below are three specific sets of risks that are unique to this Project:

- Unknown Site Conditions - In order to add up to 190,000 square feet of contiguous space at the LACC, the Project design calls for constructing a building elevated over Pico Blvd. (Pico Expansion), connecting the South Hall and the West Hall. Starting with the demolition and excavation of Pico Blvd, the Project may encounter undocumented underground utilities or existing utilities that are in poor condition, and which may require relocation, repairs, or replacement. As the Pico Expansion is structurally connected to the South Hall and West Hall, the Project may encounter unexpected field conditions from buildings that were built decades ago and to building codes that have since evolved. This may lead to unexpected field conditions that will require engineered solutions. The mechanical, electrical, plumbing, and fire protection systems for the Pico Expansion will then need to integrate with the existing LACC systems, which may not be properly maintained or code compliant and will need to be brought up to code. Any of these factors, if realized, could lead to cost and schedule impacts on the Project, increasing project costs and creating schedule delays.

- Approvals Required for Olympics Readiness – The highest priority approval for the Project will be the Temporary Certificate of Occupancy (TCO) that allows the general public to occupy areas within the LACC for the 2028 Games. Construction of the Project will require demolition of portions of the existing LACC building including the removal of several existing egress pathways. The removal of these pathways will cause several spaces in the South, West and Concourse Halls in the existing LACC to have a reduced or eliminated occupancy. Additionally, while the majority of the new Pico Expansion area will remain closed to the public during the Games, certain areas will be needed as an egress pathway. Noncompliance with codes and standards may necessitate last-minute changes or modifications, resulting in cost increases and schedule delays. Therefore, to achieve a TCO, APCLA has proposed to install temporary fire separated egress pathways through the expansion project site to allow the restoration of occupancy of some spaces in the LACC. Ultimately, the relevant Authorities Having Jurisdiction (AHJs) will determine if the new space (particularly Pico Passage underneath the Pico Expansion) is safe, occupiable, and compliant with regulatory requirements.

  The Project faces a potential risk if building systems, emergency egress solutions, or accessibility plans are not approved by AHJs in time, then TCO may not be achieved in time

for LA28, and certain spaces or exit pathways will not be available for use for the 2028 Games. The LACC is intended to host five Olympic and five Paralympic events. The City and LA28 are negotiating a Venue Use Agreement (VUA) for the LACC, which will be the legally binding contract that outlines the terms and conditions of LA28's use of the LACC during the 2028 Games. Should the LACC be unavailable for LA28's use as a result of Project delays after the City and LA28 enter into the VUA, the City would likely be in breach of contract, which could expose the City to significant liabilities as LA28 would be entitled to remedies and damages.

- Los Angeles Department of Water and Power (DWP) Workstream - This workstream has presented a meaningful challenge to the Project planning over the last year, due to the complexity and timing of the Project's electrical work. The fact that LACC must remain operational throughout construction, and power to the building must be uninterrupted necessitates the need for both temporary and permanent power solutions for the LACC. The Los Angeles Department of Water and Power (DWP) has been engaged to deliver a scope of work necessary to ensure adequate power to the LACC which includes the design and construction of a DWP Network station, DWP power conduits, a customer switchgear, and addressing conflicts at four existing DWP service vaults located within the LACC campus.

  On August 15, 2025, the Mayor's Office received a written confirmation from the DWP, confirming that the DWP will be able to support APCLA and PWJV's planned schedule to Olympics Readiness, including completing service relocations and providing the interim power needed to operate Pico Passage during the 2028 Games. DWP also provided a list of critical assumptions and risks that must be carefully managed for their scope of work to be successful on the Project. However, as of the drafting of this Report, the DWP scope of work continues to evolve and new requirements have been identified related to the DWP power conduits required for the expansion and for Substantial Completion. The cost impacts of this changing scope are currently unknown. An allowance for the DWP's work is included in the total cost but schedule impacts and new requirements will result in higher costs.

  Aspects of DWP's initial scope of work are currently on the Project's critical path, and several critical milestones, early in the Project, depend on DWP's work. Any delays in approvals, unresolved design and scope issues, or unforeseen circumstances affecting the electrical relocation work could impact the overall Project schedule and cost. Weekly meetings, several site walks, and workshops with DWP executives have been conducted to evaluate this scope and formulate a feasible schedule. DWP has only indicated that they will endeavor to meet the dates assumed in APCLA and PWJV's schedule for DWP activities but cannot make firm commitments without more developed design packages. Additionally, DWP has indicated that they cannot commit to meet the date in the schedule for Substantial Completion as further assessment is needed on the scope to confirm the schedule.

For more information related to the Project, please refer to the CAO Report titled "Final Direction on the Los Angeles Convention Center Expansion and Modernization Project," dated August 22, 2025 (Project Report) (CF No. 15-1207-S1).

4. Bond Sizing and Structure

The proposed bonds for this Project will be structured as a lease-leaseback financing. In an effort to minimize the impact the construction risk associated with Project, as discussed above, would have on the pricing of the bonds, the Financing Team is recommending an “asset transfer” structure whereby the leased assets are existing City real properties. Under state law, if the lessee (City) does not have use and occupancy of the leased asset, it would not be obligated to pay the lease payments. Lease payments are obligations of the General Fund.

For these reasons, the Financing Team is recommending a two bond issuance approach. The Project was configured in a manner that will permit the LACC facilities to remain operational during the construction period. Since the City will have use and occupancy of the existing LACC facilities during construction, the City’s obligation to pay rent is enforceable, subject to any unforeseen abatement occurrences. Under this arrangement, in the first bond issuance, the City will lease the existing LACC facilities to MICLA, and subsequently MICLA will sublease back to the City for the use and occupancy of the LACC facilities in return for scheduled lease payments in sufficient amounts to pay semi-annual debt service payments on the bonds. Lease payments each year cannot exceed the fair rental value of the leased asset. Fair rental value is generally determined by the property value of the leased asset. Thus, the first bond issuance will be sized based on the appraised property value of the existing LACC facilities. Similarly, in the second bond issuance, the City would lease to MICLA and sublease back existing City assets where it has use and occupancy to establish an obligation to pay rent immediately. The specific leased assets for the second bond issuance is under review. Upon completion of the Project, the City will exercise its rights under the Lease Agreement to substitute different real properties for the second bond issuance to replace the initial leased assets with the new LACC expansion improvements.

The bond structure includes capitalized interest to address timing challenges between revenues and the lease payments. The City’s Debt Policy allows for capitalized interest when a “project financing is expected to be repaid out of project revenues.” After Project completion, the revenues generated from the expanded and modernized LACC are intended to offset the cost of the Project. During construction, the City will not generate enough revenues to support its operational costs and the lease payments so to balance this timing challenge; the bonds will finance a Capitalized Interest Fund to pay for interest payments on the bonds during the construction period. Revenues from the LACC is expected to be a source of funds in the City’s Budget to pay the lease payments starting in 2028-29.

The CAO, in consultation with its Municipal Advisor, is recommending to size the bonds on a “net funded” basis by net funding Project costs. Project costs may be “gross funded” (bonds sized assuming the amount deposited to the Construction Fund is sufficient to pay all Project costs without using investment earnings) or “net funded” (bonds sized assuming the amount deposited to the Construction Fund plus investment earnings on the balance of proceeds in the Construction Fund are used to pay all Project costs). Net funding requires a smaller deposit to the Construction Fund and reduces the amount of bonds issued to fund the Project. Typically, a portfolio of securities is purchased in an amount that, upon maturity, will meet the anticipated draw requirements and a reasonable balance will be kept in short-term securities (e.g., a money market fund) in order to

provide sufficient liquidity to meet unanticipated draws or if the City needs to spend funds earlier than the projected drawdown schedule. Treasury securities are highly liquid in case investments needs to be sold prior to maturity to meet unanticipated draws, though typically the portfolio will be constructed in a conservative manner to provide a sufficient liquidity buffer.

A critical step in a bond financing is the tax analysis performed by Bond Counsel to determine the tax status of the bonds. Bond Counsel thoroughly reviewed, in consultation with the City Tourism Department (CTD), all existing arrangements for the use of the LACC facilities, including the Management and Operation Agreement with the LACC Operator (C-123199) as well as other agreements and contracts with service providers in connection with the LACC operations and hosting conventions. Bond Counsel has advised the City in order to issue tax-exempt bonds for this Project, CTD would need to make certain amendments to certain agreements and contracts and ensure that the arrangements will not result in "private business use" of the bond-financed property. CTD has conveyed to the CAO and Bond Counsel that the requested amendments are reasonable and would be achievable. Bond Counsel also reviewed the Project costs and preliminarily determined that a small portion of the costs (e.g. administrative City staff costs, office supplies, computers, office furniture, small kitchen appliances, tables, chairs, linen, etc.) appear to be non-capital expenses and thus may not be financed with tax-exempt bonds. Such ineligible Project costs will be financed with taxable bonds. The tax analysis is ongoing and additional information and clarification on certain Project costs are needed before finalizing the tax analysis.

5. Estimated Sources and Uses of Funds

The Series 2025 Bonds will primarily (a) finance and refinance a portion of the Project costs (b) fund capitalized interest and (c) pay for costs of issuance as further described below.

a) Provide approximately $863.15 million to pay for project costs through December 2026. Also, the Series 2025 Bonds will be used to refinance a portion or all of the outstanding commercial paper notes which were used to finance the pre-construction costs of the Project.

b) Fund a Capitalized Interest Fund to pay interest payments during the construction period totaling approximately $141.56 million from May 1, 2026 through November 1, 2028.

c) The estimated costs of issuance for this transaction is $3.15 million which includes fees for bond counsel, disclosure counsel, municipal advisor, rating agencies, trustee, printing, investor outreach, and underwriters' discount, which is the compensation the underwriters receive for marketing the Bonds, and other associated costs.

The second bond issuance (the "Series 2026 Bonds) is expected to primarily (a) finance the remaining portion of the Project (b) fund capitalized interest and (c) pay for costs of issuance.

a) Provide approximately $1.63 billion to pay for project costs through project completion.

b) Fund a Capitalized Interest Fund to pay interest payments during the construction period totaling approximately $267.87 million from May 1, 2027 through November 1, 2029.
c) The estimated costs of issuance for this transaction is $5.12 million.

The table below provides the breakdown of the estimated sources and uses of funds relating to the bonds that will be issued for the Project. Actual interest rates may differ as rates are dependent on market conditions at the time of bond issuances and investment of bond proceeds.

	Series 2025 Bonds	Series 2026 Bonds	Grand Total
Sources of Funds			
Bond Par Amount	945,550,000	1,747,075,000	2,692,625,000
Bond Premium	36,446,448	86,688,913	123,135,361
Investment Earnings	25,874,860	65,097,814	90,972,674
Total Sources	**1,007,871,308**	**1,898,861,727**	**2,906,733,035**
Uses of Funds			
Project Costs	863,153,650	1,625,869,253	2,489,022,903
Capitalized Interest	141,564,795	267,868,565	409,433,360
Costs of Issuance	3,152,863	5,123,909	8,276,772
Total Uses	**1,007,871,308**	**1,898,861,727**	**2,906,733,035**

6. Estimated Total Debt Service Schedule

The table below is a debt service schedule showing the estimated debt service costs per fiscal year. Total estimated debt service is $5.39 billion of which $409.43 million will be paid from capitalized interest (bond proceeds) and the remaining $4.98 billion (net debt service) will be payable from lease payments to be made by the City to MICLA, which is an obligation of the General Fund. The lease payments will require future budget appropriations in the Capital Finance Administration Fund (Fund 100, Department 53). Starting in 2028-29, LACC revenues net of operational costs are expected to be a source of funds to the Capital Finance Administration Fund to reduce the impact on the General Fund. Please refer to the Project Report for more information about the net General Fund impact.

Fiscal Year	Series 2025 Bonds	Series 2026 Bonds	Total Debt Service
2025-26	20,912,981.05	-	20,912,981.05
2026-27	48,260,725.50	44,437,880.68	92,698,606.18
2027-28	48,260,725.50	89,372,274.00	137,632,999.50
2028-29	65,685,725.50	89,372,274.00	155,057,999.50
2029-30	65,690,540.50	121,402,274.00	187,092,814.50
2030-31	65,687,000.50	121,406,548.00	187,093,548.50
2031-32	65,687,827.50	121,405,162.50	187,092,990.00
2032-33	65,686,129.50	121,404,662.50	187,090,792.00
2033-34	65,689,785.50	121,401,662.50	187,091,448.00
2034-35	65,689,325.00	121,401,912.50	187,091,237.50
2035-36	65,688,075.00	121,400,662.50	187,088,737.50
2036-37	65,689,325.00	121,403,162.50	187,092,487.50
2037-38	65,690,075.00	121,404,162.50	187,094,237.50
2038-39	65,687,325.00	121,403,412.50	187,090,737.50
2039-40	65,688,075.00	121,405,412.50	187,093,487.50
2040-41	65,688,825.00	121,404,162.50	187,092,987.50
2041-42	65,686,075.00	121,403,662.50	187,089,737.50
2042-43	65,686,325.00	121,402,412.50	187,088,737.50
2043-44	65,690,575.00	121,403,662.50	187,094,237.50
2044-45	65,689,575.00	121,405,162.50	187,094,737.50
2045-46	65,689,325.00	121,404,412.50	187,093,737.50
2046-47	65,686,875.00	121,403,662.50	187,090,537.50
2047-48	65,691,012.50	121,402,712.50	187,093,725.00
2048-49	65,690,700.00	121,401,212.50	187,091,912.50
2049-50	65,690,162.50	121,403,662.50	187,093,825.00
2050-51	65,688,100.00	121,403,775.00	187,091,875.00
2051-52	65,687,950.00	121,405,000.00	187,092,950.00
2052-53	65,687,625.00	121,405,000.00	187,092,625.00
2053-54	65,689,775.00	121,400,912.50	187,090,687.50
2054-55	65,686,525.00	121,404,350.00	187,090,875.00
2055-56	-	121,400,612.50	121,400,612.50
	1,891,023,066.05	**3,501,075,838.18**	**5,392,098,904.23**

7. Certain Financing Information for the Bonds Pursuant to Section 5852.1 of the California Government Code

The table below contains the financing information related to only the first bond issuance (Series 2025-A Bonds and Series 2025-B Bonds) required by Section 5852.1 of the California Government

Code. The amounts below, prepared by the Municipal Advisor, are good faith estimates and subject to change as rates are dependent on market conditions at the time of issuance.

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

Series	TIC	Costs of Issuance	Proceeds Amount	Total Debt Service
2025-A	4.84%	$ 2,779,956	$ 870,246,448	$ 1,747,182,783
2025-B	4.86%	372,906	111,750,000	143,840,283
		$ 3,152,862	$ 981,996,448	$ 1,891,023,066

8. Financing Team

The Municipal Advisor for this bond issuance is Omnicap Group LLC. The Mayor and Council previously approved Omnicap Group LLC to provide municipal advisory services for the City's various bond programs (C.F. 23-0540). Nixon Peabody, L.L.P. serves as Bond Counsel and Stradling Yocca Carlson & Rauth, a Professional Law Corporation, serves as Disclosure Counsel. The legal counsel firms are on the City's qualified list for legal services for the City's various bond programs, previously approved by the Mayor and Council (C.F. 22-0248). As part of the process for selecting the underwriting team, the CAO disseminated a mini Request for Proposals on August 1, 2024 to underwriters from the City's approved qualified list (C.F. 22-0195). The CAO reviewed proposals submitted by 13 firms and recommends using the following underwriting team for the transaction Morgan Stanley & Co. LLC as Senior Manager, BofA Securities, Inc. and Ramirez & Co., Inc. as Co-Senior Managers, American Veterans Group, PBC, Cabrera Capital Markets LLC, Raymond James & Associates, Inc., and Stern Brothers as Co-Managers. As a team, the underwriters selected have the underwriting capacity and extensive institutional and retail investor networks to support and sell the Series 2025 Bonds. Ramirez & Co. Inc. and Cabrera Capital Markets LLC are designated Minority-Owned Business Enterprises. Stern Brothers is a designated Woman-Owned Business Enterprise.

9. Findings Related to Negotiated Sale of the Bonds Pursuant to Charter Sections 371(e)(2) and 371(e)(10)

The CAO finds and recommends that due to the benefits of maintaining flexibility and control of the timing and manner of the sale of the Bonds in volatile market conditions, and upon the advice of its Municipal Advisor, the use of competitive bidding under Charter Section 371 to sell the Bonds would be undesirable and impractical and that it is in the best financial interest of the City to propose to sell the Bonds through a negotiated sale.

10. Required Documents

To proceed with the sale of the Series 2025 Bonds, the Council, subject to the approval of the Mayor, will need to adopt the Authorizing Resolution that, among other things, incorporates and approves the bond documents below, which are included in this report (Attachment A). The list below provides a brief description of the bond documents.

- The Preliminary Official Statement (POS) (Exhibit A) is the disclosure and marketing document for the Series 2025 Bonds, and describes the proposed bond issuance and security for such bonds and includes the City's Information Statement, Appendix A. The Continuing Disclosure Certificate, a form of which is included as Appendix E in the POS, by which the City will agree to provide continuing disclosure in the form of annual reports and event notices.

- The Indenture (Exhibit B) is an agreement among the City, MICLA, and U.S. Bank Trust Company, National Association, as trustee (Trustee) for the benefit of the bondholders. The Trustee administers the funds, including bond proceeds, in a fiduciary capacity on behalf of the bondholders.

- The Site Lease (Exhibit C) and Lease Agreement (Exhibit D) are agreements between the City and MICLA whereby the City will lease the existing LACC facilities to MICLA, and subsequently MICLA will sublease back the LACC facilities to the City in return for scheduled lease payments in sufficient amounts to pay semi-annual debt service payments for the Series 2025 Bonds.

- Assignment Agreement (Exhibit E) is an agreement between MICLA and the Trustee whereby MICLA assigns its rights under the Lease Agreement and the Site Lease, including its right to receive lease payments under the Lease Agreement, to the Trustee for the benefit of the bondholders.

- Contract of Purchase (Exhibit F) is the agreement between and among the City, MICLA, and the Underwriters establishing the terms for a negotiated sale of the Series 2025 Bonds.

MWS:BC:HTT:09260031

Attachments

Attachment A – Authorizing Resolution
- Exhibit A – Preliminary Official Statement, including the City's Information Statement (Appendix A) and form of Continuing Disclosure Certificate (Appendix E)
- Exhibit B – Indenture
- Exhibit C – Site Lease
- Exhibit D – Lease Agreement
- Exhibit E – Assignment Agreement
- Exhibit F – Contract of Purchase

Attachment B – Non-Voter Approved Debt Chart

Attachment A

Authorizing Resolution

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA, APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $990,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES LEASE REVENUE BONDS, SERIES 2025-A (LOS ANGELES CONVENTION CENTER), AND MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES LEASE REVENUE BONDS, SERIES 2025-B (LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE), APPROVING THE FORM AND AUTHORIZING THE DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, AN INDENTURE, A LEASE AGREEMENT, A SITE LEASE, AN ASSIGNMENT AGREEMENT, A CONTRACT OF PURCHASE AND A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE BONDS, AUTHORIZING CERTAIN OTHER DOCUMENTS 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, improve, finance or refinance any real or personal property or equipment necessary or useful for the municipal purposes of the City; and

WHEREAS, the Municipal Improvement Corporation of Los Angeles (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, constructing, improving, financing or refinancing, any real or personal property or equipment and leasing such real or personal property or equipment 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, the City desires that the Corporation issue its Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the ***"Series 2025-A Bonds"***) and its Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the ***"Series 2025-B Bonds"*** and, together with the Series 2025-A Bonds, the ***"Bonds"***) to (i) finance and refinance a portion of the costs of the expansion and modernization of, and improvements to, the Los Angeles Convention Center (the "***Project***"); (ii) finance a deposit to the capitalized interest fund established for the Bonds; and (iii) pay the costs of issuance of the Bonds; and

WHEREAS, in connection with the issuance of the Bonds, the City will first lease to the Corporation certain real property and improvements owned by the City (collectively, the "***Property***"), pursuant to a Site Lease (the ***"Site Lease"***), by and between the City, as lessor, and the Corporation, as lessee; and

WHEREAS, the City will then sublease the Property back from the Corporation pursuant to a Lease Agreement (the ***"Lease Agreement")***, by and between the Corporation, as lessor, and the City, as lessee; and

WHEREAS, the Corporation will pledge the Basic Lease Payments received from the City under the Lease Agreement to U.S. Bank Trust Company, National Association, as trustee (the ***"Trustee"***) under the Indenture (the ***"Indenture"***), by and among the Corporation, the City and the Trustee for the benefit of the owners of the Bonds; and

WHEREAS, the Corporation will assign certain of its rights under the Site Lease and the Lease Agreement to the Trustee for the benefit of the owners of the Bonds pursuant to an Assignment Agreement (the ***"Assignment Agreement"***), by and between the Corporation, as assignor, and the Trustee, as assignee; and

WHEREAS, the City Administrative Officer finds and recommends, pursuant to Charter Sections 371(e)(2) and (10), that due to current market conditions and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Bonds in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the Charter to sell the Bonds would be undesirable and impractical and that it is in the best financial interest of the City to propose to sell the Bonds through a negotiated underwriting processes, provided that, if circumstances should change, nothing herein shall preclude the City from selling the Bonds on a competitive basis; and

WHEREAS, the City Administrative Officer finds and recommends that, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, due to the technical nature of the services required for the sale and issuance of the Bonds, which services are of a temporary and occasional character, the use of competitive bidding required under Section 371 of the Charter to select professionals necessary for the sale and issuance of the Bonds would not be practicable, advantageous, or compatible with the City's best interest; and

WHEREAS, the Bonds are proposed to be sold through a negotiated underwriting process pursuant to a Contract of Purchase (the ***"Contract of Purchase"***) by and among the City, the Corporation and Morgan Stanley & Co. LLC (the "***Senior Manager***"), on behalf of itself and as representative of BofA Securities, Inc., Samuel A. Ramirez & Company, Inc., American Veterans Group, PBC, Cabrera Capital Markets, LLC, Stern Brothers & Co., and Raymond James & Associates, Inc., as underwriters (the "***Underwriters***"), for the Bonds; and

WHEREAS, the City will distribute a preliminary official statement (the ***"Preliminary Official Statement"***) and a final official statement (the ***"Official Statement"***) each relating to the Bonds in connection with the offering and sale of the Bonds; and

WHEREAS, the City will execute and deliver a continuing disclosure certificate (the ***"Continuing Disclosure Certificate"***) for the benefit of the Owners (as defined in the Indenture) of the Bonds and in order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (***"Rule 15c2-12***"); and

WHEREAS, the City Administrative Officer has determined that securing the timely payment of the principal of and interest on some or all of the Bonds by obtaining a municipal bond insurance policy with respect thereto could be economically advantageous and/or in the best interests of the City; and

WHEREAS, Financial Policies for the City of Los Angeles - Debt Management Policy, dated September 23, 2020 (the "***Debt Policy***") provides that funding interest payments to investors of the Bonds out of debt proceeds ("***Capitalized Interest***") should be avoided unless essential from a legal standpoint, as in the case of a project financing expected to be repaid out of project revenues; and

WHEREAS, the City Administrative Officer intends that the revenues projected to be generated by the Project will be available to offset a portion of debt service due on the Bonds, and therefore, has determined that Capitalized Interest is desirable during the construction period; and

WHEREAS, the due to the magnitude, scale and high value of the Project, the City Administrative Officer has determined that the Project is an "exceptional project" as described in the Debt Polic*y*; and

WHEREAS, the City Administrative Officer has determined that due to the exceptional nature of the Project, current market conditions and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Bonds, the Bonds may require a final maturity up to 31 years from the date of issuance; and

WHEREAS, the City Administrative Officer has determined that the proposed issuance of the Bonds complies with the Debt Policy, however, to the extent that the issuance of the Bonds does not comply with the Debt Policy with respect to Capitalized Interest and the maximum maturity of the Bonds, the City Administrative Officer is requesting the Council to waive those provisions due to the exceptional nature of the Project; and

WHEREAS, the good faith estimates with respect to the Bonds, described in Section 5852.1 of the California Government Code, has been obtained by the Council of the City from the City's municipal advisor and such estimates have been disclosed to the public; and

WHEREAS, due to the exceptional nature of the Project, additional bonds would need to be subsequently issued in order to finance the costs of the Project that are not paid for with proceeds of the Bonds, as further described in the Report of the City Administrative Officer; and

WHEREAS, separate and subsequent Council approval would be required prior to the issuance of such additional bonds; and

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

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

Section 1. The recitals set forth above are true and correct, and this Council so finds and determines.

Section 2. The City, on behalf of itself and the Corporation, hereby confirms and agrees that the Bonds will be issued and delivered in an original aggregate principal amount not to exceed $990,000,000; *provided, however*, that each Authorized Representative (defined below) may allocate such maximum principal amount among the Series 2025-A Bonds and the Series 2025-B Bonds as such Authorized Representative shall determine is necessary or desirable or otherwise approve as being in the best interests of the City; *provided further* that: (i) the interest rates on the Bonds shall not exceed the maximum legal rate; and (ii) the final maturity of the Bonds shall not exceed 31 years from their date of issuance. The Bonds will be payable under the terms of the Indenture primarily from amounts paid by the City pursuant to the Lease Agreement.

Section 3. The Preliminary Official Statement relating to the Bonds, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer, any Assistant City Administrative Officer or any of their designees (each, an "***Authorized Representative***") are each hereby authorized and directed, for and in the name of and on behalf of the City, to cause the distribution of the Preliminary Official Statement with such updates, changes and additions thereto as an Authorized Representative shall determine is necessary or desirable or otherwise approve, in consultation with the City Attorney or any Deputy or Assistant City Attorney (each, the ***"City Attorney"***), in connection with the offering and sale of the Bonds. Upon determination or approval of such updates, additions and changes by an Authorized Representative, the Preliminary Official Statement shall be deemed final as of its date by an Authorized Representative, 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 is hereby authorized and directed, for and in the name of and on behalf of the City, to so certify to the Underwriters that the Preliminary Official Statement has been "deemed final" for purposes of the Rule.

Each Authorized Representative, for and in the name of and on behalf of the City, is hereby authorized to cause the preparation of and execute the Official Statement, in substantially the form of the Preliminary Official Statement, with such updates, changes and additions thereto as an Authorized Representative shall determine is necessary or desirable or otherwise approve,

in consultation with the City Attorney, such determination and approval to be conclusively evidenced by execution and delivery thereof.

The use and distribution of the Preliminary Official Statement and the Official Statement (including by the Underwriters) in connection with the offering and sale of the Bonds is hereby authorized and approved.

Section 4. The Contract of Purchase, pursuant to which the Bonds will be sold to the Underwriters, a form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. Each Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Contract of Purchase, which shall be substantially in the form presented to this meeting, with such additions and changes therein, including additional and/or changes to covenants and agreements of the City as may be required to obtain bond insurance, as such Authorized Representative shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such Authorized Representative's execution and delivery of the Contract of Purchase. The Underwriters' discount under the Contract of Purchase shall not exceed 0.50% of the principal amount of the Bonds subject to sale under the Contract of Purchase.

Section 5. The Bonds shall be issued pursuant to the Indenture. The Indenture, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. Each 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, 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 and additional and/or changes to covenants and agreements of the City as may be required to obtain bond insurance, as such Authorized Representative shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval of the Authorized Representative to be conclusively evidenced by such Authorized Representative's execution and delivery of the Indenture.

Section 6. Each Authorized Representative is hereby authorized and directed to select a bank or trust company to serve as the trustee under the Indenture, on such terms as such Authorized Representative shall approve as being in the best interest of the City. The selection of U.S. Bank Trust Company, National Association to act as the initial trustee under the Indenture is hereby approved.

Section 7. The Site Lease, pursuant to which the City will lease the Property to the Corporation, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. Each Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Site Lease, which shall be in substantially the form presented to this meeting, with such additions and changes therein, including additional and/or changes to covenants and agreements of the City as may be required to obtain bond insurance, as such Authorized Representative shall

determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval of the Authorized Representative to be conclusively evidenced by such Authorized Representative's execution and delivery of the Site Lease.

Section 8. The Lease Agreement, pursuant to which the Corporation will sublease the Property to the City, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. Each Authorized Representative is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Lease Agreement, which shall be in substantially the form presented to this meeting, with such additions and changes therein, including additional and/or changes to covenants and agreements of the City as may be required to obtain bond insurance, as such Authorized Representative shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval of the Authorized Representative to be conclusively evidenced by such Authorized Representative's execution and delivery of the Lease Agreement.

Section 9. The Assignment Agreement, pursuant to which the Corporation will assign certain of its rights and interests under the Site Lease and the Lease Agreement, including the Corporation's right to receive Basic Lease Payments, to the Trustee for the benefit of the owners of the Bonds, a form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. Each 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 the Corporation execute and deliver the Assignment Agreement, with such additions, deletions and changes therein, including additional and/or changes to covenants and agreements of the City as may be required to obtain bond insurance, as such Authorized Representative shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval of the Authorized Representative to be conclusively evidenced by the Corporation's execution and delivery of the Assignment Agreement.

Section 10. The Continuing Disclosure Certificate for the Bonds in compliance with Rule 15c2-12, the form of which is attached to the Preliminary Official Statement as Appendix E and is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. Each Authorized Representative is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate, which shall be in substantially the form presented to this meeting, with such insertions and changes therein as such Authorized Representative shall determine is necessary or desirable or otherwise approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. Each Authorized Representative is hereby authorized and directed for and on behalf of the City to (i) fix the actual principal amounts of the Bonds to be issued and Basic Lease Payments schedules to be attached as exhibits to the Lease Agreement, which schedules shall reflect the principal of and interest on the Bonds, within the limits set forth in this Resolution; (ii) cause the documents approved by this Resolution and the Bonds to be executed and delivered within the limits set forth in this Resolution; and (iii) apply for municipal bond

insurance for some or all of the Bonds and to obtain such insurance if the City Administrative Officer, upon advice of the City's municipal advisor, determines that such municipal bond insurance is cost effective and/or in the bests interests of the City and the City Administrative Officer estimates that obtaining such insurance will result in the present value cost of such insurance being less than the present value of the estimated savings with respect to interest on the Bonds resulting from the purchase of such insurance from the insurance provider whose insurance results in the highest present value savings. If such municipal bond insurance is determined to be obtained, each of the Authorized Representatives is hereby authorized and directed, for and in the name of the City, to make such changes to the Indenture, the Lease Agreement, the Site Lease and any of the other documents relating to the Bonds, and to execute and deliver any documents necessary to procure municipal bond insurance with the insurance provider as such Authorized Representative shall determine is necessary or desirable or otherwise approve, such determination and approval to be conclusively evidenced by such Authorized Representative's execution thereof.

Section 12. Each Authorized Representative and officer of the City is hereby authorized and directed for and in the name of and on behalf of the City to execute and deliver any and all documents or certificates, 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 such Authorized Representative including, without limitation, prepaying all or a portion of any other prior obligations of the Corporation, entering into additional lease agreements, the recordation of (or preparation and recordation of memoranda concerning) the Site Lease, the Lease Agreement and the Assignment Agreement, title instructions and title insurance, selecting one or more title insurance and services providers in connection with the issuance of the Bonds, and good faith deposit agreement, any documents necessary to procure municipal bond insurance upon such terms as the City Administrative Officer determines (if the City Administrative Officer, upon the advice of the City's municipal advisor, determines that such municipal bond insurance is cost effective and/or in the best interests of the City), and a tax certificate in connection with the issuance and sale of the Bonds. All actions heretofore taken or caused to be taken by any Authorized Representative or other officer of the City with respect to the issuance and sale of the Bonds, or in connection with the transactions contemplated by this Resolution, are hereby approved, confirmed and ratified.

Section 13. Pursuant to Charter Sections 371(e)(2) and (10), this Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to current market conditions and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Bonds in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding to sell the Bonds would be undesirable and impractical, and that it is in the best financial interest of the City to sell the Bonds through a negotiated underwriting process with the Underwriters. The Council hereby approves the City Administrative Officer's recommendation of the Senior Manager and the Underwriters. The City Administrative Officer or his designee may approve additional underwriters to participate in the underwriting syndicate as the City Administrative Officer or his designee shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the City Administrative Officer's or his designee's execution and delivery of the Contract of Purchase. In addition, pursuant to Sections 371(e)(2) and 371(e)(10) of the Charter, the Council hereby adopts the findings and

recommendations of the City Administrative Officer that, due to the technical nature of the services required for the sale and issuance of the Bonds, which services are of a temporary and occasional character, the use of competitive bidding required under Section 371 of the Charter to select professionals necessary for the sale and issuance of the Bonds would not be practicable, advantageous, or compatible with the City's best interest.

Section 14. The Council hereby finds and determines that the Project is an "exceptional project" as described in the Debt Policy. The Council hereby finds and determines that, with respect to the issuance of the Bonds and based on the information and recommendations of the City Administrative Officer, to the extent that the provisions of the Debt Policy related to Capitalized Interest and the maximum maturity of the Bonds are not complied with, they are hereby waived.

Section 15. All of the agreements contemplated by this Resolution may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement.

Section 16. This Resolution shall take effect from and upon its adoption.

Exhibit A – Preliminary Official Statement, including the City's Information Statement (Appendix A) and form of Continuing Disclosure Certificate (Appendix E)

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

[DAC BOND LOGO]

NEW ISSUES—FULL BOOK-ENTRY-ONLY

S&P: "___"
Fitch: "___"
See "RATINGS" herein.

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Corporation and the City described herein, interest on the Series 2025-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Series 2025-B Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2025-A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Series 2025-A Bonds and the Series 2025-B Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS—SERIES 2025-A BONDS" and "TAX MATTERS—SERIES 2025-B BONDS" herein regarding certain other tax considerations.

[CITY LOGO]

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

**$_____*
LEASE REVENUE BONDS, SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)**

**$_____*
LEASE REVENUE BONDS, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER)
(FEDERALLY TAXABLE)**

Dated: Date of Delivery **Due: As shown on the inside cover**

The Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the "Series 2025-A Bonds") and the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the "Series 2025-B Bonds") will be issued pursuant to the Indenture, dated as of October 1, 2025 (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 Trust Company, National Association, as trustee thereunder (the "Trustee"). The Series 2025-A Bonds and the Series 2025-B Bonds are referred to collectively as the "Bonds" and individually as a "Series."

The Bonds are being issued to (i) finance the expansion and modernization of, and improvements to, the Los Angeles Convention Center, (ii) finance a deposit to the Capitalized Interest Funds established for the Bonds, and (iii) pay the costs of issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 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"). The Bonds of each Series 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 Bonds will be payable on May 1 and November 1 of each year, commencing [May 1, 2026]. The Trustee will make payments of the principal of and interest on the Bonds directly to DTC, or its nominee. Disbursement of such payments to the Beneficial Owners of the Bonds is the responsibility of DTC's Participants and Indirect Participants. See APPENDIX D—"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Bonds are payable from the Revenues pledged thereto under the Indenture. The Revenues for the Bonds primarily consist of the Basic Lease Payments to be made by the City to the Corporation under the Lease Agreement, dated as of October 1, 2025 (the "Lease Agreement"), by and between the Corporation and the City. Pursuant to the Lease Agreement, the City will lease the Leased 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 Bonds, which rental payments are subject to abatement. The 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 thereto under the Indenture. No reserve fund will be established for the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "RISK FACTORS" herein.

The Bonds are subject to redemption prior to their stated maturity as described herein. See "THE BONDS—Redemption" herein.*

* *Preliminary, subject to change.*

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

THE BONDS OF EACH SERIES ARE LIMITED OBLIGATIONS OF THE CORPORATION AND ARE PAYABLE SOLELY FROM THE REVENUES AND AMOUNTS ON DEPOSIT IN THE RESPECTIVE FUNDS AND ACCOUNTS ESTABLISHED UNDER THE INDENTURE WITH RESPECT TO SUCH SERIES (OTHER THAN AMOUNTS ON DEPOSIT IN THE REBATE FUND). THE 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 BONDS. 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.

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.

Issuance of the Bonds is subject to the final approving legal opinion of Nixon Peabody LLP, Bond Counsel. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel. Certain additional legal matters will be passed upon for the City and the Corporation by Hydee Feldstein Soto, City Attorney. Certain legal matters will be passed on for the Underwriters by Norton Rose Fulbright US LLP. Omnicap Group LLC is serving as Municipal Advisor to the City. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in book-entry form on or about _____, 2025.

Morgan Stanley

BofA Securities **Ramirez & Co., Inc.**

American Veterans Group, PBC **Cabrera Capital Markets, LLC** **Raymond James** **Stern Brothers & Co.**

Dated: _____, 2025

MATURITY SCHEDULE*

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)

Maturity Date (May 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP† (544587)*

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)

Maturity Date (May 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP† (544587)*

* *Preliminary, subject to change.*

c Yield calculated to first optional redemption date of May 1, 20__, at par.

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CITY OF LOS ANGELES, CALIFORNIA

MAYOR

Karen Bass

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Eunisses Hernandez, *District 1*
Adrin Nazarian, *District 2*
Bob Blumenfield, *District 3*
Nithya Raman, *District 4*
Katy Yaroslavsky, *District 5*
Imelda Padilla, *District 6*
Monica Rodriguez, *District 7*
Marqueece Harris-Dawson, *District 8*
Curren D. Price, Jr.[1], *District 9*
Heather Hutt, *District 10*
Traci Park, *District 11*
John S. Lee, *District 12*
Hugo Soto-Martinez, *District 13*
Ysabel J. Jurado, *District 14*
Tim McOsker, *District 15*

OFFICIALS OF THE CITY OF LOS ANGELES

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

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

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

BOARD OF DIRECTORS

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Andrea B. Ambriz, *Vice President*
Lily Y. Lee, *Treasurer*
Paul M. Smith, *Secretary*
Neil M. Guglielmo, *Member*

PROFESSIONAL SERVICES

Bond Counsel
Nixon Peabody LLP
Los Angeles, California

Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor
Omnicap Group LLC
El Segundo, California

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

[1] Certain criminal charges against Councilmember Price have been filed by the Los Angeles County District Attorney. *See APPENDIX A — "OTHER MATTERS—Public Corruption Matters."*

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 Bonds by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

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

The 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 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 described 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 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.

THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE 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.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The Bonds have not been registered or qualified under the securities laws of any state.

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OFFICIAL STATEMENT

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

$_____*	**$_____***
LEASE REVENUE BONDS, SERIES 2025-A (LOS ANGELES CONVENTION CENTER)	**LEASE REVENUE BONDS, SERIES 2025-B (LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)**

INTRODUCTION

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 by the Municipal Improvement Corporation of Los Angeles (the "Corporation") of its $_____* Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the "Series 2025-A Bonds") and its $_____* Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the "Series 2025-B Bonds"). The Series 2025-A Bonds and the Series 2025-B Bonds are referred to collectively as the "Bonds" and individually as a "Series." Capitalized terms not otherwise defined herein have the meanings given in the Indenture, and if not set forth therein, in the Lease Agreement relating to the Bonds, or in APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS." This introduction is not intended to be a complete statement of the terms and provisions of the Bonds and is qualified by the more detailed information contained elsewhere in this Official Statement.

Authority and Purpose for Issuance

The Bonds are authorized under the Articles of Incorporation of the Corporation and the laws of the State of California (the "State"). The Bonds are being issued pursuant to the Indenture, dated as of October 1, 2025 (the "Indenture"), by and among the Corporation, the City of Los Angeles, California (the "City") and U.S. Bank Trust Company, National Association, as trustee thereunder (the "Trustee"). The Bonds are being issued to (i) finance the expansion and modernization of, and improvements to, the Los Angeles Convention Center (the "Project"), (ii) finance a deposit to the Capitalized Interest Funds established for the Bonds, and (iii) pay the costs of issuance of the Bonds. See "PLAN OF FINANCE" and "THE CONVENTION CENTER EXPANSION PROJECT."

Lease Agreement

The City will lease certain real property, including the land, buildings and other improvements thereon, as further described herein (the "Leased Property"), to the Corporation pursuant to a Site Lease, dated as of October 1, 2025 (the "Site Lease"), between the City and the Corporation. Pursuant to a Lease Agreement, dated as of October 1, 2025 (the "Lease Agreement"), the Corporation will sublease the Leased Property to the City.

Under the Lease Agreement, the City has agreed to pay to the Corporation, its successors and assigns, as rental for the use and occupancy or possession of the Leased Property, the basic lease payments specified in the Lease Agreement, including any prepayments thereunder (collectively, the "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 Leased 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 City required to comply with the Lease Agreement and the Indenture, (iv) any other fees, 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, and (v) any amounts required to be paid to the United States government

* *Preliminary, subject to change.*

pursuant to section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Basic Lease Payments and Additional Payments, collectively, constitute the "Lease Payments."

Pursuant to the Lease Agreement, the City may add, substitute or release all or a portion of the Leased Property for other property of annual fair rental value such that the aggregate annual fair rental value of the Leased Property after such addition, substitution or release equals or exceeds the highest annual Basic Lease Payments due in any remaining Rental Period. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Addition, Substitution and Release of the Leased Property" herein.

The Lease Agreement provides that if there is a default by the City under the Lease Agreement, the Trustee may terminate the Lease Agreement and re-lease all or any portion of the Leased Property or bring litigation to recover Basic Lease Payments payable at the same time and in the same manner as provided for the payment of Basic Lease Payments described therein. The Lease Payments cannot be accelerated. See APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS" and "RISK FACTORS—Limitations on Default Remedies" herein.

Security and Sources of Payment for the Bonds

Pledge of Revenues and Basic Lease Payments. The Bonds are payable from the Revenues pledged thereto under the Indenture. The Revenues for the Bonds primarily consist of the Basic Lease Payments to be made by the City to the Corporation under the Lease Agreement and the interest or profits from the investment of money in any fund, account or subaccount held for the related Series of Bonds under the Indenture (other than the Rebate Fund).

The Basic Lease Payments in an amount sufficient to pay the principal of and interest on the 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 on [April 15, 2026], 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.

The Bonds are not secured by, and no Owners of any Bonds will have any security interest in or mortgage on, the Leased Property.

Pursuant to the Assignment Agreement, dated as of October 1, 2025 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Corporation will assign to the Trustee for the benefit of the respective Owners of the Bonds certain of the Corporation's right, title and interest in and to the Site Lease and the Lease Agreement, including without limitation the Corporation's right to receive Basic Lease Payments.

Annual Appropriation Covenant; Remedies for Failing to Appropriate. 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 the covenants of the City 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 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 terminate the Lease Agreement and/or re-lease all or any portion of the Leased Property or bring litigation to recover Basic Lease Payments payable at the same time and in the same manner as provided for the payment of Basic Lease Payments described therein. The Lease Payments cannot be accelerated. See APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS" and "RISK FACTORS—Limitations on Default Remedies" and "—Abatement" herein.

No Reserve Fund. No reserve fund will be established for the Bonds.

Further Information

Important information regarding the budget and financial operations of the City, focused on the City's General Fund, is set forth in Appendix A hereto. 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 Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024 and Independent Auditor's Report, which are incorporated by reference therein.

Brief descriptions of the Bonds, the Indenture, the Lease Agreement, the Site Lease, the Assignment Agreement 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 Bonds.

THE BONDS

General Terms

The 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 Bonds will be delivered in registered form, 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 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing [May 1, 2026] (each, an "Interest Payment Date"). So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, all payments on the Bonds and any notice with respect to any 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 Bonds shall be made to the person in whose name such 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") immediately preceding the applicable Interest Payment Date, on the registration books kept by the Trustee pursuant to the Indenture. Principal of the Bonds is payable upon surrender thereof at the corporate trust offices of the Trustee in Los Angeles, California. If the date for making any payment under the Indenture is not a Business Day, such payment, with no interest accruing for the period from and after such nominal date, may be made on the next succeeding Business Day with the same force and effect as if done on the nominal date provided therefore in the Indenture.

Redemption*

Optional Redemption of Series 2025-A Bonds. The Series 2025-A Bonds maturing on or before [May 1, 20__] are not subject to optional redemption prior to their stated maturity dates. The Series 2025-A Bonds maturing on or after [May 1, 20__] are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any date on or after [_____ 1, 20__], at a redemption price equal to the principal amount of the Series 2025-A Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of Series 2025-B Bonds. [The Series 2025-B Bonds are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the

* *Preliminary, subject to change.*

option of the Corporation (at the direction of the City), on any business day before [_____ 1, 20__], at the Make-Whole Redemption Price (defined below), plus accrued and unpaid interest up to, but not including, the redemption date, on the Series 2025-B Bonds to be redeemed on the date fixed for redemption.

The Series 2025-B Bonds maturing on or after [May 1, 20__] are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any date on or after [_____ 1, 20__], at a redemption price equal to the principal amount of the Series 2025-B Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2025-B Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025-B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2025-B Bonds are to be redeemed, discounted to the date on which the Series 2025-B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ____ (__) basis points, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ___ (__) basis points, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ___ (__) basis points, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, _____ (__) basis points and with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, _____ (__) basis points.

"Treasury Rate" means, as of any redemption date for a particular Series 2025-B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2025-B Bond to be redeemed.

At the request of the Corporation (at the direction of the City), the Make-Whole Redemption Price of the Series 2025-B Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by City at the City's expense to calculate such Make-Whole Redemption Price. The City may conclusively rely on the determination of such Make-Whole Redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.]

[Mandatory Sinking Fund Redemption. The Series 2025-A Bonds maturing on May 1, 20__ are also subject to mandatory redemption prior to their stated maturity, in part, from sinking account payments deposited in the Series 2025-A Bonds Sinking Account, on each May 1, commencing May 1, 20__, at the principal amount thereof and interest accrued thereon to the dates fixed for mandatory redemption, without premium, according to the following schedule:

Year May 1	***Principal Amount***
(maturity)	

The Series 2025-B Bonds maturing on May 1, 20__ are also subject to mandatory redemption prior to their stated maturity, in part, from sinking account payments deposited in the Series 2025-B Bonds Sinking

Account, on each May 1, commencing May 1, 20__, at the principal amount thereof and interest accrued thereon to the dates fixed for mandatory redemption, without premium, according to the following schedule:

Year May 1	***Principal Amount***
(maturity)	

Extraordinary Mandatory Redemption. The Series 2025 Bonds are subject to redemption prior to their respective maturity dates, in Authorized Denominations, upon notice as provided in the Indenture, on any date, in whole or in part, from Net Proceeds as provided in the Indenture and the Lease Agreement, at a redemption price equal to 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. Notwithstanding the foregoing, the Net Proceeds arising from the damage, destruction, taking or other loss of or to the Leased Property may be invested in a yield restricted account pursuant to the Tax Certificate and applied to the pro rata payment of principal of the Series 2025-A Bonds, or such other selection of Bonds approved in an Opinion of Counsel, so long as the Bonds are Outstanding.

If less than all Outstanding Series 2025 Bonds are to be redeemed pursuant to the preceding paragraph, the Trustee shall use the net insurance proceeds or condemnation awards attributable to the portion of the Leased Property destroyed, damaged, stolen or taken, to redeem Series 2025 Bonds 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, Bonds of such Series and maturity date to be redeemed shall be selected in accordance with the Indenture. 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 the Indenture and as further described under the caption "—Selection for Redemption" below.

Selection for Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the City thereof to the extent Bonds are no longer held in book-entry form.

Notice of Redemption. Notice of redemption shall be mailed by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to (i) the respective Owners of the Series 2025 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee by first-class mail; (ii) the Securities Depositories (if any); and (iii) the MSRB. 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 2025 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 such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. The notice of redemption for any optional redemption shall contain a statement to the effect that redemption of the Series 2025 Bonds is conditioned upon the receipt by the Trustee of amounts equal to the redemption price of the Series 2025 Bonds to be redeemed on or before the redemption date, and such optional redemption shall be so conditioned. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed thereon or on the Bonds. The Trustee may provide notices to the Securities Depositories and the MSRB electronically.

If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Series 2025 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, such Bonds shall become due and payable, and from and after the date so designated interest on the Series 2025 Bonds so called for redemption shall cease to accrue, and the Owners of such 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 this Section to any one or more of the Securities Depositories or the MSRB, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure to receive a notice of redemption or any defect in such notice shall not affect the sufficiency or validity of the proceedings for redemption.

Additional Bonds

The Indenture provides that the Corporation may, at any time, issue Additional Bonds, without the consent of the Owners of any Bonds, payable from the Revenues as provided in the Indenture and secured by a pledge of the Revenues as provided therein equal to the pledge securing the Outstanding 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."

In addition to Additional Bonds, nothing in the Lease Agreement or the Indenture prohibits the City from incurring additional obligations payable from the General Fund. See "RISK FACTORS—No Limitation on Incurring Additional Obligations" herein.

DTC and the Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds of each Series 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 Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners of the Bonds shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal of and interest on the 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 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

General. The Bonds are being issued to (i) finance the expansion and modernization of, and improvements to, the Los Angeles Convention Center, (ii) finance a deposit to the Capitalized Interest Funds established for the Bonds, and (iii) pay the costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE CONVENTION CENTER EXPANSION PROJECT" herein.

In order to finance the costs of the Convention Center Expansion Project, the City plans to use proceeds from an approximately $___ million issuance of the Series 2025 Bonds and an approximately $__ million issuance of MICLA lease revenue bonds in 2027 (together, the "Convention Center Bonds"). The Convention Center Bonds will be payable from lease payments from the City's General Fund. Annual lease payments with respect to the Convention Center Bonds, which are expected to commence in _____ 202_, are currently estimated to be $_____.See "THE LOS ANGELES CONVENTION CENTER EXPANSION AND MODERNIZATION PROJECT" and APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT— "BUDGET AND FINANCIAL OPERATION— Convention Center Expansion Project."

ESTIMATED SOURCES AND USES OF FUNDS

The funds to be received from the sale of the Bonds and the proposed uses of the Bond proceeds and such other funds are expected to be in the amounts shown below.

	Series 2025-A Bonds	*Series 2025-B Bonds*
Sources of Funds		
Principal Amount of Bonds	$	$
[Net] Original Issue Premium		
Total Sources	$	$
Uses of Funds		
Project Funds	$	$
Capitalized Interest Funds		
Costs of Issuance[(1)]		
Underwriters' Discount		
Total Uses	$	$

(1) Includes fees for Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Trustee, the rating agencies, title insurance premiums, appraisal, and other costs associated with the issuance of the Bonds.

THE LEASED PROPERTY

The City will sublease the Leased Property described below from the Corporation pursuant to the Lease Agreement. The Bonds are not secured by, and the Owners of the Bonds have no security interest in or mortgage on, the Leased Property.

The Leased Property consists of existing facilities/exhibition halls and related of the City's Convention Center which will remain available for the City's use during the construction of the Convention Center Expansion Projection, as shown in the diagram below.

[INSERT DIAGRAM]

The following table contains certain information with respect to various elements of the Leased Property shown in the diagram.

Name/Use	Land Area (Acres)	Square Footage	Additional Information
South Hall	22.77	1,745,942 square feet (including 529,435 square feet of parking)	Built in 1993; includes 1,656 parking spaces
Concourse Hall & West Lobby	3.71	379,450 square feet (including 64,290 square feet of parking); includes West Hall lobby of 18,430 square feet and bridge over Pico	Built in _____; ____ parking spaces
Gilbert Lindsay Plaza	3.23	_____ square feet	
Venice Parking Garage	2.74	337,073 square feet	Built in 1993; 1,121 parking spaces
Cherry Parking Garage	3.46	137,420 square feet	Built in 1968; 859 parking spaces
Bond St. Overflow Parking	1.24		241 parking spaces; asphalt lot

The Leased Property is part of the Convention Center, which originally opened in 1971 and is home to popular national events such as Anime Expo and the Los Angeles Auto Show. [[UPDATE During the Fiscal Year ended June 30, 2024, the Convention Center hosted about 1.6 million visitors and held approximately 165 events.]] The Convention Center is located on approximately 55 acres in the City's downtown area. The Convention Center includes lobbies and registration areas, pre-function space, show offices, restaurants and food facilities, truck loading facilities, shuttle bus and taxi access, and other amenities. In total, the Convention Center has 720,000 square feet of exhibit space, 64 meeting rooms and on-site parking for approximately 5,900 cars. Since October 2013, the Convention Center has been operated and maintained by a private facilities management company, pursuant to a multi-year management and operations agreement.

The City has contracted with Los Angeles Tourism & Convention Board ("LATCB"), a non-profit 501(c)(6) organization that receives funding from the City to market Los Angeles as a convention, meeting, and leisure travel destination. The City's Los Angeles City Tourism Department ("CTD") is responsible for strategic planning for tourism and managing the contracts with the operator of the facility and the City's Convention and Visitors Bureau for the purpose of increasing the competitiveness of Los Angeles as a convention and tourist destination so that the City can maximize the economic benefit derived from out-of-town visitors whose spending contributes to the growth of our local economy.

A number of additional facilities are adjacent to the Convention Center, including a state-of-the-art sports arena known as the Crypto.com Arena (formerly known as the Staples Center) and the L.A. Live project that provides additional dining, performance and entertainment venues, and a sports broadcasting center.

The City may add to, substitute for or release all or a portion of the Leased Property, subject to satisfaction of various conditions set forth in the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Addition, Substitution and Release of the Leased Property" herein. For additional information regarding insurance, maintenance, replacement and substitution of the Leased Property and similar matters, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein and APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS—THE LEASE AGREEMENT—Maintenance; Taxes; Insurance; and Other Matters."

THE LOS ANGELES CONVENTION CENTER EXPANSION AND MODERNIZATION PROJECT

The Los Angeles Convention Center Expansion And Modernization Project (also referred to herein as the "Convention Center Expansion Project") generally consists of the construction of an expansion that would add up to 190,000 square feet of contiguous space connecting the Convention Center existing South Hall and the West Hall above Pico Blvd.; add up to 55,000 square feet of meeting room space; and up to 95,000 square feet of multi-purpose space. This design would provide for 750,000 square feet in contiguous hall space and over 1.2 million square feet of total usable space across the Convention Center campus, helping the City become competitive for large convention events on par with San Diego, San Francisco, and Anaheim. The Convention Center Expansion Project also includes modernization elements and a new digital signage program installed throughout the exterior of the Convention Center campus.

In order to implement the Convention Center Expansion Project, the City entered into a Project Agreement, dated _____ __, 2025 (the "Project Agreement") between the City and AEG Plenary Conventions Los Angeles LLC (the "Project Developer"). The Project Agreement provides that the Project Developer will design and build the Convention Center Expansion Project. The [currently projected cost] of the Convention Center Expansion Project is approximately $_____, subject to adjustments as set forth in the Project Agreement. Construction of the Convention Center Expansion Project is expected to commence on _____ __, 202_, and is expected to be substantially complete on or before _____, 20__, also subject to adjustments as set forth in the Project Agreement. Circumstances which result in adjustments to the cost and/or schedule include force majeure events, changes in law, delays caused by the City, delays in permitting unforeseen subsurface conditions, and other circumstances.

[[REVISE AS APPROPRIATE PRIOR TO POSTING TO REFLECT CONTENTS OF REPORTS AND FINAL VERSION OF PROJECT AGREEMENT]]

For the construction of the Convention Center Expansion Project, the Project Developer has entered into a [Design-Build Contract], dated _____ __, 2025 (the "Design-Build Contract") with PCL Webcor A Joint Venture (the "Design-Build Contractor") , a joint venture comprised of PCL Construction Services Inc., a Colorado corporation, and Webcor Construction, LP, a California limited partnership.

The area within the Convention Center on which the Convention Center Expansion Project will be constructed is shown in the diagram in "THE LEASED PROPERTY."

See also APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT— "BUDGET AND FINANCIAL OPERATION— Convention Center Expansion Project."

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, 2026], as rental for the use, occupancy and/or possession of the Leased 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 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 Bond Fund as are necessary to make principal and interest payments on the Bonds as they become due and payable. The table on the following page sets forth the scheduled principal and interest payments on the Bonds, which correspond to the Basic Lease Payments to be paid in each period by the City under the Lease Agreement.

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.

DEBT SERVICE SCHEDULE

	Series 2025-A Bonds				Series 2025-B Bonds				
Payment Date	Principal	Interest	Total Debt Service	Total Debt Service (Fiscal Year)	Principal	Interest	Total Debt Service	Total Debt Service (Fiscal Year)	Total Series 2025 Bonds Debt Service (Fiscal Year)
Total:									

(1) Payments through [May][November] 1, 20__ will be paid from moneys deposited to the Capitalized Interest Funds.
Source: Omnicap Group LLC

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds will be secured solely by a pledge of Revenues and amounts on deposit in the funds, accounts and subaccounts for the Bonds established under the Indenture (other than the Rebate Fund). The Revenues primarily consist of the Basic Lease Payments to be made by the City to the Corporation under the Lease Agreement and the interest or profits from the investment of money in any fund, account or subaccount held for the Bonds under the Indenture (other than the Rebate Fund).

Pursuant to the Assignment Agreement, the Corporation will sell, assign and transfer to the Trustee for the benefit of the respective Owners, from time to time, of the Bonds, certain of the Corporation's right, title and interest in and to the Site Lease and the Lease Agreement, including without limitation the Corporation's right to receive Basic Lease Payments. On or before each Lease Payment Date (on April 15 and October 15) 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 budgeted or appropriated funds. The Trustee, as assignee of the Corporation, will receive the Basic Lease Payments for the benefit of the Owners of the Bonds and credit the Basic Lease Payments to the Bond Fund established pursuant to the Indenture. The Trustee will apply the Revenues held in the Bond Fund on each Interest Payment Date to pay principal and interest due on such date on the 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 the 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 the Lease Agreement. For a description of financial and budgetary information relating to the City's General Fund, see APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—BUDGET AND FINANCIAL OPERATIONS."

Under the Lease Agreement, the Lease Payments for the Leased 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 Leased Property during such Rental Period. "Rental Period" means each twelve month period during the Term of the Lease Agreement commencing on May 2 in any year and ending on May 1 in the next succeeding year. The City and Corporation have agreed and determined that the total of all Lease Payments for the Leased Property is not greater than the total fair rental value of such Property and the Lease Payments for the Leased Property for each Rental Period do not exceed the fair rental value of such Property for such Rental Period. In making such determination, consideration has been given to the appraised or market value of the Leased Property, the insured value of the Leased Property, the cost of improvements made or to be made to the Leased Property, the current and future value of rent paid by tenants of the Leased Property other than the City, other obligations of the City and the Corporation under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Term of the Lease Agreement

The Term of the Lease Agreement between the City and the Corporation will end on May 1, 20___, unless extended or sooner terminated as provided in the Lease Agreement. If on the stated expiration date of the

Lease Agreement, any amount remains due and owing with respect to the Bonds, or if the Basic Lease Payments and Additional Payments have been abated at any time and for any reason, then the term of the Lease Agreement will be extended until the date which is 10 days after the Basic Lease Payments and Additional Payments and all other amounts then due under the Lease Agreement, and all amounts that remain due and owing with respect to the Bonds, have been fully paid or provision for payment therefor made in accordance with the Indenture, except that the term of the Lease Agreement shall in no event be extended beyond May 1, 20___. If prior to the stated termination date, all Basic Lease Payments and all Additional Payments and all other amounts then due under the Lease Agreement, and all amounts due and owing with respect to the Bonds, are fully paid, or provision is made for such payment, the term of the Lease Agreement shall end 10 days thereafter or upon written notice by the City to the Corporation, whichever is earlier; provided that with respect to the Series 2025-A Bonds and any provision for payment being made whether by defeasance or otherwise, the Lease Agreement shall remain outstanding for federal tax purposes until the actual payment in full of all principal and interest on the Series 2025-A Bonds.

Upon the expiration of the Term of the Lease Agreement with respect to the Leased Property as described in the preceding paragraph, the Leased Property will be released from the Lease Agreement without compliance with the release requirements described herein under the caption "—Addition, Substitution and Release of the Leased Property;" provided that no Property shall be released from the Lease Agreement (i) if, after giving effect to the release of such Property, a Default or Event of Default would occur under the Lease Agreement or the Indenture, and (ii) unless the City has delivered a certificate to the Trustee stating that either (a) no event giving rise to an abatement under the Lease Agreement has occurred and is continuing on any of the Leased Property then subject to the Lease Agreement or (b) the total of all remaining Lease Payments in each Rental Period for all Property is at least equal to the total fair rental value of all Property in each such Rental Period.]

See "THE LEASED PROPERTY" herein.

Abatement of Lease Payments

Pursuant to the Lease Agreement, Lease Payments will be abated during any period in which, by reason of loss, damage, destruction, title defect 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 possession or occupancy by the City of the Leased 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. The City and the Corporation shall calculate the rental abatement amount on an annual basis taking into account the entire twelve-month period commencing May 2 within which the damage or destruction occurs. If at any time it is necessary to calculate rental abatement, for purposes of calculation for any twelve-month period commencing May 2 and ending on the immediately following May 1, the total amount of Lease Payments payable within such twelve-month period shall be divided by 365 days (except for leap years, 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 or replacement. In the event of any such interruption of use, the Lease Agreement shall continue in full force and effect and the Lease Payments shall not be subject to abatement under the Lease Agreement to the extent that the proceeds of rental interruption insurance or otherwise in the 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 maintain insurance against certain risks. Under the Lease Agreement certain risks may be covered by the City through self-insurance through its risk retention program. See "—Maintenance of Insurance Coverages" below. Net Proceeds of such insurance or self-insurance may be applied to redeem the Bonds in the event of loss of use of the Leased Property. See "THE BONDS—Redemption" and APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS" and the provisions

described 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.

Insurance

Fire or Collision and Extended Coverage. The Lease Agreement also provides that the City shall procure and maintain, or cause to be procured and maintained, commencing upon its possession of the Leased Property and thereafter throughout the Term of the Lease Agreement, insurance against loss or damage to any structures or equipment constituting any part of the Leased Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, which coverage may exclude earthquake insurance. 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. The City expects to satisfy such insurance requirements for the Leased Property with commercial insurance. See APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program."

Such insurance shall be in an amount equal to the lesser of the Outstanding principal amount of the Bonds or 100% of the replacement cost of the related Property (including all improvements on the Leased Property, as applicable) (it being understood and agreed that in the event of the loss of all or a portion of such Property and the redemption of all or a portion of the Bonds from the Net Proceeds of such insurance, that the remaining Property shall have a fair rental value equal to or exceeding the remaining Lease Payments). Such insurance may be subject to commercially reasonable deductible clauses. 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 Leased Property.

Pursuant to the Lease Agreement, the City covenants that it will use available budgeted or appropriated 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 Leased Property which would otherwise result in abatement of all or a portion of the Basic Lease Payments:

(1) to repair diligently the affected portion of the Leased Property, or acquire, or with respect to the Leased Property, construct replacement property (in each case at the City's cost) having a useful life not less than the remaining Term of the Leased Property so lost, destroyed or damaged to be and become subject to the Lease Agreement at a cost such that the total fair rental value of all Property leased pursuant to the 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 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 Leased 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 Leased Property destroyed or irreparably damaged; or

(3) to apply such funds as provided in the 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 Bonds that remain Outstanding and will not exceed the fair rental value for each Rental Period over the remaining Term of the 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 as described above, the City may

substitute replacement Property for the Leased Property so lost, destroyed or damaged to be and become subject to the Lease Agreement, such replacement Property having a fair rental value such that the fair rental value of the Leased Property leased pursuant to the 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 the Lease Agreement. The City may also make such a substitution of Property as an alternative to taking the actions described in paragraphs (1) and (2) above.

In the event of any uninsured loss to the Leased 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 Leased Property or defease the Outstanding Bonds from moneys, if any, legally available therefor.

Rental Interruption Insurance. The Lease Agreement requires that the City procure and maintain, commencing upon the Closing Date 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 Leased 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 Leased Property insurance required by the provisions of the Lease Agreement, in an amount to insure against loss of substantial use and possession of the Leased Property; provided however, such insurance may be satisfied by a time element loss endorsement to the City's existing insurance policy subject to a per-occurrence sublimit in an amount that the City reasonably calculates would provide such coverage for the Leased Property. The provider of such insurance must be rated at least "A" by A.M. Best & Company. The City is not permitted under the Lease Agreement to self-insure through its risk retention program for rental interruption insurance. The Trustee will be the beneficiary under such policy and any amounts received thereunder will 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 the Lease Agreement a California Land Title Association ("CLTA") title insurance policy or policies in the amount equal to the aggregate principal component of the Basic Lease Payments attributable to the Leased Property, insuring the Corporation's leasehold estate in the Leased Property, subject only to Permitted Encumbrances. All Net Proceeds, if any, received under the policy, or policies, shall be deposited with the Trustee and shall be credited towards the prepayment of the remaining Lease Payments as further provided in the Lease Agreement.

Insurance Net Proceeds; Form of Policies; Certificates of Effectiveness. The Lease Agreement provides that each policy of insurance (other than workers' compensation insurance) and each rental interruption policy of insurance required by the Lease Agreement 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 description of these matters, see APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS—THE LEASE AGREEMENT—Maintenance; Taxes; Insurance; and Other Matters."

Addition, Substitution and Release of the Leased Property

The City shall, at any time, have the right under the Lease Agreement to add, substitute or release all or a portion of the Leased Property currently constituting the Leased Property (in such case the substitute Property shall mean the former Property, less any portion released pursuant to the Lease Agreement) for other property of an annual fair rental value such that the aggregate annual fair rental value of the Leased Property after such substitution or release equals or exceeds the highest annual Basic Lease Payments due in any remaining Rental Period, of a comparable (or superior) essential nature to the City, but only by providing the Trustee with (a) a

written certificate describing both the new Property, and the Leased Property for which it is to be substituted, and stating that such portion of the Leased Property is of an annual fair rental value such that the aggregate annual fair rental value of all of the Leased Property after giving effect to such substitution or release equals or exceeds the highest annual Basic Lease Payments due in any remaining Rental Period, and is of a comparable (or superior) essential nature to the City, and (b) an executed amendment to the Lease Agreement, and if the amendment itself is not to be recorded in the county registry, an executed and acknowledged memorandum of lease for the new Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Term of the Lease Agreement" and "THE LEASED PROPERTY" for a description of when and under what circumstances particular Property will be released from the Lease Agreement without compliance with the requirements described above.

In the event of such substitution, the Leased Property substituted for the original Property shall become fully subject to the terms of the Lease Agreement, and the City shall obtain 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 Leased Property subject to the Lease Agreement will be not less than the aggregate principal amount of Outstanding Bonds. Notwithstanding any substitution or release of the Leased Property pursuant to the Lease Agreement, there shall be no reduction in the Basic Lease Payments due from the City thereunder and no such substitution or release of Property shall occur if the Leased Property being leased under the Lease Agreement after giving effect to such substitution or release would have a fair rental value in any Rental Period of less than the Lease Payments in each such Rental Period.

An addition, substitution or release of the Leased Property under the Lease Agreement, if material, is an event for which notice will be provided to EMMA pursuant to the Continuing Disclosure Certificate for the Bonds. See "CONTINUING DISCLOSURE."

Repair and Maintenance; Taxes and Assessments

All improvement, repair and maintenance of the Leased Property during the respective Term of the Lease Agreement shall be the responsibility of the City. The City shall, at its own expense, during the Term of the Lease Agreement maintain the Leased Property, or cause the same to be maintained, in good order, condition and repair, and shall replace any portion of the Leased Property which is lost, stolen or destroyed, as applicable; provided, that the City shall not be required to repair or replace any such portion of such Property if there shall be applied to the prepayment of Basic Lease Payments Net Proceeds or other available budgeted or appropriated funds sufficient to prepay (i) all of the Bonds Outstanding or (ii) any portion thereof relating to the Leased Property, or such portion thereof, and the Basic Lease Payments allocable to the remaining portion of the applicable Property shall be sufficient to pay principal of and interest on the Bonds Outstanding after such prepayment. Pursuant to the Lease Agreement, the City shall provide or cause to be provided all security service, custodial service, janitorial service, mechanical service and other services necessary for the proper upkeep and maintenance of the Leased Property, as applicable.

Pursuant to the Lease Agreement, 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 Leased Property or their respective interests therein; provided that with respect to special assessments, fees 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 the Lease Agreement as and when the same become due. Subject to certain exceptions, 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.

No Reserve Fund

No reserve fund will be established for the Bonds.

THE CITY

The City was founded 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, comprised of 470 square miles, is the second most populous city in the United States with an estimated population of 3.8 million persons as of January 2025. 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 financing, acquiring, constructing, improving, leasing and developing certain equipment and property for the benefit of the public. The Corporation was formed at the request of the City in 1984. The Corporation is governed by a five-member Board of Directors (the "MICLA Board"). MICLA Board members were initially appointed by the Mayor in 1984. Appointments to fill subsequent vacancies are made by the MICLA Board, subject to City Council approval. The MICLA Board members do not receive compensation. The City indemnifies MICLA Board members 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 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 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 each Series (other than amounts on deposit in the Rebate Fund). The 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 such Bonds. 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.

Abatement

During any period in which by reason of damage, destruction, title defect, or otherwise (other than by condemnation or eminent domain as provided in the Lease Agreement) there is substantial interference with the use, possession, or occupancy of the Leased Property, the Lease Payments will be abated.

There is no statute, judicial decision or other law specifying how an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the Lease or at the time of the abatement or may be adjusted during an event of abatement. Upon abatement, it may be that the value of the Leased Property is substantially higher or lower than its value at the time of issuance of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

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 Lease Payments (and such other funds) may not be sufficient to pay all of the remaining

principal and interest due with respect to the Bonds. While the City may be entitled to receive insurance proceeds in response to a casualty event at the Leased Property, the receipt of such proceeds could be delayed, causing a delay in the City's payment of Lease Payments. The City has no property or rental interruption insurance for damage caused by earthquake. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Abatement of Lease Payments" and APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS—THE LEASE AGREEMENT—Damage, Destruction and Eminent Domain; Use of Net Proceeds—Abatement of Rent."

Economic Condition in Local, State and National Economies

The financial condition of the City can be significantly affected by generally prevailing conditions in the local, State and national economies. Such conditions and factors may impact the amounts available to the City to pay Basic Lease Payments due under the Lease Agreement. A number of the City's sources of revenues are collected and subvened by the State (such as sales taxes and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Approximately [40%] of the City's General Fund revenues are collected by the State or allocated by State law.

There can be no assurances that a future recession or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the City in the future. 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."

Seismic Events and Other Natural Disasters; Force Majeure

The City is subject to unpredictable and significant seismic activity. A number of known faults run through or near 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 region's 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. For example, the Northridge earthquake in 1994, which caused significant property damage in the City, occurred along a previously unmapped blind thrust fault.

It is probable that a major earthquake will occur during the term of the 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. Further, property damage caused by an earthquake or other natural disaster within the City could decrease economic activity within the City, further reducing the City's General Fund revenues.

Seismic activity may also affect the use and occupancy of the Leased Property. See "RISK FACTORS—Abatement" above. 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—OTHER MATTERS—Seismic Considerations." The Lease Agreement provides that, in the event of any uninsured loss to the Leased 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 Leased 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 Leased Property caused by earthquake resulting in an abatement of Basic Lease Payments under the Lease Agreement, no rental interruption or use and occupancy insurance proceeds will be available.

Operation of the Leased Property may also be at risk from other events of force majeure, such as damaging storms, floods, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. Natural disasters such as floods, fires, and tsunamis may be intensified by climate change resulting in more intense and frequent droughts and more extreme weather events. None of the Leased Property is located in the High or Very High Fire Hazard Severity Zone designated by the City. However, see APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Los Angeles 2025 Wildfire Event*" for information regarding the impact of the Palisades Fire, which occurred in January 2025.

All of the Leased Property is located within areas which the Federal Emergency Management Agency has designated as a Zone "X" flood area (an area of minimal flooding, outside the 100-year flood plain). The City is not required by the Lease Agreement to maintain flood insurance with respect to the Leased Property [and does not currently maintain flood insurance with respect to the Leased Property.]

If a natural disaster were to damage or destroy a substantial portion of the Leased Property, there could be an abatement of Basic Lease Payments under the Lease Agreement. If a natural disaster were to damage or destroy a substantial portion of taxable property within the City, the assessed valuation of the real property could be reduced, which could result in a reduction of property tax revenues and reduce revenue-generating economic activity which could result in the reduction of other revenues in the City's General Fund that are used to pay Basic Lease Payments under the Lease Agreement. In addition, substantial financial and operational resources of the City could be required during the event and subsequently to repair damage to City infrastructure, which could also reduce amounts available in the City's General Fund. The City cannot predict what force majeure events may occur in the future.

Climate Change

There are potential risks to the City associated with changes to the climate over time. See APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—OTHER MATTERS—Environmental and Social Considerations." The City cannot predict the timing, extent, or severity of climate change and its impact on the City's operations and finances but over time the costs could be significant and could have a material adverse effect on the City's finances, by reducing revenue-generating economic activity and/or by requiring greater expenditures to respond to the effects of climate change or regulations related to climate change. Other actions to address climate change might also be necessary and the City can give no assurances regarding the impact of such actions on the City's operations and finances.

Insurance

The Leased Property is subject to a variety of risks of loss. The City directly assumes certain 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—BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program" and APPENDIX B—"SUMMARY OF LEGAL DOCUMENTS—THE LEASE AGREEMENT—Maintenance; Taxes; Insurance and Other Matters." The Lease Agreement permits the Leased Property insurance covering the Leased Property (other than rental interruption 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 expects to satisfy its insurance obligations under the Lease Agreement with commercial insurance. Further, the Lease Agreement does not require the City to insure or self-insure against every potential risk of loss, and there is a risk that damage or destruction of the Leased Property could occur for which no insurance or City funds will be available. Such insurance does not cover, for example, acts of terrorism or certain other casualties, such as earthquakes. If the Leased Property were to be damaged or destroyed by an earthquake or other casualty not required to be covered by insurance under the terms of the Lease Agreement, and for which the Leased Property is in fact uninsured, an abatement of Basic Lease Payments could occur and could continue indefinitely under the Lease Agreement.

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 any 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 Bonds or to pay principal of and interest on the 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 risks that arise from use of the Leased Property and to provide for the payment of Basic Lease Payments in the event that the City loses beneficial use of the Leased 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.

Cybersecurity

The City relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the City and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. No assurances can be given that the City's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial. See APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—OTHER MATTERS—Cybersecurity."

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 Bonds could prove expensive and time consuming, or be legally impeded. For example, the Indenture and the Lease Agreement provides that if there is a default by the City under the Lease Agreement, the Trustee may terminate the Lease Agreement and re-let the Leased Property, but such Property may not be easily re-leased and any re-letting of the Leased Property could result in lease payments that would be substantially less than the Lease Payments payable by the City under the Lease Agreement. In addition, due to the governmental function of the Leased 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 Leased 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.

Enforcement of Remedies

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. The rights and remedies provided in the Lease Agreement and the Indenture may be limited by and are subject to the limitations on legal remedies against cities, including State constitutional limits on expenditures, and limitations on the enforcement of judgments against funds needed to serve the public welfare and interest; by federal bankruptcy laws, as now or hereafter enacted; applicable State bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect (see "—Bankruptcy," below); equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Bankruptcy

A bankruptcy petition may be filed by the City or the Corporation. In particular, the City may file a petition under Chapter 9 ("Chapter 9") of Title 11 of the United States Code (the "Bankruptcy Code"), provided that it complies with requirements of Section 53760 *et seq.* of the Government Code of the State. Under the Government Code, a local public entity, including the City, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

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 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 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 of the Bonds. As a result of the commencement of a bankruptcy case by either the City or the Corporation, Owners of the Bonds could experience partial or total loss of their investment in the Bonds.

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 Basic Lease Payments, for the benefit of the Owners of the Bonds, but such security interest arises only when the Basic Lease Payments are actually received by the Trustee following payment by the City. The Leased Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners of the Bonds. 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 Bonds.

The various legal opinions to be delivered concurrently with the Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the Bonds 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.

Loss of Tax Exemption

As described under the caption "TAX MATTERS—SERIES 2025-A BONDS," interest on the Series 2025-A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2025-A Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. There is no provision in the Series 2025-A Bonds or the Indenture for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the Series 2025-A Bonds will remain outstanding until maturity or until redeemed under one of the redemption provisions contained in the Indenture.

Impacts of Federal Policy

Recent actions taken by the current federal administration impact federal funding to states and local governments and present a fiscal risk to the City. See APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT—OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Federal Grants and Other Impacts of Federal Policy.*"

Change in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives or amendments to the City's Charter or that the State Legislature or the City Council will not enact legislation that will amend the laws of the State or the State Constitution, or the City's municipal code, respectively, in a manner that could result in a reduction of the City's General Fund revenues.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

CONTINUING DISCLOSURE

Pursuant to the Indenture and a Continuing Disclosure Certificate for the Bonds, 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, 2026, for fiscal year 2024-25, 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 bonds and notes issued through the Corporation), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds. The City's Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into separate continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

The Annual Reports for Fiscal Years 2018-19 through 2022-23 filed in connection with the City's Wastewater System Revenue Bonds, Series 2015-A (Green Bonds), Refunding Series 2015-B, Series 2015-C (Green Bonds), and Refunding Series 2015-D, and the City's Wastewater System Subordinate Revenue Bonds, Series 2017-A (Green Bonds), Refunding Series 2017-B (Green Bonds), Refunding Series 2017-C (Taxable) (Green Bonds), Series 2018-A (Green Bonds), Refunding Series 2018-B, Series 2022-A (Green Bonds), Series 2022-B (Taxable), and Refunding Series 2022-C did not include an update to the table titled "Sewer Construction and Maintenance Fund Liability Claims Paid." The City provided an update to the information in the table titled "Sewer Construction and Maintenance Fund Liability Claims Paid" for Fiscal Year 2023-24 and the prior five fiscal years in the Annual Report for Fiscal Year 2023-24 which was filed on EMMA on April 11, 2025.

TAX MATTERS—SERIES 2025-A BONDS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2025-A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2025-A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2025-A

Bonds. Pursuant to the Indenture and Tax Certificate, the City has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2025-A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the City has made certain representations and certifications in the Indenture and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the City described above, interest on the Series 2025-A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond 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. Interest on the Series 2025-A Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the "adjusted financial statement income" of such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the Series 2025-A Bonds is exempt from personal income taxes of the State under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2025-A Bonds nor as to the taxability of the Series 2025-A Bonds or the income therefrom under the laws of any state other than the State.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Series 2025-A Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Series 2025-A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Tax-Exempt Discount Bond" and collectively, the "Tax-Exempt Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2025-A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Tax-Exempt Discount Bond and the basis of each Tax-Exempt Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Tax-Exempt Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Tax-Exempt Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Discount Bonds.

Original Issue Premium

The Series 2025-A Bonds sold at prices in excess of their principal amounts are "Tax-Exempt Premium Bonds." An initial purchaser with an initial adjusted basis in a Tax-Exempt Premium Bond in excess of its principal amount will have amortizable bond premium which offsets the amount of tax-exempt interest and is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Tax-Exempt Premium Bond based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Tax-Exempt Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Tax-Exempt Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other

tax consequences of owning such Series 2025-A Bonds. Owners of the Tax-Exempt Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Premium Bonds.

Ancillary Tax Matters

Ownership of the Series 2025-A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Series 2025-A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2025-A Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2025-A Bonds 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.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as APPENDIX C—"PROPOSED FORM OF APPROVING OPINIONS OF BOND COUNSEL." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2025-A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post-Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2025-A Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025-A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2025-A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Series 2025-A Bonds may occur. Prospective purchasers of the Series 2025-A Bonds should consult their own tax advisors regarding the impact of any change in law on the Series 2025-A Bonds. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2025-A Bonds may affect the tax status of interest on the Series 2025-A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2025-A Bonds, or the interest thereon, if any action is taken with respect to the Series 2025-A Bonds or the proceeds thereof upon the advice or approval of other counsel.

TAX MATTERS—SERIES 2025-B BONDS

Federal Income Taxes

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2025-B Bonds. The summary is based upon the provisions of the Code, the Treasury Regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. Such authorities may be repealed, revoked, or

modified, possibly with retroactive effect, so as to result in United States federal income tax consequences different from those described below. The summary generally addresses Series 2025-B 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 2025-B 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 Series 2025-B Bonds at their initial issue price except where otherwise specifically noted. Potential purchasers of the Series 2025-B 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 2025-B Bonds.

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

U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of Series 2025-B 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 2025-B 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 2025-B 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 2025-B Bonds.

Taxation of Interest Generally

Interest on the Series 2025-B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code and so will be fully subject to federal income taxation. Purchasers will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2025-B Bonds. In general, interest paid on the Series 2025-B 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 2025-B Bonds and capital gain to the extent of any excess received over such basis.

Recognition of Income Generally

Section 451(b) of the Code provides that purchasers using an accrual method of accounting for U.S. federal income tax purposes may be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements of such purchaser. In this regard, Treasury Regulations provide that, with the exception of certain fees, the rule in section 451(b) will generally not apply to the timing

rules for original issue discount and market discount, or to the timing rules for de minimis original issue discount and market discount. Prospective purchasers of the Series 2025-B Bonds should consult their own tax advisors regarding any potential applicability of these rules and their impact on the timing of the recognition of income related to the Series 2025-B Bonds under the Code.

Original Issue Discount

The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2025-B Bonds issued with original issue discount ("Discount Taxable Bonds"). A Series 2025-B Bond will be treated as having been issued with an original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price to the public at which a substantial amount of the Series 2025-B 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 2025-B Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, in the case of an installment obligation, its weighted average maturity).

A Series 2025-B Bond's "stated redemption price at maturity" is the total of all payments provided by the Series 2025-B Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the City at least annually at a single fixed rate or certain floating rates.

In general, the amount of original issue discount includible in income by the initial holder of a Discount is the sum of the "daily portions" of original issue discount with respect to such Discount Taxable Bond for each day during the taxable year in which such holder held such Series 2025-B Bond. The daily portion of original issue discount on any Discount Taxable Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period.

An accrual period may be of any length, and may vary in length over the term of a Discount Taxable Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Taxable 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 Taxable Bond at the beginning of any accrual period is the sum of the issue price of the Discount Taxable Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Taxable Bond that were not qualified stated interest payments. Under these rules, holders generally will have to include in income increasingly greater amounts of original issue discount in successive accrual periods.

Holders utilizing the accrual method of accounting may generally, upon election, include in gross income all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) on a Series 2025-B Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount

A holder who purchases a Series 2025-B Bond at a price which includes market discount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) in excess of a prescribed de minimis amount will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such holder will generally be required either (a) to allocate each such principal payment to accrued market discount not previously

included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Series 2025-B Bond as ordinary income to the extent of any remaining accrued market discount or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such holder on or after the first day of the taxable year to which such election applies.

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

A holder of a Series 2025-B Bond who acquires such Series 2025-B Bond at a market discount also may be required to defer, until the maturity date of such Series 2025-B Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the holder paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2025-B Bond in excess of the aggregate amount of interest (including original issue discount) includable in such holder's gross income for the taxable year with respect to such Series 2025-B 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 2025-B Bond for the days during the taxable year on which the holder held the Series 2025-B 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 2025-B Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the bondholder elects to include such market discount in income currently as described above.

Bond Premium

A holder of a Series 2025-B Bond who purchases such Series 2025-B 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 2025-B Bonds held by the holder on the first day of the taxable year to which the election applies and to all Series 2025-B 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 Series 2025-B Bonds who acquire such Series 2025-B Bonds at a premium should consult with their own tax advisors with respect to federal, state and local tax consequences of owning such Series 2025-B Bonds.

Surtax on Unearned Income

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

Sale or Redemption of Taxable Bonds

A bondholder's adjusted tax basis for a Series 2025-B Bond is the price such holder pays for the Series 2025-B Bond plus the amount of original issue discount and market discount previously included in income and reduced on account of any payments received on such Series 2025-B Bond other than "qualified stated interest" and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable 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 2025-B Bond is held as a capital asset (except in the

case of Series 2025-B Bonds acquired at a market discount, in which case a portion of the gain will be characterized as interest and therefore ordinary income).

If the terms of a Series 2025-B Bond are materially modified, in certain circumstances, a new debt obligation would be deemed "reissued", or created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those related to the redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. In addition, the defeasance of a Series 2025-B Bond under the defeasance provisions of the Indenture could result in a deemed sale or exchange of such Series 2025-B Bond.

EACH POTENTIAL HOLDER OF SERIES 2025-B BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING (1) THE TREATMENT OF GAIN OR LOSS ON SALE, REDEMPTION OR DEFEASANCE OF THE SERIES 2025-B, AND (2) THE CIRCUMSTANCES IN WHICH THE SERIES 2025-B 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 Series 2025-B Bonds by a person other than a U.S. Holder, a former United States citizen or resident, or a partnership or entity treated as a partnership for United States federal income tax purposes (a "Non-U.S. Holder").

Subject to the discussion of backup withholding and the Foreign Account Tax Compliance Act ("FATCA"), payments of principal by the City or any of its agents (acting in its capacity as agent) to any Non-U.S. Holder will not be subject to federal withholding tax. In the case of payments of interest to any Non-U.S. Holder, however, federal withholding tax will apply unless the Non-U.S. Holder (1) does not own (actually or constructively) 10 percent or more of the voting equity interests of the City, (2) is not a controlled foreign corporation for United States tax purposes that is related to the City (directly or indirectly) through stock ownership, and (3) is not a bank receiving interest in the manner described in Section 881(c)(3)(A) of the Code. In addition, either (1) the Non-U.S. Holder must certify on the applicable IRS Form W-8 (series) (or successor form) to the City, its agents or paying agents or a broker under penalties of perjury that it is not a U.S. person and must provide its name and address, or (2) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business and that also holds the Series 2025-B Bonds must certify to the City or its agent under penalties of perjury that such statement on the applicable IRS Form W-8 (series) (or successor form) has been received from the Non-U.S. Holder by it or by another financial institution and must furnish the interest payor with a copy.

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

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on a Series 2025-B 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 (subject to a reduced rate under an applicable treaty) on 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 2025-B 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 2025-B 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 Taxable Bonds, FATCA imposes U.S. withholding tax on interest payments and, for dispositions after December 31, 2018, gross proceeds of the sale of the Series 2025-B Bonds paid to certain foreign financial institutions (which is broadly defined for this purpose to generally include non-U.S. investment funds) and certain other non-U.S. entities if certain disclosure and due diligence requirements related to U.S. accounts or ownership are not satisfied, unless an exemption applies. An intergovernmental agreement between the United States and an applicable non-U.S. country may modify these requirements. In any event, bondholders or beneficial owners of the Series 2025-B Bonds shall have no recourse against the City, nor will the City be obligated to pay any additional amounts to "gross up" payments to such persons, as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of the Series 2025-B Bonds. However, it should be noted that on December 13, 2018, the IRS issued Proposed Treasury Regulation Section 1.1473-1(a)(1) which proposes to remove gross proceeds from the definition of "withholdable payment" for this purpose.

Non-U.S. Holders should consult their own tax advisors with respect to the possible applicability of federal withholding and other taxes upon income realized in respect of the Series 2025-B Bonds.

Information Reporting and Backup Withholding

For each calendar year in which the Series 2025-B Bonds are outstanding, the City, its agents or paying agents or a broker is required to provide the IRS with certain information, including a holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts and annuities.

If a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, the City, its agents or paying agents or a broker may be required to make "backup" withholding of tax on each payment of interest or principal on the Series 2025-B Bonds. This backup withholding is not an additional tax and may be credited against the U.S. Holder's federal income tax liability, provided that the U.S. Holder furnishes the required information to the IRS.

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

Payments of the proceeds from the sale of a Series 2025-B Bond to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) may apply to those payments if the broker is one of the following: (i) a U.S. person; (ii) a controlled foreign corporation for U.S. tax purposes; (iii) a foreign person 50-percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a United States trade or business; or (iv) a foreign partnership with certain connections to the United States.

Payment of the proceeds from a sale of a Series 2025-B 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 Taxable 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 of the opinion that interest on the Series 2025-B Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Series 2025-B Bonds nor as to the taxability of the Series 2025-B Bonds or the income therefrom under the laws of any state other than the State of California.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the inclusion in gross income of interest on the Series 2025-B Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2025-B Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. It is not possible to predict whether any such legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2025-B Bonds. Prospective purchasers of the Series 2025-B Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2025-B Bonds.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2025-B BONDS.

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

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA) ("Governmental Plans"), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) ("Church Plans"),

are not subject to ERISA requirements. Additionally, such Governmental and Church Plans are not subject to the requirements of Section 4975 of the Code but may be subject to applicable federal, state or local law which is, to a material extent, similar to the foregoing provisions of ERISA or the Code ("Similar Laws"). Accordingly, assets of such plans may be invested in the Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of Similar Laws.

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

Certain transactions involving the purchase, holding or transfer of the Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the City were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor, as modified by Section 3(42) of ERISA (the "Plan Assets Regulation"), the assets of the City would be treated as plan assets of a Benefit Plan for the purposes of ERISA and Section 4975 only of the Code if the Benefit Plan acquires an "equity interest" in the City and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is little guidance on this matter, it appears that the Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. This determination is based upon the traditional debt features of the Bonds, including the reasonable expectation of purchasers of Bonds that the Bonds will be repaid when due, traditional default remedies, as well as the absence of conversion rights, warrants and other typical equity features.

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

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of whom is a fiduciary

with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any exemption will be available with respect to any particular transaction involving the Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

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

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

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

CERTAIN LEGAL MATTERS

Nixon Peabody LLP, Los Angeles, California, Bond Counsel to the City and Corporation, will render its approving opinion on the date of the issuance of the Bonds in substantially the form set forth in APPENDIX C—"PROPOSED FORM OF APPROVING OPINIONS OF BOND COUNSEL" attached hereto. Bond Counsel expresses no opinion regarding the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds. Certain legal matters will be passed on for the City and the Corporation by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel, and by Hydee Feldstein Soto, City Attorney. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP. Bond Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that opinion, or the transaction on which the opinion or advice is rendered, or of the future performance of parties to the transaction. Further, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

There is no action, suit or proceeding pending (with service of process having been given) against the City or the Corporation or, to the knowledge of their respective executive officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the 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 Bonds or the use of the Bond proceeds.

The City is routinely subject to various actions, suits or proceedings. A description of certain recently completed, pending or threatened actions, suits and/or proceedings involving the City, which if determined in a final and conclusive manner adverse to the City may, individually or in the aggregate, materially affect the General Fund's financial position, is included in APPENDIX A—"CITY OF LOS ANGELES INFORMATION STATEMENT."

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") and Fitch Ratings, Inc. ("Fitch") have assigned the ratings of "___" and "___," respectively, to the Bonds. The ratings provided by each of the rating agencies reflect only the views of such organizations and an explanation of the significance of such ratings may only be obtained from the respective agencies at the following website addresses: S&P, at www.spglobal.com, and Fitch, at www.fitchratings.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 or marketability of the Bonds. The City undertakes no responsibility to maintain any rating on the Bonds or to take any action, except as may be required by the Continuing Disclosure Certificate, in the event of a lowered rating, suspension or withdrawal.

FINANCIAL STATEMENTS

The City's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024 (the "Financial Statements"), including the Independent Auditor's Report, are available on the EMMA website at https://emma.msrb.org/P21898640.pdf. The Financial Statements are incorporated herein by reference thereto. No other information from such website is incorporated by reference into this Official Statement. The Financial Statements have been audited by Macias Gini & O'Connell LLP, certified public accountants. Macias Gini & O'Connell LLP has not consented to the inclusion by reference of its report in this Official Statement and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Macias Gini & O'Connell LLP with respect to any event subsequent to the date of the Independent Auditor's Report.

UNDERWRITING

The Bonds are being purchased by the Underwriters named on the cover page of this Official Statement (collectively, the "Underwriters") at a purchase price of $_____ (being the principal amount of the Bonds of $_____, plus [net] original issue premium of $_____, less an Underwriters' discount of $_____). The bond purchase agreement for the Bonds provides that the Underwriters shall purchase all of the Bonds offered hereby if any are purchased, and that the obligation to make such purchase is subject to the approval of certain legal matters by Bond Counsel and certain other conditions.

The initial offering prices stated on the inside cover page of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City.

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 Bonds contemplated herein in connection with such obligations being redeemed by the City.

Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

BofA Securities, Inc., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

MUNICIPAL ADVISOR

Omnicap Group LLC (the "Municipal Advisor"), has acted as independent registered municipal advisor to the City in conjunction with the issuance of the Bonds. The Municipal Advisor has assisted the City in preparation of this Official Statement and in other matters related to the planning, structuring, execution and delivery of the Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

The Municipal Advisor has 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 Municipal Advisor makes no guaranty, warranty or other representation respecting the accuracy or completeness of this Official Statement or any other matter related to this Official Statement.

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 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

DRAFT*

APPENDIX A

CITY OF LOS ANGELES INFORMATION STATEMENT

* Appendix A to be updated as appropriate prior to being finalized for the posted Preliminary Official Statement, including to reflect information relating to 2024-25 year-end results and information contained in the 2025-26 First Financial Status Report when available.

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PART 1: FINANCIAL INFORMATION

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

In addition, this Appendix A contains historic financial, economic and demographic information regarding the City with a focus on the City's General Fund. Accordingly, information concerning the City's finances that does not materially impact the availability of moneys deposited in, or available for transfer to, the General Fund, or the expenditure of such moneys, and, in each case, material risks related thereto (including information relating to the City's proprietary departments (such as the Department of Airports, Harbor Department, and Department of Water and Power), enterprise funds (such as the City's Sewer Construction and Maintenance Fund), and special funds (such as the Solid Waste Resources Revenue Fund), is generally not included in Appendix A or, if included, is not described in detail.

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

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

OVERVIEW OF THE CITY'S FINANCIAL CONDITION

Significant Financial Challenges

The City faced significant financial challenges addressing Fiscal Year 2024-25 revenue shortfalls and overspending and developing the Fiscal Year 2025-26 Adopted Budget. Because of various budgetary pressures over the past two years, the City has had to rely on its Reserve Fund to balance its budgets in Fiscal Years 2023-24 and 2024-25, even after making significant other budget adjustments. While the City began Fiscal Year 2023-24 with a Reserve Fund of $648.3 million (8.2 percent of Fiscal Year 2023-24 budgeted General Fund revenues), it drew down reserves over Fiscal Years 2023-24 and 2024-25 so that, if not for the appropriation of $121.8 million to the Reserve Fund as part of the Fiscal Year 2025-26 Adopted Budget, it would have begun Fiscal Year 2025-26 with only $298.1 million (3.6 percent of Fiscal Year 2025-26 budgeted General Fund revenues) in the Reserve Fund. With the appropriation to the Reserve Fund, the Fiscal Year 2025-26 Adopted Budget Reserve Fund level is $419.9 million (5.13 percent of Fiscal Year 2025-26 budgeted General Fund revenues, above the City's 5% Reserve Policy goal). See the caption "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies." [[UPDATE TO REFLECT FIRST FSR AS APPROPRIATE]]

Financial Results and Budget

[[UPDATE SECTION TO REFLECT FIRST FSR AS APPROPRIATE]] As described in "BUDGET AND FINANCIAL OPERATIONS—Estimated Fiscal Year 2024-25 Results," on May 30, 2025, the City Administrative Officer ("CAO") released the Year-End Financial Status Report for Fiscal Year 2024-25 (the "Year-End FSR"). The Year-End FSR reports that year-end General Fund revenue estimates (based on actual receipts through April 2025) are $109 million below the Fiscal Year 2024-25 Adopted Budget projections. The

Fiscal Year 2025-26 Adopted Budget assumes that a transfer from the Reserve Fund during year-end closing activities will offset the $109 million revenue shortfall. See "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies" for a description of the Reserve Fund policy.

In addition, the Year-End FSR identifies $68 million in remaining overspending, which reflects the implementation of the budget reductions and Reserve Fund transfer taken to partially address the $301 million overspending identified in the Mid-Year FSR. The largest elements of the $68 million identified over-expenditures are in the Fire Department, due to the recently approved sworn labor agreement and costs of the 2025 wildfire event response (see "—Certain Significant Challenges— Los Angeles 2025 Wildfire Event"), and in the Human Resources Benefits Fund for workers compensation and benefits costs. The projected overspending in the Year-End FSR does not account for unforeseen and still unknown costs associated with the City's response to recent protests of federal immigration enforcement practices. See "—Certain Significant Challenges—Federal Grants and Other Impacts of Federal Policy." The Year-End FSR addresses the remaining overspending using $23 million of available balances in eligible accounts and a Reserve Fund transfer of $45 million.

On June 18, 2025, the City Council authorized a loan from the Reserve Fund of up to $5 million to pay for Los Angeles Police Department ("LAPD") cash sworn overtime for the deployment of officers to address immigration policy protests. See the caption "Certain Significant Challenges—Federal Grants and Other Impacts of Federal Policy." On June 24, 2025, the City Council authorized an additional loan from the Reserve Fund of up to $17.3 million to pay certain overtime and other costs incurred by the LAPD in connection with the immigration policy protests. (The total current estimated costs to the City related to the protests in Fiscal Year 2024-25 are approximately $32 million.) The City Council further instructed the CAO to present repayment plans for the loans no later than 90 days from July 1, 2025 so that the Reserve Fund remains above five percent of General Fund revenues budgeted in the Fiscal Year 2025-26 Adopted Budget. The discussion of the Reserve Fund and the Total General Fund Reserves below and elsewhere in Appendix A assumes repayment of these loans.

After the year-end Reserve Fund transfers provided for in the Year-End FSR to address overspending ($45 million) and the revenue shortfall ($109 million), and other fiscal year-end closing activities assumed at the time of adoption of the Fiscal Year 2025-26 Adopted Budget, including but not limited to reversions, reappropriations, loans, and loan repayments, as well as the $121.8 million transfer to the Reserve Fund set forth in the Fiscal Year 2025-26 Adopted Budget (which the Controller currently expects to transfer to the Reserve Fund in or about December 2025), the Fiscal Year 2025-26 Adopted Budget Reserve Fund is projected in the Fiscal Year 2025-26 Adopted Budget to be $419.9 million (or 5.13 percent of the General Fund revenues in the Fiscal Year 2025-26 Adopted Budget). As described in "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies," the Reserve Fund will be adjusted to reflect actual fiscal year-end closing activities. The Controller's determination of the Adjusted Reserve Fund will be reported as part of the Controller's Preliminary Financial Report for Fiscal Year 2024-25, typically released in October, and reflected in the first Financial Status Report provided to Council, which is typically issued in November.

"Total General Fund Reserves," are comprised of the Reserve Fund, the Budget Stabilization Fund ("BSF"), and the Unappropriated Balance ("UB") line item for mid-year adjustments. In the Year-End FSR issued on May 30, 2025, the CAO stated that the Total General Fund Reserves were $526.8 million (or 6.6 percent of General Fund Revenues identified in the Fiscal Year 2024-25 Adopted Budget). The $526.8 million consists of $319.6 million in the Reserve Fund, $207.2 million in the Budget Stabilization Fund, and $0 in the UB – Reserve for Mid-Year Adjustments. This is below the Fiscal Year 2024-25 levels, when adjusted Total General Fund Reserves were $592.7 million, or 7.4 percent of the General Fund revenues in the Fiscal Year 2024-25 Adopted Budget ($330.6 million in the Reserve Fund, $202.7 million in the Budget Stabilization Fund, and $59.4 million in the UB – Reserve for Mid-Year Adjustments).

Based on an early assessment of the funding needs to meet the Mayor's expenditure goals and initial revenue projections, in March 2025 the CAO identified a projected budget gap (absent corrective measures) just under $1 billion. Major factors in that gap included actual revenues coming in below original projections

(reflecting revenue growth below historical average), the desire to fund the Reserve Fund above the five percent policy level, increased funding for pension contributions above original projections, liability claims above prior budget levels, increased General Fund subsidies to the solid waste system, and continuing increases in other personnel costs.

The City's Fiscal Year 2025-26 Adopted Budget is balanced, with total General Fund revenues and appropriations of $8.18 billion. The Fiscal Year 2025-26 Adopted Budget projects overall General Fund revenue growth of 2.8 percent as compared to the revised General Fund revenues estimated in the Year-End FSR, when transfers from the Budget Stabilization Fund and Reserve Fund are excluded. To address the projected budget gap, and to provide the foundation for long-term structural budget balance, the Fiscal Year 2025-26 Adopted Budget includes a number of significant actions, including the elimination of 614 filled and 961 vacant positions, expense account reductions, overtime and "salaries, as-needed account" reductions, a reduction of previously projected General Fund subsidies for solid waste by increasing refuse collection fees, deferral of capital projects, and actions to increase revenues, including enhancing collection of business taxes and increasing parking meter rates. (The "salaries, as-needed account" provides funding for temporary employees, typically for intermittent services such as elections and arts/recreational/library programming.) See the caption "BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2025-26 Adopted Budget."

The Fiscal Year 2025-26 Adopted Budget projects Total General Fund Reserves of approximately $724 million, or 8.85 percent of Fiscal Year 2025-26 budgeted General Fund revenues. As described in "BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies," the Reserve Fund will be adjusted to reflect actual fiscal year-end closing activities. The Fiscal Year 2025-26 Adopted Budget does not include transfers from the Reserve Fund, but actual results may vary from the Fiscal Year 2025-26 Adopted Budget resulting in the need for transfers from the Reserve Fund during Fiscal Year 2025-26.

The Four-Year Budget Outlook (the "Outlook"), prepared annually in connection with the budget and updated in connection with the Fiscal Year 2025-26 Adopted Budget, projects expenditures above revenues in Fiscal Years 2026-27 and 2027-28 before projecting operating surpluses in Fiscal Years 2028-29 and 2029-30; however, no cost-of-living adjustment to labor costs is assumed beyond the expiration of current labor agreements in 2027, 2028, and 2029 and the Outlook excludes certain potential large capital projects. In addition, the Outlook projections do not take into account any potential impacts of an economic recession, potential liability claims relating to the Palisades Fire (defined below), or increases to current service levels. See "BUDGET AND FINANCIAL OPERATIONS—General Fund Budget Outlook."

Certain Significant Challenges

Los Angeles 2025 Wildfire Event. Beginning on January 7, 2025, a severe fire fueled by windstorms originated in the Pacific Palisades neighborhood (the "Palisades Fire") of Los Angeles County, which is part of the City. On January 7, 2025, the Mayor declared a local emergency throughout the City and the Governor of California proclaimed a State of Emergency with respect to the Palisades Fire. According to the California Department of Forestry and Fire Protection, almost 24,000 acres were burned in the Palisades Fire, with an estimate of more than 7,800 structures damaged or destroyed in the affected areas, as well as the loss of several lives.

The Federal Emergency Management Agency ("FEMA") approved Fire Management Assistance Grants to support areas impacted by the fires, and on January 8, 2025, then President Biden approved a Major Disaster declaration for California. As a result of such declaration and subsequent federal action, funding from FEMA is generally available under FEMA's Public Assistance Program to recover 75% of eligible costs to restore facilities damaged as a result of natural disasters to their pre-disaster condition and 100% of the costs for emergency protective measures (emergency response activities) and debris removal in the public right of way for a 180-day period within the first 270 days of the incident.

The City is also pursuing cash flow loans in accordance with recently enacted Assembly Bill No. 100 that allows for the Governor's Office of Emergency Services (CalOES) to provide zero interest loans for FEMA reimbursable work, to be repaid by funding from FEMA as work is completed and submitted to FEMA for reimbursements. The City submitted a request to CalOES on May 26, 2025 and anticipates submission of loan requests on a rolling basis.

While the City is still in the process of assessing the overall financial impact, as of May 26, 2025 the City estimates approximately $329 million in costs to the City, which includes over $254 million in damage or destruction to structures and equipment. These estimates are preliminary and are expected to change as the damage assessment and recovery efforts continue.

The Palisades Fire is also expected to have negative impacts on certain City revenues, including property tax, business tax, sales tax and transient occupancy tax revenues. See the caption "MAJOR GENERAL FUND REVENUE SOURCES."

The City's process for recovering from the Palisades Fire is at an early stage. The City continues to focus on debris removal and assessing the immediate financial impact of the Palisades Fire. There also may be long-term impacts of the Palisades Fire on the City's fiscal condition and the local economy.

Litigation Relating to the Palisades Fire. Multiple lawsuits have been filed, including two putative class actions (and additional lawsuits continue to be filed) against the City and the Department of Water and Power of the City ("LADWP"), a proprietary department of the City, by property owners whose properties were damaged in the Palisades Fire. All of the Complaints bring claims under the doctrine of inverse condemnation. The doctrine of inverse condemnation is a "takings clause" cause of action under the State and federal constitutions that entitles property owners to just compensation if their private property is damaged by a public use. California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency's infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. A number of the complaints also bring various tort claims, including negligence and vicarious liability, negligence per se, dangerous condition of public property, breach of mandatory duty, trespass, private nuisance, public nuisance, negligent infliction of emotional distress, and inference with prospective economic advantage. Certain other plaintiffs have indicated that they intend to bring tort claims as well. The pending class action seeks certain injunctive relief as well as monetary damages. Most of the filed lawsuits do not contain a specific dollar amount, although one of the pending class actions asserts a damages figure of greater than $10 billion. The cases are not yet at a stage where it is possible to reasonably estimate the potential ultimate financial exposure to the City or LADWP. The City and DWP deny all liability claims.

See "LITIGATION—*Litigation Relating to the Palisades Fire*" for more information regarding lawsuits filed against the City relating to the Palisades fire.

The City intends to vigorously defend against these lawsuits, and any others that may be filed. The City is unable to assess at this time whether additional claims will be asserted by the plaintiffs, the likelihood of success of the plaintiffs' cases or any possible outcome. There can be no assurances that additional causes of action will not be asserted by the current plaintiffs, or additional litigation will not be brought by other plaintiffs whose properties were damaged in the Palisades Fire.

Investigations Relating to the Palisades Fire. A number of investigations and reviews of the fire events and of local agency preparation and response actions are being undertaken, including an independent review at the direction of the Governor, an investigation and after-incident review by the Los Angeles Fire Commission, and reviews and investigations by other federal, State and local agencies.

The Federal Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF") is leading an investigation into the cause of the Palisades Fire, and such investigation is ongoing. LADWP has provided information to the

ATF and other agencies in connection with their investigations. The ATF has examined LADWP's overhead transmission facilities that are near, but outside of, the area where the Palisades Fire reportedly ignited. To the present date, neither the ATF nor any other investigating authority has issued a cause and origin report identifying the source of the Palisades Fire, and no investigating authority has indicated that LADWP's power system facilities were involved in the ignition of the Palisades Fire or have asked LADWP to preserve any of its electrical facilities in the area.

Homelessness. The City faces challenges in connection with its large homeless population. Voters approved Measure H in 2017, increasing County-wide sales taxes by ¼ percent to fund services to the homeless population. On November 5, 2024, voters approved Los Angeles County Measure A, which repealed the Measure H ¼ percent sales tax and replaced it with a sales tax of ½ percent with the primary objective of expanding efforts to address the driver of homelessness through affordable housing construction, homelessness prevention, and support for vulnerable renters. Voters also approved Proposition HHH in 2016, authorizing $1.2 billion in City general obligation bonds to finance low income and supportive housing, of which nearly $1.114 billion has been issued. In 2022, voters approved Measure ULA, discussed below, a special documentary transfer tax dedicated to affordable housing programs. However, Measure A, Proposition HHH and Measure ULA funding is still inadequate to meet the needs of this population.

The Fiscal Year 2025-26 Adopted Budget anticipates approximately $953.3 million in spending to combat homelessness. This includes $350.4 million in General Fund spending, an increase of $13.1 million as compared to the Fiscal Year 2024-25 Adopted Budget. The Fiscal Year 2025-26 Adopted Budget also includes $602.9 million in spending from various special funds, including federal and State grants, the City's Proposition HHH general obligation bonds, described above, and ULA (defined below) special tax proceeds.

In response to the COVID-19 pandemic, the City participated in "Project Roomkey" ("PRK"), a program instituted by the State of California under which cities, counties, and housing authorities cooperated to secure hotel and motel rooms for people experiencing homelessness to prevent the spread of COVID-19 and to reduce its impact to the health care system. In all, the City submitted $192 million in PRK reimbursement requests. The Fiscal Year 2024-25 revised revenue estimate included $179 million of PRK receipts and the City received the entire $179 million in Fiscal Year 2024-25.

The City was subject to a lawsuit (*LA Alliance for Human Rights et al. v. City of Los Angeles et al.*) for violating various State and federal laws in connection with the City's and County's alleged failures in responding to homelessness. On June 14, 2022, a settlement between the City and the plaintiffs was approved by the court. On February 20, 2025, the plaintiffs filed a motion to compel the City to comply with the terms of the settlement. The plaintiffs have also requested the court to appoint a receiver for the matter. On June 24, 2025, the court denied the request for a receiver, but ordered the City to take certain actions going forward, including selecting a third-party monitor, subject to the court's approval. See "LITIGATION—LA Alliance for Human Rights et al. v. City of Los Angeles et al."

Measure ULA Special Tax. On November 8, 2022, the City's voters approved "Measure ULA– Funding for Affordable Housing and Tenant Assistance Programs Through A Special Tax on Real Property Transfers Over $5 Million" ("ULA"), a voter initiative to fund affordable housing projects and programs. ULA, which passed with approximately 58 percent of the vote, amends the City's present documentary transfer tax by adding a new tax, subject to certain exemptions, of (a) 4.0 percent on the sale or transfer of real property exceeding $5 million but less than $10 million, and (b) 5.5 percent on the sale or transfer of real property of $10 million or more. Measure ULA authorizes the Director of Finance to adjust the consideration or value thresholds based on the Bureau of Labor Statistics Chained Consumer Price Index (C-CPI-U). The thresholds of $5 million and $10 million have been adjusted to $5.15 million and $10.3 million for 2025. The City already imposed and continues to impose a documentary transfer tax at a rate of approximately 0.45 percent on properties sold for over $100. Proceeds of such previously existing documentary transfer tax are deposited in the General Fund, while proceeds of the ULA special tax are deposited into a special fund to be used for affordable housing projects

and programs as set forth under ULA. The ULA special tax became effective pursuant to its terms on April 1, 2023.

Several lawsuits have been filed attempting to invalidate the ULA special tax. See "LITIGATION—*Measure ULA Special Tax*" for more information regarding such lawsuits. The principal lawsuit to invalidate the ULA special tax is currently on appeal. Oral arguments are scheduled for September 11, 2025. The City will continue to defend ULA and its interests in these matters. The City cannot provide any assurances that ULA and the ULA special tax will ultimately be upheld in court. In the event the ULA special tax is invalidated in court, the General Fund may be at risk of repaying ULA special tax receipts that have been expended.

In addition to the legal challenges to ULA, the availability of ULA special tax revenues is subject to actual receipt of these tax revenues. Documentary transfer tax revenues such as the ULA special tax are volatile because the growth (or decline) of this revenue source is magnified when home prices and sales volume move together. In the first full fiscal year of collection (Fiscal Year 2023-24), ULA special tax revenues underperformed expectations. In the Fiscal Year 2023-24 Adopted Budget, ULA special tax revenues were projected to be approximately $672 million, but actual revenues for the year were approximately $297 million. The Fiscal Year 2024-25 Adopted Budget projected approximately $269 million in ULA special tax revenues: $264 million in estimated Fiscal Year 2024-25 tax receipts and $5 million in interest earnings. As of April 30, 2025, the City has collected approximately $394 million in Fiscal Year 2024-25 ULA special tax receipts and $9.9 million in interest earnings. The revised estimated Fiscal Year 2024-25 total ULA special tax revenues is approximately $448 million ($438 million in tax receipts and $10 million in interest). From the collected ULA special tax revenues for Fiscal Years 2023-24 and 2024-25, the City has appropriated approximately $318 million.

Street and Sidewalks Repairs and Maintenance; Americans With Disabilities Act Compliance. The City faces costs in the billions of dollars relating to the repair and maintenance of streets and sidewalks in the City, and compliance with the Americans With Disabilities Act ("ADA"). See "BUDGET AND FINANCIAL OPERATIONS—Capital Program." These costs include costs relating to the City's Pavement Preservation Program and Sidewalk Repair Program for street repairs and sidewalk (including access and curb ramps) remediation projects. Certain of the activities under the Pavement Preservation Program, such as street resurfacing and reconstruction, trigger the application of current ADA provisions, which requires the updating of existing access ramps or the construction of new ramps where there are none. These expenditures related to street and sidewalk repair and maintenance also include expenditures required by the settlement of previous litigation in 2016 (*Willits, et al. v. City of Los Angeles*), under which the City committed to expend approximately $1.4 billion over a 30-year period for various sidewalk remediation projects as part of its Sidewalk Repair Program. From July 2015 to June 2025, the City has expended approximately $329.7 million in compliance with the *Willits* litigation settlement.

The Fiscal Year 2025-26 Adopted Budget appropriates $179 million (of which $26.5 million represented appropriations from the General Fund) for street and sidewalk repair and maintenance (including costs of ADA compliance required in connection with such repair and maintenance and $40.2 million appropriated in said budget pursuant to the *Willits* litigation settlement). The amount and timing of expenditures relating to the repair and maintenance of streets and sidewalks in the City, and compliance with the ADA related thereto, is expected to increase significantly in future fiscal years.

The *Willits* plaintiffs have alleged that the City has failed to fully comply with certain requirements of the *Willits* settlement to satisfy ADA requirements in connection with certain activities under the Pavement Preservation Program described above. In the event that the dispute is not resolved informally, the plaintiffs may attempt to seek relief through the court overseeing the *Willits* settlement.

There can be no assurances that potential future actions or enforcement activities under the ADA (including potential enforcement actions pursuant to the *Willits* settlement) will not result in the expansion or acceleration of remediation or compliance activities. Significant increases in required street and sidewalk repair

and maintenance above currently contemplated levels, or acceleration of those requirements, could materially adversely impact the General Fund.

The City also anticipates significant additional costs as a result of implementation of the Measure HLA ordinance. See "OTHER MATTERS—City Mobility Plan Street Improvement Measures Initiative Ordinance."

Litigation. The City is routinely party to a variety of pending and threatened lawsuits and proceedings that, if determined in a final and conclusive manner adverse to the City, may, individually or in the aggregate, materially affect the General Fund's financial position. See "BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program" and "LITIGATION."

For several years, the City's actual liability claims payments have been significantly higher than the budgeted amounts. The Fiscal Year 2024-25 Adopted Budget provided a General Fund budget of $100 million for liability claims (including amounts budgeted in the UB – Reserve for Extraordinary Liability). Actual General Fund payments for liability claims totaled approximately $276.4 million in Fiscal Year 2024-25. The Fiscal Year 2025-26 Adopted Budget appropriates $180 million for General Fund liability claims, with an additional $20 million appropriated in the Unappropriated Balance, which is less than actual expenditures in the prior two fiscal years. The Fiscal Year 2025-26 Adopted Budget also includes $125 million in the UB – Reserve for Mid-Year Adjustments in part in anticipation of the Liability Claims Account budget falling short of the anticipated need. See the caption "BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program."

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

Federal Grants and Other Impacts of Federal Policy. [[Recent actions taken by the current federal administration impact federal funding to states and local governments and present a fiscal risk to the City. In Fiscal Year 2025-26, City departments (excluding proprietary departments) anticipate receiving $374 million in federal grant receipts, which includes $86 million of funds from competitive grants and $278 million from formula grants. The City anticipates that the cancellation by the federal government of numerous funding opportunities and Executive Orders prohibiting the promotion of diversity, equity, and inclusion, gender ideology, and defunding sanctuary jurisdictions (some of which are being legally challenged) may have an impact on future competitive grant opportunities. Further, the federal administration has made statements about potential plans to phase out FEMA, provide less federal aid to states for natural disaster response, and to distribute such funds directly from the president's office. The City is unable to predict if such potential plans will actually be made or implemented. In addition, the federal administration's proposed Fiscal Year 2025-26 budget eliminates a number of key formula grants the City has historically received. Although the City does not anticipate a negative fiscal impact in Fiscal Year 2025-26, the outcome of the Fiscal Year 2025-26 federal budget deliberations may result in a significant fiscal impact on the City's Fiscal Year 2026-27 budget.

The City is a "sanctuary city" and, as provided in Ordinance No. 188441, prohibits City resources from being utilized for federal immigration enforcement actions unless required by law. The current federal administration has adopted executive orders and made threats to defund, or take other actions in response to, sanctuary jurisdictions. Recently, in response to various protests of federal immigration enforcement practices in the Los Angeles area, the current federal administration has ordered both California National Guard and U.S.

Marine troops be deployed to the Los Angeles area. The State has challenged these actions. These protests have resulted in property damage to private and public assets in the City. Furthermore, for safety and security purposes, the City has had to deploy LAPD and other City resources beyond what was anticipated in the City's Year-End FSR projections for Fiscal Year 2024-25 and has activated the Emergency Operations Center. The total current estimated costs to the City related to the protests in Fiscal Year 2024-25 are approximately $32 million (some of which are being paid with loans from the Reserve Fund; see "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Financial Results and Budget"). The City is unable to predict whether this situation will escalate, and what additional costs to the City might be at this time.

The U.S. House Oversight and Government Reform Committee Chair sent a letter to the Mayor on or about June 13, 2025, demanding all documents and communications relating to the protests among the City and the State and their law enforcement be turned over to the committee by June 27, 2025 as part of a committee investigation into the City's and State's handling of the protests. The City cannot predict any subsequent actions or outcomes as a result of such investigation. On June 30, 2025, the U.S. Department of Justice filed a complaint for declaratory and injunctive relief against the City, the Mayor and the City Council in the U.S. District Court of the Central District of California. The complaint asks the court to declare that Ordinance No. 188441 violates the Supremacy Clause of the U.S. Constitution and other federal law and is unlawful, unenforceable and void ab initio, to enter a permanent injunction against the City and its officials from enforcing Ordinance No. 188441, and also seeks fees and costs. The City is defending its interests in this matter.]]

MUNICIPAL GOVERNMENT

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

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

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

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

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

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

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

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

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

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

BUDGET AND FINANCIAL OPERATIONS

Financial Reporting and Fiscal Year 2023-24 Results

The City prepares its financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") as promulgated by the Governmental Accounting Standards Board ("GASB"). The Financial Statements include a consolidated statement of governmental activities, which accounts for all functions of the City that are principally supported by taxes and other revenues not intended to recover costs through user fees and charges. GAAP requires the inclusion of both pension and retiree health liabilities in the government-wide Statement of Net Position. The City's Annual Comprehensive Financial Report (the "ACFR") for the Fiscal Year Ended June 30, 2024 reported a deficit balance for the governmental activities' unrestricted net position of $5.807 billion, largely due to a net long-term pension liability of $6.577 billion and net liability of $0.850 billion for Other Post-Employment Benefits such as health care ("OPEB").

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

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

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

	2020	*2021*	*2022*	*2023*	*2024*
Assets					
Cash and Pooled Investments[1]	$ 1,433,584	$ 1,856,003	$1,992,342	$2,160,051	$1,845,716
Other Investments	451	762	727	305	328
Taxes Receivable	682,470	782,303	1,116,337	874,789	825,201
Accounts Receivable	127,181	139,628	147,123	178,284	196,101
Special Assessments Receivable	2,863	3,550	4,459	4,693	5,245
Investment Income Receivable	10,014	7,812	10,463	18,025	17,610
Intergovernmental Receivable	152,247	193,305	284,965	215,079	162,112
Leases Receivable	-	-	1,977	1,623	1,451
Loans Receivable	42	1,331	1,382	1,417	7,337
Due from Other Funds	196,394	104,675	111,970	95,198	111,863
Inventories	42,053	39,760	39,228	49,643	51,047
Prepaid Items and Other Assets	11	34	408	430	548
Advances to Other Funds	20,831	21,374	26,859	19,863	23,581
Properties Held for Housing Development	-	-	-	15,438	41,323
Total Assets	$ 2,668,141	$ 3,150,537	$3,738,240	$3,634,838	$3,289,463
Liabilities:					
Accounts, Contracts and Retainage Payable	$ 254,392	$ 272,990	$ 286,482	$ 278,353	$ 288,474
Obligations Under Securities Lending Transactions	13,799	19,333	39,182	11,690	2,793
Accrued Salaries and Overtime Payable	252,022	120,242	181,678	160,568	179,257
Accrued Compensated Absences Payable	7,912	11,529	5,385	10,869	14,083
Estimated Claims and Judgments Payable	35,741	37,511	42,358	51,899	171,103
Intergovernmental Payable	1,010	882	953	948	5,477
Due to Other Funds	188,702	174,796[5]	102,491[5]	122,554[5]	158,772[5]
Unearned Revenue	-	322,085[6]	302,455[6]	105,235[6]	68,202[6]
Deposits and Advances	9,184	11,901	21,739	14,967	22,806
Advances from Other Funds	131,093	81,148	56,130	6,451	38,697
Other Liabilities	53,177	89,104	66,079	78,502	75,649
Total Liabilities	$ 947,032	$ 1,141,521	$1,104,932	$ 842,036	$1,025,313
Deferred Inflows of Resources					
Real Estate Tax	$ 88,615	$ 88,635	$ 86,191	$ 88,413	$ 105,327
Taxes Other than Real Estate	398,251	431,719	699,740	531,063	464,310
Receivables from Other Government Agencies	129,309	142,325	135,673	133,824	132,793
Interest Receivable on Loans and Others	112,805	122,360	212,092	184,500	122,643
Leases	-	-	1,918	1,422	1,429
Total Deferred Inflows of Resources	$ 728,980	$ 785,039	$1,135,614	$ 939,222	$ 826,502
Fund Balances					
Nonspendable[2]	$ 62,895	$ 61,168	$ 66,495	$ 69,936	$ 75,176
Restricted	-	-	-	-	-
Committed	37,386	71,733	85,078	52,600	93,011
Assigned[3]	356,167	426,654	724,278	397,413	377,040
Unassigned[4]	535,681	664,422	621,843	1,333,631	892,421[7]
Total Fund Balances	$ 992,129	$ 1,223,977	$1,497,694	$1,853,580	$1,437,648
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 2,668,141**	**$ 3,150,537**	**$3,738,240**	**$3,634,838**	**$3,289,463**

(1) Includes securities held under securities lending transactions, offset by the Liability "Obligations Under Securities Lending Transactions."
(2) Includes inventories and certain advances to other funds.
(3) Includes encumbrances, various revolving funds, and certain net receivables.
(4) Primarily consists of the City's Reserve Fund and BSF (defined below).
(5) Includes approximately $90.8 million, $34.8 million, $29.9 million, and $53.4 million to be paid to the City's wastewater enterprise fund for Fiscal Year 2020-21, Fiscal Year 2021-22, Fiscal Year 2022-23, and Fiscal Year 2023-24 respectively, which may be accelerated in connection with potential budgetary constraints of the wastewater enterprise fund.
(6) Represents unspent cash balances of American Rescue Plan Act ("ARPA") receipts.
(7) Unassigned Fund Balance, which includes the Budget Stabilization Fund ($194.9 million) and the Reserve Fund ($697.5 million), reflects the audited balance at June 30, 2024. See Table 4 for the adjusted Reserve Fund as of July 1, 2024, which was $330.6 million due to reappropriation of amounts to accounts from which funds originated based on Council actions.

Source: City of Los Angeles, ACFRs.

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

	2020	*2021*	*2022*	*2023*	*2024*
Revenues:					
Property Taxes	$ 2,213,899	$ 2,401,848	$ 2,492,320	$ 2,658,390	$ 2,794,794
Sales Taxes	536,362	562,217	694,218	704,915	676,722
Utility Users Taxes	643,564	610,946	632,433	705,538	684,071
Business Taxes	668,035	686,520	756,960	817,325	782,139
Other Taxes	620,653	521,955	778,563	820,981	754,788
Licenses and Permits	34,999	29,390	31,493	33,344	28,640
Intergovernmental	27,284	28,145	43,171	53,143	42,055
Charges for Services	351,983	358,772	341,191	367,473	489,930
Services to Enterprise Funds	368,706	328,481	327,326	377,220	376,943
Fines	113,643	100,559	116,805	120,670	114,892
Special Assessments	769	1,731	2,691	2,592	3,177
Investment Earnings	99,248	28,579	35,770	77,448	98,062
Change in Fair Value of Investments[1]	-	(34,572)	(145,900)	(40,425)	43,959
Program Income	-	-	-	22	-
Other	65,406	46,107	62,094	46,360	55,547
Total Revenues	$ 5,744,551	$ 5,670,678	$ 6,169,135	$ 6,744,996	$ 6,945,719
Expenditures:					
Current:					
General Government[2]	$ 1,553,572	$ 1,478,060	$ 1,573,832	$ 1,585,693	$ 1,891,972
Protection of Persons and Property	3,269,764	3,221,865	3,414,251	3,419,259	3,746,815
Public Works	219,657	147,933	201,042	259,554	309,147
Health and Sanitation	107,329	121,325	164,898	210,706	232,064
Transportation	102,720	112,490	139,871	125,186	157,079
Cultural and Recreational Services	52,220	44,018	79,454	92,120	87,000
Community Development	84,944	134,074	108,209	163,922	193,244
Capital Outlay	54,241	29,164	53,975	67,738	135,936
Debt Service: Principal	-	-	20,682	35,589	36,636
Debt Service: Interest[3]	19,609	5,194	3,752	38,970	49,710
Debt Service: Cost of Issuance	559	1,103	867	806	677
Total Expenditures	$ 5,464,615	$ 5,295,226	$ 5,760,833	$ 5,999,543	$ 6,840,280
Excess (Deficiency) of Revenues Over Expenditures	$ 279,936	$ 375,452	$ 408,302	$ 745,453	$ 105,439
Other Financing Sources (Uses)					
Transfers In[4]	$ 292,948	$ 584,808	$ 910,652	$ 460,094	$ 317,081
Transfers Out[5]	(714,147)	(728,412)	(1,060,079)	(864,763)	(873,378)
Lease and Subscription Liabilities Issued[6]	-	-	14,842	15,102	34,926
Total Other Financing Sources (Uses)	$ (421,199)	$ (143,604)	$ (134,585)	$ (389,567)	$ (521,371)
Net Change in Fund Balance	$ (141,263)	$ 231,848	$ 273,717	$ 355,886	$ (415,932)
Fund Balances, July 1	$ 1,106,041	$ 992,129	$ 1,223,977	$ 1,497,694	$ 1,853,580
Cumulative Effect of Change in Accounting Principle[7]	27,351	-	-	-	-
(Decrease) Increase in Reserve for Inventories	-	-	-	-	-
Fund Balances, July 1 Restated	$ 1,133,392	-	-	-	-
Fund Balances, June 30	**$ 992,129**	**$ 1,223,977**	**$ 1,497,694**	**$ 1,853,580**	**$ 1,437,648**

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

(2) The increase in general government expenditures from Fiscal Year 2022-23 to Fiscal Year 2023-24 is primarily attributed to labor costs related to cost of living adjustments, excess sick payouts, and bonus pay provisions for civilian labor agreements.

(3) Increase in Fiscal Year 2022-23 primarily reflects an increase in interest rates for the City's Tax and Revenue Anticipation Notes financing.

(4) Historically, this line item has constituted primarily of transfers from the Power Revenue Fund; see "MAJOR GENERAL FUND REVENUE SOURCES—Power Revenue Transfers to General Fund." Fiscal Year 2020-21 includes $317.4 million in ARPA funds. Fiscal Year 2021-22 includes $659.1 million in ARPA funds.

(5) Primarily Charter-required transfers to the Library Department and the Department of Recreation and Parks of amounts equal to 0.0300 percent and 0.0325 percent, respectively, of assessed value of all property in the City and includes transfers to pay for General Fund lease-financing obligations. Increase in Fiscal Year 2021-22 reflect increases in transfers for parks and recreational operational facilities ($132.6 million), debt service obligations ($57.5 million), housing and community programs ($50.5 million), and libraries ($13.1 million).

(6) Represents certain privately placed financings for the acquisition of capital assets and Subscription-Based Information Technology Arrangements as required by GASB Statement 96.

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

Source: City of Los Angeles, ACFRs.

City's Budgetary Process

The City's fiscal year extends from July 1 through June 30. Under the Charter, the Mayor is required each year to submit to the Council a Proposed Budget (the "Proposed Budget") by April 20. Because April 20, 2025 was a Sunday, the Proposed Budget for Fiscal Year 2025-26 was released on Monday, April 21, 2025. After several weeks of Council and Committee meetings during which Council made several amendments to the Proposed Budget, the Council approved the Fiscal Year 2025-26 Adopted Budget on May 30, 2025. The Mayor concurred with the Council changes on June 6, 2025.

The Proposed Budget is based on the Mayor's budget priorities and includes estimates of receipts from the City's various revenue sources. By Charter, the Mayor presents and the Council adopts a balanced budget with no deficit.

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

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

Estimated Fiscal Year 2024-25 Results

UPDATE TO REFLECT FIRST FSR AS APPROPRIATE]] The CAO released the Year-End FSR for Fiscal Year 2024-25 on May 30, 2025. The report identified a General Fund revenue shortfall of $109 million driven by declines in grant receipts ($45 million), sales tax receipts ($38 million), and transient occupancy tax receipts ($34 million). The revised General Fund revenue estimates reflect a delay in FEMA reimbursements for COVID-19 response efforts and lower than anticipated receipts for the remainder of the year due to uncertainties surrounding the economic impact of federal immigration policies, tariffs, funding cuts, and government layoffs, as well as the 2025 wildfire event. Partially offsetting these reductions are higher receipts in revenues tied to the real estate market, as well as departmental receipts. The Fiscal Year 2025-26 Adopted Budget plans for a transfer from the Reserve Fund during year-end closing activities to offset this revenue shortfall.

After addressing much of the $301 million in overspending in the Mid-Year Financial Status Report through budget reduction and transfers from Total General Fund Reserves, the CAO identified an additional $68 million in overspending remaining in the Year-End FSR. The $68 million in overspending is largely the result of costs related to recently approved sworn labor agreements and 2025 wildfire event response costs of the Fire Department ($25 million), workers' compensation and benefits costs ($13 million), and Police Department response costs associated with the 2025 wildfire event ($11 million). The report addressed this remaining overspending using available balances in eligible accounts ($23 million) and a transfer from the Reserve Fund ($45 million). As a result of these actions, the Reserve Fund is expected to fall to $319.6 million or 3.98 percent of the Fiscal Year 2024-25 Adopted Budget General Fund revenues once the recommendations in the Year-End FSR are implemented. The projected overspending in the Year-End FSR does not account for

unforeseen and still unknown costs associated with the City's response to recent protests of federal immigration enforcement practices. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Federal Grants and Other Impacts of Federal Policy*."

Fiscal Year 2025-26 Adopted Budget

Total budgeted General Fund revenue for Fiscal Year 2025-26 is $8.18 billion, which represents an increase of 3.2 percent from the revised revenue estimate for Fiscal Year 2024-25 in the Year-End FSR. Revenue assumptions used for the Fiscal Year 2025-26 Adopted Budget were based on trends in receipts, analyses conducted by departments, and relevant industry forecasts as of March 2025, and assumed that an economic recession would not occur. Fiscal Year 2025-26 Adopted Budget revenues include a transfer from the Budget Stabilization Fund, and revenue from a new business tax compliance program, parking meter fee increases, and various other fee increases. Future economic uncertainty presents particular challenges in connection with the revenue forecast for Fiscal Year 2025-26, as well as future fiscal years included in the General Fund Budget Outlook.

The Fiscal Year 2025-26 Adopted Budget fully funds approved labor agreements, increases the appropriation for settlements and judgments by $100 million, appropriates funds to the Reserve Fund to increase it above the minimum policy level, and appropriates $125 million to the UB – Reserve for Mid-Year Adjustments in an effort to mitigate the impacts of overspending, including from liabilities above budgeted amounts. To offset these increased expenditures, the Fiscal Year 2025-26 Adopted Budget includes $191 million in General Fund expenditure reductions, including $40.5 million from the elimination of filled positions, $58.6 million from the elimination of vacant positions, and $92.0 million in expense, overtime, and salaries, and as-needed account reductions. The City also reduced spending in special funds that the General Fund subsidizes, including $4 million from the elimination of filled positions and $27 million from the elimination of vacant positions. In addition, the Fiscal Year 2025-26 Adopted Budget reduces expenditures by $86 million from deferring capital projects and sweeping project accounts. The Fiscal Year 2025-26 Adopted Budget also projects an increase in revenues of at least $140 million, some of which is from planned fee increases and enhanced collection efforts.

The 2025-26 Adopted Budget requires a declaration of fiscal emergency to carry out layoffs and withhold the annual payment to the Public Matching Campaign Funds Trust Fund (the amount required for Fiscal Year 2025-26 was $4.15 million), in compliance with the City Charter. [[CONFIRM The Council directed the preparation and presentation of a resolution to declare such a fiscal emergency for Fiscal Year 2025-26 resulting from increased operating expenditures, extraordinary liability payouts and multiyear revenue shortfalls, and adopted the resolution in June 2025 in connection with the implementation of the Fiscal Year 2025-26 Adopted Budget.]]

The following table presents the Fiscal Year 2025-26 Adopted Budget and the Adopted Budgets for the preceding Fiscal Years. The table does not reflect changes made to the budgets subsequent to their original adoption, which have been substantial in each year. For Fiscal Years 2021-22, the changes were substantial due to pandemic-related revenue shortfalls and the availability of federal relief funds. In Fiscal Year 2022-23, substantial changes included higher than expected Utility Users Tax receipts ($707 million actual, as opposed to $614 million budgeted) due to increased energy prices and consumption, offset by over-expenditures in the Fire Department. In Fiscal Year 2023-24, actual General Fund receipts of $7.68 billion were $222 million less than the Fiscal Year 2023-24 Adopted Budget projection. The City believes this reduction was due to inflation and high interest rates, which impacted consumer demand and the City's economically sensitive tax receipts. Significant over-expenditures of $161 million in Fiscal Year 2023-24 include the Police Department, primarily due to costs of the agreement with the Los Angeles Police Protective League executed during Fiscal Year 2023-24, and payouts for Liability Claims. Substantial changes in Fiscal Year 2024-25 include General Fund receipts falling short of the Fiscal Year 2024-25 Adopted Budget by a projected $109 million and overspending in excess of $300 million primarily due to primarily due to liability claims and January 2025 wildfire response costs. See the caption "—Estimated Fiscal Year 2024-25 Results."

The City does not prepare the budget based on GAAP classifications, so that historic revenues and expenditures in the table below will vary from those used in Table 2 above, which is derived from the City's ACFR and prepared on a GAAP basis. Besides the basic accounting basis of recognition of revenues on a cash basis (budget), meaning receipts are recognized when cash is received, rather than accrual basis (GAAP), which recognizes revenues on a "modified accrual" basis, inter-fund transfers and other transactions are classified in a different manner. For example, certain line items such as Departmental Receipts are substantially different between the budget and the financial statements; in the financial statements, significant reimbursements to the General Fund from special revenues funds are netted out along with corresponding expenditures. See the City's ACFR Note 1-D and Note 3 for a discussion of the basis for reporting.

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

Table 3A
SUMMARY OF GENERAL FUND ADOPTED BUDGET

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
General Fund Revenues					
Property Taxes [1]	$ 2,400,250,000	$ 2,535,005,000	$ 2,640,250,000	$ 2,770,359,000	$ 2,839,082,000
Property Tax – Ex-CRA Tax Increment	111,990,000	153,800,000	143,730,000	142,560,000	172,622,000
Other Taxes [2]	2,442,702,000	2,783,590,000	2,897,065,000	2,863,875,000	2,828,613,000
Departmental Receipts [3]	1,466,009,998	1,526,675,386	1,620,128,165	1,683,757,194	1,903,623,145
Intergovernmental [4]	225,819,000	229,721,000	236,502,000	227,481,000	227,943,000
Other General Fund [5]	835,848,794	180,646,799	288,661,081	260,485,874	122,032,827
Interest	20,603,000	36,610,000	77,000,000	84,501,000	84,340,000
Total General Fund Revenue	**$ 7,503,222,792**	**$ 7,446,048,185**	**$ 7,903,336,246**	**$ 8,033,019,068**	**$ 8,178,255,972**
General Fund Appropriations					
Fire Department	$ 737,168,351	$ 771,870,860	$ 826,191,237	$ 813,637,423	$ 891,786,218
Police Department	1,702,988,343	1,803,434,641	1,785,894,868	1,910,326,288	1,921,163,423
Other Budgetary Departments	1,042,389,720	1,097,320,359	1,222,282,938	1,176,842,306	1,104,797,406
Tax and Revenue Anticipation Notes [6]	1,333,686,071	1,336,147,626	1,373,059,172	1,430,690,005	1,413,851,517
Capital Finance Administration [7]	224,436,534	228,856,646	178,053,731	192,889,836	198,879,816
Human Resources Benefits	774,377,710	805,331,098	861,864,205	915,695,993	947,667,548
Other General Fund Appropriations	1,688,176,063	1,403,086,955	1,655,990,095	1,592,937,217	1,700,110,044
Total General Fund Appropriations	**$ 7,503,222,792**	**$ 7,446,048,185**	**$ 7,903,336,246**	**$ 8,033,019,068**	**$ 8,178,255,972**

[1] Also included are property taxes remitted to the City as replacement revenue for both State Vehicle License Fees and sales and use taxes.
[2] Other taxes include utility users tax, business tax, sales tax, transient occupancy tax, documentary transfer tax, parking occupancy tax, and residential development tax. See "MAJOR GENERAL FUND REVENUE SOURCES" for a discussion of these taxes.
[3] This item includes State Vehicle License Fees, parking fines and franchise income, which are described under "MAJOR GENERAL FUND REVENUE SOURCES."
[4] Intergovernmental revenues include proprietary departments' transfers.
[5] Other General Fund receipts include grant receipts, tobacco settlement, transfers from the Special Parking Revenue Fund, and any transfers from the Reserve Fund or the BSF. For Fiscal Years 2021-22 and 2022-23, this item includes one-time revenues from ARPA.
[6] A significant portion of the City's Tax and Revenue Anticipation Notes ("TRANs") proceeds are used to pay the annual contribution to LACERS and LAFPP. The budget line item for TRAN repayment is primarily for principal for this portion of the program and is made in lieu of direct appropriations for contributions to the two retirement systems. See "RETIREMENT AND PENSION SYSTEMS." As in prior years, interest due on the City's TRANs for Fiscal Year 2024-25 is also included in this line item.
[7] This fund is used to make lease payments on various lease revenue bonds, privately placed leases and commercial paper notes.

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

[[ADD FIRST FSR SECTION]]

General Fund Budget Outlook

The CAO periodically prepares a four-year Outlook, which compares projected revenues to projected expenditures in order to identify trends and potential future pressures. The most recent Outlook, presented below, was prepared in June 2025 to reflect the Fiscal Year 2025-26 Adopted Budget (referred to as the "Outlook," herein).

Each Outlook begins with the revenues and expenditures in the balanced budget for the current budget year, in compliance with the City's requirement to adopt a balanced budget, and projects revenue and expenditure changes for the subsequent four fiscal years. Annual growth in revenues and expenditures may be higher or lower than projected in the Outlook. While the most recent Outlook projects a budget gap in Fiscal Year 2026-27 and surpluses in Fiscal Years 2028-29 and 2029-30, a number of factors could result in larger budget gaps emerging in each of the fiscal years in the projection period, including future compensation increases. Any actual budget gap that is projected at the time of budget preparation will be addressed with the adoption of a balanced budget for that year.

Significant assumptions used by the City in the development of the Outlook presented below include the following:

- Revenues will increase moderately each year. Projected aggregate increases range from 1.8 percent in Fiscal Year 2025-26 to 4.1 percent in Fiscal Years 2028-29 and 2029-30, the latter reflecting historical growth rates. The Outlook does not assume the occurrence of a recession. Property tax estimates reflect impacts of the Palisades Fire. Business tax receipts reflect increased tax discovery efforts. Sales tax revenue estimates reflect decreasing consumer demand under inflation.

- Expenditures reflect major expenses known at the time of preparation of the Outlook.

- The City's contributions rates to LACERS and LAFPP are based on information calculated by the systems' actuaries. The Outlook assumes there will be no changes in assumptions during the projection period. Based on unaudited results through May of 2025, the City's projected contributions assume a seven percent rate of return in Fiscal Year 2025-26. Consistent with the systems' assumed investment rates of return, the City projects a seven percent rate of return in each year thereafter. As of May 2025, on a preliminary, unaudited basis, the rate of return for Fiscal Year 2024-25 was approximately 8.33 percent and 8.06 percent (gross of fees) for LACERS and LAFPP, respectively. If the annual rate of return falls short of the 7.0 percent assumption, all else being equal, the City's contributions in future years may exceed the amounts that the Outlook projects. Certain provisions in the LAFPP pension system and funding policy will likely cause the City's contribution to increase, at least temporarily, once the retirement portion of the LAFPP is 100 percent funded. Based on the assumptions in the Outlook, that occurs in Fiscal Year 2026-27 and increases the City's contribution rate. See "RETIREMENT AND PENSION SYSTEMS."

- The Outlook includes employee compensation adjustments for Fiscal Year 2025-26 consistent with existing agreements, and all other required salary adjustments. Fiscal Years 2026-27 through 2028-29 reflect adjustments required by existing labor agreements. The Outlook does not include any projections for compensation adjustments from future labor agreements. It does include a 2.0 percent annual increase to account for natural salary growth, for example due to the net impact of turnover and step increases. See the caption "BUDGET AND FINANCIAL OPERATIONS—Labor Relations."

- The Outlook does not include certain potentially large capital expenditures, including potential expenditures in connection with the City's Civic Center Master Plan, the Los Angeles Convention Center expansion project, acceleration of the sidewalk and access ramp programs, restoration of the Los Angeles River, or mitigation of stormwater pollution, which the City has yet to approve. The Outlook assumes capital and technology funding in future years at the amount required to meet the policy spending level of 1.5 percent of General Fund revenue. See "BUDGET AND FINANCIAL OPERATION—Capital Program."

- The Outlook assumes a $13.9 million reduction in the General Fund portion of the City's Homelessness Budget in Fiscal Year 2025-26, with such reduced funding projected in future years.

- The Outlook assumes the City will pay $200 million per year in litigation losses. Actual payments have exceeded that amount in certain past fiscal years, including in the prior two fiscal years, and may exceed that amount in certain future fiscal years. See "—Risk Management and Retention Program" and "LITIGATION."

- The Outlook does not reflect any costs of the City in connection with the Convention Center Expansion Project. For information concerning the Convention Center Expansion Project, see "BUDGET AND FINANCIAL OPERATIONS – Convention Center Expansion Project." The currently estimated costs of the Convention Center Project are approximately $__ billion. In order to finance the initial costs, the Municipal Improvement Corporation of Los Angeles ("MICLA") is issuing approximately $__ of lease revenue bonds (the "2025 Convention Center Bonds"), to be payable from annual lease payments payable from the City's General Fund. Annual lease payments with respect to the 2025 Convention Center Bonds are projected to be approximately $___ million commencing _____, 202_. In addition, in order to finance the remainder of the costs, the City currently expects to use the proceeds of approximately $___ of MICLA lease revenue bonds (also secured by annual lease payments payable from the City's General Fund) currently expected to be issued in ____ 202_ (the "2027 Convention Center Bonds"). Annual lease payments with respect to the 2027 Convention Center Bonds are projected to be approximately $___ million commencing in 202_. Although, as described in "BUDGET AND FINANCIAL OPERATIONS – Convention Center Expansion Project" the City expects to offset a portion of General Fund payments for such costs from revenues expected to be generated from the operation of the expanded Convention Center, there can be no assurances that such revenues will be available in the amounts and at the times contemplated by the City. In addition, there can be no assurances that City will not be responsible for additional construction or other costs with respect to the Convention Center Expansion Project.

- [[REFLECT ANY ISSUES IDENTIFIED IN FIRST FSR, AS APPROPRIATE]]

While, subject to the matters described above in this section, the City believes that the assumptions used in the development of the Outlook are reasonable, actual results will likely differ, and such differences may be material and adverse. There can be no assurance circumstances not reflected in the Outlook, including future compensation increases, will not arise which could materially adversely impact the financial condition of the City.

Following is a summary presentation of the Outlook.

Table 3B
GENERAL FUND BUDGET OUTLOOK SUMMARY
As prepared and updated in connection with the Fiscal Year 2025-26 Adopted Budget
($ in millions)

	Adopted 2025-26	2026-27	2027-28	2028-29	2029-30
ESTIMATED GENERAL FUND REVENUE					
General Fund Base[1]	$8,033.0	$8,178.3	$8,402.8	$8,679.0	$9,032.6
Incremental Revenue Growth:					
Property Related Taxes [2]	122.8	136.0	188.2	191.7	198.8
Business, Sales Taxes and Utility Taxes	(38.2)	30.2	47.7	49.2	50.8
Departmental Receipts	223.6	136.2	41.1	84.7	88.7
Other Fees, Taxes, and Transfers[3]	(162.9)	(77.9)	(0.8)	28.0	29.2
Total Revenue	**$8,178.3**	**$8,402.8**	**$8,679.0**	**$9,032.6**	**$9,400.1**
General Fund Revenue Increase $[4]	$145.3	$224.5	$276.2	$353.46	$367.5
General Fund Revenue Increase %[4]	1.8%	2.7%	3.3%	4.1%	4.1%
ESTIMATED GENERAL FUND EXPENDITURES					
General Fund Base[1]	$8,033.0	$8,178.3	$8,494.1	$8,679.0	$8,794.2
Incremental Expenditure Growth:					
Employee Compensation Adjustments[5]	199.0	184.9	120.3	34.4	40.6
City Employees' Retirement System[6]	(2.8)	74.1	48.8	10.0	30.2
Fire and Police Pension[7]	(26.6)	49.2	(0.5)	(8.6)	(0.5)
Benefits	32.0	24.8	27.6	28.3	30.0
Comprehensive Homeless Strategy[8]	(13.9)	-	-	-	-
Net–Other Additions and Deletions[9]	(42.4)	(17.2)	(11.3)	51.1	52.8
Total Expenditures	**$8,178.3**	**$8,494.1**	**$8,679.0**	**$8,794.2**	**$8,947.3**
Expenditure Growth (Reduction) $	$145.3	$315.8	$184.9	$115.2	$153.1
Expenditure Growth (Reduction) %	1.8%	3.9%	2.2%	1.3%	1.7%
REVENUES OVER (BELOW) EXPENDITURES[10]	$-	($91.3)	$-	$238.4	$452.8

(1) Based on prior year revenues and expenditures.

(2) Includes all property-related tax revenues, including the redirection of ex-CRA tax increment monies, Documentary Transfer Tax, and Residential Development Tax.

(3) Decrease in Fiscal Year 2025-26 is largely due to a reduction in grant receipts. The Fiscal Year 2024-25 and Fiscal Year 2025-26 Adopted Budgets included $208 million and $32 million, respectively, in FEMA reimbursements for COVID-19 response efforts.

(4) Increase in Fiscal Year 2025-26 is in comparison to Fiscal Year 2024-25 Adopted Budget.

(5) The Fiscal Year 2025-26 Adopted Budget reflects reduced funding in sworn hiring from 480 recruits to 240 recruits for the police department. Following the Mayor's signing of the budget on June 6, 2025, the Mayor announced an agreement with the City Council to increase LAPD hiring levels above the 240 police officer positions funded in the Fiscal Year 2025-26 Adopted Budget. The Council is expected to identify funds for an additional 240 recruits within 90 days of June 6, 2025. The cost of this increase in police hiring (approximately $14 million in Fiscal Year 2025-26 and approximately $25 million in Fiscal Year 2026-27) is not reflected in the Outlook.

(6) Increase in Fiscal Year 2026-27 is primarily due to an increase in City budgeted payroll for civilians, which includes employee compensation adjustments in approved labor agreements, and a slight increase in the combined contribution rates.

[FOOTNOTES CONTINUE ON FOLLOWING PAGE]

[FOOTNOTES CONTINUE FROM PREVIOUS PAGE]

(7) The Fiscal Year 2025-26 decrease in the contribution to LAFPP is primarily due to a decrease in the contribution rate, which is partially offset by a larger budgeted payroll. The decrease in the contribution rate is a result of loss layers from the June 2009 valuation being fully amortized and a higher than expected rate of return. The increase in contributions in Fiscal Year 2026-27 is primarily due to an increase in budgeted payroll for sworn, including employee compensation adjustments consistent with approved labor agreements and the restoration of one-time salary funding reductions from the prior year.

(8) The Comprehensive Homeless Strategy line item represents a decrease of $13.9 million from the General Fund appropriation for homelessness-related services and expenditures within the context of the City's Comprehensive Homeless Strategy. The Fiscal Year 2026-27 amount deletes Fiscal Year 2025-26 expenditures considered to be one-time.

(9) The decrease in Fiscal Year 2025-26 is driven by the (1) decrease to the Unappropriated Balance – Department Payroll Reconciliation Account for previously approved salary adjustments, which is incorporated in Fiscal Year 2025-26 departmental salary accounts, (2) the elimination of funding in the Unappropriated Balance – Reserve for Allocation of FEMA Reimbursement, and (3) the deletion of 250 resolution authority positions previously fully or partially paid by the General Fund that are not continued in Fiscal Year 2025-26. The decrease in Fiscal Year 2025-26 is partially offset by a one-time appropriation of $121.8 million to the Reserve Fund. Projections for subsequent years include projected expenditures for the restoration of one-time expenditure reductions, hotel development incentive agreements, the recycling incentives program, and increased appropriations to Recreation and Parks and the Library.

(10) Represents the surplus (or deficit) projected to be generated that fiscal year if remedial action were not taken.

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

Budgetary Reserves and Contingencies

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

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

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

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

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

[[UPDATE TO REFLECT FSR AS APPROPRIATE]] The Fiscal Year 2024-25 Adopted Budget assumed a Reserve Fund of $407 million or 5.07 percent of budgeted General Fund revenues as of July 1, 2024. Due to Fiscal Year 2023-24 General Fund actual revenues falling short of projections and Fiscal Year 2023-24 year-end transfers from the Reserve Fund for overspending, the Adjusted Reserve Fund (described below) as of July 1, 2024 was $330.6 million or 4.1 percent of budgeted General Fund revenues. Over the course of the fiscal year, the Reserve Fund was used to meet various budgetary needs, including transfers to pay liability claims.

The Fiscal Year 2025-26 Adopted Budget complies with the Reserve Fund policy by including an appropriation of $121.8 million to the Reserve Fund and budgets for a Reserve Fund balance of $419.9 million or 5.13 percent of budgeted General Fund revenues. Without the appropriation of $121.8 million in General Funds to the Reserve Fund, as of July 1, 2025 would have been $298.1 million, or 3.64 percent of budgeted General Fund revenues. The Controller has the discretion to execute the actual transfer of funds at any time during Fiscal Year 2025-26 based on its assessment of the City's cash flow needs. Given that the projected technical adjustment for the reappropriation of reversions to the General Fund is not expected to begin processing until September 2025, the Controller anticipates making this transfer in or about December 2025. The actual transfer date may vary from this plan.

The Budget Stabilization Fund ("BSF"). Pursuant to the ordinance that regulates the BSF, as part of the annual budget process, a portion of the economically sensitive revenues projected to be above the historical average must be deposited into the BSF, which can then be used to help fund future expenditures when these revenues are stagnant or is in decline. The economically sensitive revenues consist of seven General Fund tax revenue sources: property, utility users, business, sales, transient occupancy, documentary transfer, and parking occupancy taxes. When the growth of these revenues falls short of the historical average, the budget may include a withdrawal from the BSF. For purposes of the Fiscal Year 2025-26 Adopted Budget, the growth rate used to determine BSF contributions was calculated to be 4.1 percent, based on the 20-year historical average of these tax revenues.

Under the BSF Financial Policy, projected ongoing revenue growth assumed in the Fiscal Year 2025-26 Adopted Budget is below the average annual ongoing growth threshold by approximately 3.36 percent or $194 million; therefore, a withdrawal of $29 million from the BSF is permitted under the policy. The Fiscal Year 2025-26 Adopted Budget includes a withdrawal of $29 million from the BSF in compliance with this policy. The projected BSF balance on July 1, 2025 is $179 million.

The Unappropriated Balance ("UB"). The UB was created by the Charter, which requires that an amount be included in the budget to be available for appropriations later in the fiscal year to meet contingencies as they arise. The amount and types of items identified in the UB vary each year depending on the specific challenges, the risks identified, and programs that have been approved but for which an appropriation for expenditure is premature. The Fiscal Year 2025-26 Adopted Budget sets aside a total of $290 million in the UB (a decrease of $48 million, or 15 percent, from the Fiscal Year 2024-25 Adopted Budget), including $125 million as a Reserve for Mid-Year Adjustments (considered part of the City's Total General Fund Reserves), $30 million for the Ground Emergency Medical Transport Quality Assurance Fee Program, $20 million as a Reserve for Extraordinary Liability, and $12 million for Department Payroll Reconciliation to account for approved adjustments against revised employment levels and salary savings.

Total General Fund Reserves. The City's Financial Policies state a goal of maintaining the cumulative value of its Total General Fund Reserves at an amount equal to at least 10 percent of all General Fund revenues anticipated for that fiscal year in the Adopted Budget. Based on the actual Reserve Fund balance as of July 1, 2024, the City began Fiscal Year 2024-25 with budgetary Total General Fund Reserves totaling 7.4 percent of budgeted General Fund revenues. After accounting for transactions approved since July 1, 2024, and pending transfers, the Year-End FSR reported Total General Fund Reserves of approximately $527 million or 6.6 percent of Fiscal Year 2024-25 budgeted General Fund revenue as of June 30, 2025. Based on the estimates used to prepare the Fiscal Year 2025-26 Adopted Budget, the budgeted Total General Fund Reserves balance is projected to be $724 million or 8.85 percent of budgeted General Fund revenues.

Adopted/Adjusted Reserve Fund. The adopted budget for each fiscal year includes the amount projected to be available over the course of that fiscal year for Reserve Fund purposes, once all appropriations to and from the Reserve Fund set forth in the adopted budget are completed. That amount for the fiscal years reflected in the table below is set forth as the "Adopted Budget Reserve Fund." After the preceding fiscal year is officially closed, the Controller determines the actual amount expected, as of July 1 of that fiscal year, to be available over the course of the year for Reserve Fund purposes. That amount for the fiscal years reflected in the table below is set forth as the "Adjusted Reserve Fund." (As described below, the Adopted Budget Reserve Fund includes amounts appropriated in the respective budgets but not yet transferred to the Reserve Fund.) Differences between the Adopted Budget Reserve Fund and the Adjusted Reserve Fund are due to adjustments for the reversion of unencumbered funds derived from the unencumbered balances and/or unallocated revenues at the end of the prior fiscal year, the reappropriation of a portion of those reversions through the current year adopted budget, and appropriations to and from the Reserve Fund. The Controller's determination of the Adjusted Reserve Fund will be reported as part of the Controller's Preliminary Financial Report for Fiscal Year 2024-25, typically released in October, and reflected in the first Financial Status Report provided to Council, which is typically issued in November. The history of the Adopted Budget Reserve Fund and the Adjusted Reserve Fund for the fiscal years in the table below is intended to illustrate the historical variance between these amounts. Amounts shown in the table below as the Adopted Budget Reserve Fund and the Adjusted Reserve Fund are not necessarily on deposit in the Reserve Fund as of the July 1 determination date, and include future appropriated transfers to and from the Reserve Fund for that year as set forth in the respective adopted budget. For Fiscal Year 2025-26, the Adopted Budget Reserve Fund includes a $121.8 million transfer to the Reserve Fund which is appropriated in the Fiscal Year 2025-26 Adopted Budget but which the Controller does not expect to transfer to the Reserve Fund until about December 2025. Similarly, the Fiscal Year 2025-26 Adopted Budget Reserve Fund assumes that the Controller will carry out the reappropriation, as approved by the Council and Mayor, of an estimated $357 million in funds reverted to the Reserve Fund at the end of Fiscal Year 2024-25 to the same accounts in Fiscal Year 2025-26. The Controller does not expect to transfer such funds from the Reserve Fund until September and October of 2025.

The table also sets forth the City's other major contingency resources, in addition to the City's Reserve Fund, namely the BSF and the UB line item for mid-year adjustments. These balances are reported as of the beginning of the fiscal year rather than the end of the prior year to avoid overstating them as a result of year-end reversions, many of which are reappropriated as of July 1, and to account for any transfers made as part of an Adopted Budget.

Table 4
HISTORICAL BUDGETED RESERVE FUND
($ in millions)

	2016-17	*2017-18*	*2018-19*	*2019-20*	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Adopted Budget Reserve Fund										
Emergency Reserve	$ 153.4	$ 160.2	$ 170.2	$ 180.7	$ 183.9	$ 206.4	$ 204.8	$ 217.3	$ 220.9	$ 224.9
Contingency	181.5	138.1	180.7	229.7	59.4	303.5	272.7	350.2	186.0	195.0
	$ 334.9	$ 298.3	$ 350.9	$ 410.4	$ 243.3	$ 509.9	$ 477.5	$ 567.5	$ 406.9	$ 419.9[1]
Total Budgeted General Fund Revenues[2]	**$5,576.4**	**$ 5,826.5**	**$ 6,190.6**	**$6,569.7**	**$6,687.3**	**$ 7,503.2**	**$7,446.0**	**$7,903.3**	**$ 8,033.0**	**$ 8,178.3**
Reserve Fund as % of Budgeted General Fund Revenues	6.01%	5.12%	5.67%	6.25%	3.64%	6.80%	6.41%	7.18%	5.07%	5.13%
Budget Stabilization Fund (BSF)	$ 92.4	$ 95.1	$ 107.3	$ 113.9	$ 116.6	$ 118.0	$ 192.1	$ 196.8	$ 202.4	$ 179.1
Reserves for Mid-Year in UB	15.0	20.0	20.3	35.0	30.1	14.9	24.3	30.0	59.4	125.0
Total General Fund Budget Reserves	**$ 442.3**	**$ 413.3**	**$ 478.6**	**$ 559.4**	**$ 390.0**	**$ 642.8**	**$ 693.9**	**$ 794.3**	**$ 668.7**	**$ 724.0**
Total General Fund Budget Reserves as % of Budgeted General Fund Revenues	7.93%	7.09%	7.73%	8.51%	5.83%	8.57%	9.32%	10.05%	8.32%	8.85%
Adjusted Reserve Fund										
Emergency Reserve	$ 153.3	$ 160.2	$ 170.2	$ 180.7	$ 183.9	$ 206.3	$ 204.8	$ 217.3	$ 220.9	
Contingency	180.9	194.3	175.6	226.5	119.8	440.7	396.9	431.0	109.7	
	$ 334.2	$ 354.5	$ 345.8	$ 407.2	$ 303.7	$ 647.0	$ 601.7	$ 648.3	$ 330.6	
Reserve Fund as % of Budgeted General Fund Revenues	5.99%	6.08%	5.59%	6.20%	4.54%	8.62%	8.08%	8.20%	4.12%	
Total General Fund Reserves	**$ 442.9**	**$ 469.7**	**$ 471.6**	**$ 556.5**	**$ 450.4**	**$ 780.2**	**$ 818.3**	**$ 876.2**	**$ 592.7**	
Total General Fund Reserves as % of Budgeted General Fund Revenues	7.94%	8.06%	7.62%	8.47%	6.74%	10.40%	10.99%	11.09%	7.37%	

(1) Includes an appropriated $121.8 million transfer to the Reserve Fund expected to be made in or about December 2025 and assumes the repayment to the Reserve Fund of loans in the aggregate amount of $22.3 million.
(2) Includes transfers from the Reserve Fund, if any.
Source: City of Los Angeles, Office of the City Administrative Officer and Office of the Controller.

See the captions "—Estimated Fiscal Year 2024-25 Results," "—Fiscal Year 2025-26 Adopted Budget," and "—Budgetary Reserves and Contingencies" for information regarding the status of the Reserve Fund and Total General Fund Reserves as of the Year-End FSR. Also see "—General Fund Budget Outlook."

Financial Management Policies

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

Another component of the Financial Policies requires that one-time revenues only be used for one-time expenditures. The Fiscal Year 2025-26 Adopted Budget satisfies this policy by allocating $172 million in one-time revenues toward $270 million in one-time expenditures.

The Financial Policies provide for the City to annually budget 1.5 percent of General Fund revenues to fund capital and technology infrastructure improvements. The Fiscal Year 2025-26 Adopted Budget does not comply with this policy, appropriating 1.11 percent of General Fund revenues, equivalent to $91 million towards capital and technology improvements and projects.

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

Risk Management and Retention Program

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

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

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

Table 5
LIABILITY CLAIMS PAID[1]
($ in millions)

	Total Amount Budgeted				
Fiscal Year	*General Fund[2]*	*Special Funds*	*Unappropriated Balance*	*Total*	*Total Claims Paid (Actual)*
2021-22	$80.0	$7.4	$23.9	$111.3	$111.3
2022-23	80.0	7.4	20.0	107.4	172.6[3]
2023-24	80.0	7.4	20.0	107.4	254.8[4]
2024-25	80.0	7.4	20.0	107.4	280.6[5]
2025-26	180.0	7.4	20.0	207.4	-

(1) Cash basis. Does not include Workers' Compensation claims paid by the City; see Table 6. Also, does not include claims paid in connection with Fair Labor Standards Act disputes and other labor matters, which are paid out of departmental operating budgets.
(2) Excludes appropriation in the UB as a "Reserve for Extraordinary Liabilities."
(3) Increase from budget due to various liability payments, the largest of which is a $57.5 million litigation settlement payment from the Sewer Construction and Maintenance Fund.
(4) Large General Fund payments include $97.5 million for claims filed against the Police Department, $23.1 million for claims filed against the Bureau of Street Services, and $18.0 million for claims filed against the Department of Transportation.
(5) As of June 30, 2025, the City has paid $280.6 million (including but not limited to $155.2 million for claims filed against the Police Department, $58.4 million for claims filed against the Bureau of Street Services, and $20.9 million for claims filed against the Department of Transportation), and approved an additional $6 million to be paid in October 2025. Of the $280.6 million in Fiscal Year 2024-25 liability claim payments, $276.4 million was paid from the General Fund.

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

The City's ACFR provides estimates of potential liabilities. Under GAAP, the City is required to accrue liabilities arising from claims, litigation and judgments when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The City's ACFR discloses and takes into account estimates of such potential liabilities. As reported in the City's ACFR (Note 4 (N): Risk Management—Estimated Claims and Judgments Payable), the City, as of June 30, 2024, estimated the amount of tort and non-tort liabilities to be probable at approximately $1.3 billion. Of this amount, the ACFR reflects an estimated $197.9 million to be payable in Fiscal Year 2024-25, although other potential, additional liabilities were noted. See Table 5 for the City's recent budget and claims payment experience. See "LITIGATION" for a discussion of certain recently completed, pending or threatened litigation matters involving the City.

The Fiscal Year 2024-25 Adopted Budget provided a General Fund budget of $100 million for liability claims (including amounts budgeted in the UB – Reserve for Extraordinary Liability). As of the Year-End FSR, the City has transferred to its liability claims account a total of $202 million, which includes $117 million from the UB – Reserve for Mid-Year Adjustments, $20 million from the UB – Reserve for Extraordinary Liability (which is reflected in Table 5), $20 million from the UB – Department Payroll Reconciliation Account, and $46 million from the Reserve Fund. After these transfers, a total of $279.9 million is budgeted within the General Fund for liability claims. In Fiscal Year 2024-25, the City paid a total of $276.4 million in General Fund liability claims payouts. The City reappropriated approximately $14 million in Fiscal Year 2024-25 funds to address liabilities to be paid in Fiscal Year 2025-26, which will supplement the $200 million budgeted for liability claims in the Fiscal Year 2025-26 Adopted Budget.

To address increased liability claims expenditures, the Fiscal Year 2025-26 Adopted Budget appropriates $187.4 million (which includes $7.4 million special funds) and sets aside an additional $20 million in the UB for the payment of judgments or settlement of claims brought against the City. While this represents a $100 million increase over the budgeted amount in Fiscal Year 2024-25, it is approximately $80 million below the estimated expenditure for Fiscal Year 2024-25 as of the Year-End FSR. The Fiscal Year 2025-26 Adopted Budget includes $125 million in the UB – Reserve for Mid-Year Adjustments in part in recognition of the risk that the amount appropriated for liabilities may be inadequate.

Although there are existing claims against the City as a result of the enactment of Assembly Bill 218, which became effective in January 2020, and Assembly Bill 2777, which became effective in January 2023, the City does not believe that the existing claims of which the City is aware will have a material impact on the General Fund. These laws allow alleged victims of sexual abuse to bring claims which previously had been barred by the applicable statute of limitations. There can be no assurances that additional claims will not be brought against the City as a result of these laws or that any additional claims will not have a material impact on the General Fund.

Also, in the City's ACFR (Note 4 (N): Risk Management—Estimated Claims and Judgments Payable), as of June 30, 2024, the City reported its workers' compensation liability at $2.2 billion. Of this amount, $237.3 million was estimated to be payable in Fiscal Year 2024-25. See Table 6 for recent and budgeted expenditures for this liability.

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

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

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

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

Table 6
HUMAN RESOURCES BENEFITS[1]
($ in thousands)

	2021-22	*2022-23*	*2023-24*	*2024-25*	*Adopted Budget 2025-26*
Civilian FLEX Program[2]	$ 292,711	$ 306,756	$ 340,888	$ 378,923	$ 398,980
Contractual Services	24,191	32,680	32,933	34,333	34,333
Employee Assistance Program	1,675	1,828	1,844	2,094	2,209
Fire Health and Welfare Program	62,066	65,289	68,730	72,789	77,197
Police Health and Welfare Program	158,007	160,360	163,780	169,853	174,906
Supplemental Civilian Union Benefits	5,830	6,086	6,228	7,252	6,398
Unemployment Insurance	2,769	2,175	2,277	2,500	4,180
Workers' Compensation/Rehabilitation	219,801	239,432	257,223	268,600	249,464
Total	**$ 767,052**	**$ 814,605**	**$ 873,904**	**$ 936,344**	**$ 947,668**
Change from Prior Year	**(2.3%)**	**6.2%**	**7.3%**	**7.1%**	**1.2%**

(1) Cash basis.
(2) Reflects all civilian health, dental, union supplemental benefit and life insurance subsidies.
Source: City of Los Angeles, Office of the City Administrative Officer.

Labor Relations

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

There are 45 individual MOUs, affecting about 34,800 full-time and 7,800 part-time City employees (including employees of the Airport and Harbor departments, but excluding DWP employees) that are represented by 22 labor unions/employee associations. The remaining approximately 800 full-time and 900 part-time employees are not represented. See "RETIREMENT AND PENSION SYSTEMS."

For a number of years, the City has accumulated liability for banked Los Angeles Police Department ("LAPD") uncompensated overtime, valued at approximately $146.2 million as of June 14, 2025. Those hours that are not used as leave become more expensive over time due to promotions and other salary increases of applicable LAPD personnel.

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

Table 7
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS

Organization	*Employees Represented*[1]	*Number of Bargaining Units*	*Status of Memorandum of Understanding*	*Base Wage Adjustments*[2]
Los Angeles Police Protective League	8,594	1	Contract expires 6/26/27	3% effective 7/16/23 3% effective 6/30/24 3% effective 6/29/25 3% effective 6/28/26
United Firefighters of Los Angeles City	3,335	1	Contract expires 6/30/28	6.09% effective 6/30/24 3% effective 6/29/25 3% effective 6/28/26 3% effective 6/27/27
Coalition of LA City Unions	24,836	18	Contracts expire 12/23/28	3% effective 3/24/24 3% effective 9/22/24 4% effective 6/29/25
Los Angeles Professional Managers' Association	855	3		4% effective 6/28/26 3% effective 6/27/27 3% effective 12/26/27 2% effective 6/25/28
Engineers and Architects Association	5,996	4	Contracts expire 12/25/27	3% effective 1/28/24 3% effective 9/22/24 2% effective 6/29/25 2% effective 12/28/25 3% effective 6/28/26 2% effective 12/27/26 2% effective 6/27/27
Municipal Construction Inspectors Association	867	1	Contract expires 1/6/29	3% effective 4/7/24 3% effective 10/6/24 4% effective 7/13/25 4% effective 7/12/26 4% effective 7/11/27 4% effective 7/9/28

(1) Total full-time and part-time employees in all departments except DWP, as of July 31, 2025.
(2) Adjustments for the term covered by the specific MOU. Does not reflect certain wage adjustments (such as bonuses), which are reflected in the Fiscal Year 2024-25 Adopted Budget.
Source: City of Los Angeles, Office of the City Administrative Officer.

The table below shows total authorized City staffing for all departments except Airports, Harbor, DWP, LACERS, and LAFPP. The LAPD represents the single largest department in terms of authorized positions. The Fiscal Year 2025-26 Adopted Budget provides funding and authorizes the hiring of 240 police officers, which is below the 530 hires required to replace officers projected to retire or leave the department. The Fiscal Year 2025-26 Adopted Budget states that the LAPD is authorized to recruit and hire up to 480 officers if the CAO reports that funding is available in the Second or Third Financial Status Report of Fiscal Year 2025-26, subject to the Council and Mayor's determination that additional hiring is responsive to both the LAPD's needs and the City's fiscal condition. Following the Mayor's signing of the budget on June 6, 2025, the Mayor announced an agreement with the City Council to increase LAPD hiring levels above the 240 police officer positions funded in the Fiscal Year 2025-26 Adopted Budget. The Council is expected to identify funds for an additional 240 recruits within 90 days of June 6, 2025. The estimated cost of this increase in police hiring is approximately $14 million in Fiscal Year 2025-26 and approximately $25 million in Fiscal Year 2026-27. As of July 12, 2025, there are 8,725 officers deployed citywide.

Table 8
AUTHORIZED CITY STAFFING[(1)]

	2021-22	*2022-23*	*2023-24*	*2024-25*	*Adopted 2025-26*
Sworn					
Police	10,557	10,557	10,597	10,599	10,600
Fire	3,424	3,510	3,520	3,520	3,478
Subtotal Sworn	13,981	14,067	14,117	14,119	14,078
Civilian					
Police	3,187	3,292	3,321	3,256	3,007
Fire	380	392	415	357	358
All Others	16,014	16,670	17,353	16,588	15,843
Subtotal Civilian	19,581	20,354	21,089	20,201	19,208
Total	**33,562**	**34,421**	**35,206**	**34,320**	**33,286**

(1) As authorized in the respective Adopted Budget. Includes permanent ("regular authority") positions and excludes temporary personnel (also referred to as "resolution authority" positions), which total 3,003 for Fiscal Year 2025-26. Also excludes personnel of the departments of Airports, Harbor, DWP, LACERS and LAFPP.

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

City Treasury Investment Practices and Policies

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

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

Table 9
POOLED INVESTMENTS
Portfolio Characteristics
As of May 31, 2025

Portfolio Funds	*Amount of Funds at Market Value*	*Percent of Investment Pool*	*Effective Yield*	*Average Weighted Maturity*
Core Portfolio	$ 5,102,731,246	34.2%	3.93%	93 Days
Reserve Portfolio	7,260,105,613	48.7	2.88	2.8 Years
Extended Reserve Portfolio	2,559,924,114	17.2	3.59	7.1 Years
Total Investment Pool	**$ 14,922,760,973**	**100.0%**	**3.36%**	**2.7 Years**

Source: City of Los Angeles, City Treasurer.

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

Table 10
POOLED INVESTMENT FUND
GENERAL POOL
As of May 31, 2025

Description	*Par Value*	*Market Value*	*Percent of Total Funds (Market Value)*	*Average Days*
Bank Deposits[(1)]	$ 59,600,467	$ 59,600,467	0.40%	0
Money Market Funds	402,929,329	402,929,329	2.70	0
LAIF (State of California)	4,435,606	4,435,606	0.03	0
Subtotal: Cash and Overnight Investments	$ 466,965,402	$ 466,965,402	3.13%	0
Commercial Paper	$ 2,240,297,000	$ 2,233,875,363	14.97%	24
Negotiable Certificates of Deposit	100,000,000	99,996,000	0.67	28
Corporate Notes	493,000,000	489,362,292	3.28	177
U.S. Agencies/Munis/Supras	397,587,000	396,397,819	2.66	82
U.S. Treasuries	1,426,000,000	1,416,134,371	9.49	209
Subtotal: Pooled Investments	$ 4,656,884,000	$ 4,635,765,844	31.07%	102
Total Short-Term Core Portfolio	$ 5,123,849,402	$ 5,102,731,246	34.19%	93
Money Market Funds	$ 804,342	$ 804,342	0.01%	0
Corporate Notes	1,401,000,000	1,401,932,941	9.39	898
Asset-Backed Securities	52,741,193	52,807,053	0.35	815
U.S. Agencies/Munis/Supras	499,540,000	478,617,019	3.21	1,656
U.S. Treasuries	8,177,000,000	7,885,868,373	52.84	1,522
Total Long-Term Reserve Portfolios	$ 10,131,085,535	$ 9,820,029,727	65.81%	1,436
Total Cash and Pooled Investments	**$ 15,254,934,937**	**$ 14,922,760,973**	**100.00%**	**976**

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

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

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

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

Capital Program

The City adopted a revised Capital and Technology Improvement Policy (the "Capital Policy") in May 2020 to help guide the City's process for planning, identifying, evaluating, and prioritizing funding for new capital and technology projects. Among other things, the new Capital Policy includes an annual minimum investment target of 1.5 percent of General Fund revenue for the City's capital and technology improvements. The Fiscal Year 2024-25 Adopted Budget and the Fiscal Year 2025-26 Adopted Budget do not comply with this policy. A total of $91.0 million, or 1.11 percent of General Fund revenue, is budgeted for capital and technology projects to be paid for by the General Fund in Fiscal Year 2025-26.

Consistent with the Capital Policy, in September 2024, the CAO released an updated Five-Year Capital and Technology Improvement Plan ("September 2024 CTIP"). The September 2024 CTIP, which reflects approved projects as of July 2024 and, for prior years, reflects completed, inactive or canceled projects as of June 30, 2024, is divided into three major improvement types: municipal facilities, physical plant and technology. The municipal facilities components include administrative buildings and other facilities; public safety facilities for the animal services, fire and police departments; recreational and cultural facilities; the Los Angeles Convention Center; and various seismic, yard, shop, and bridge improvements. Physical plant components include wastewater (referred to as clean water), stormwater (referred to as watershed management), streets and other public rights-of-way, street lighting, and transportation projects. Technology components include citywide infrastructure, major projects, and system replacements costing $1 million or more. The September 2024 CTIP does not include projects that are funded and are under the control of the three proprietary departments (Airport, Port and Water and Power), or projects related to housing and solid waste operations.

The September 2024 CTIP also identifies potential sources of sources of funding for these projects, indicating whether the projects are expected to be financed by the General Fund, Municipal Improvement Corporation of Los Angeles lease financings (the debt service for which is usually paid from General Fund appropriations) or by one or more special funds. The September 2024 CTIP includes the approved funding for Fiscal Year 2024-25 and hypothetical funding amounts for Fiscal Years 2025-26 through 2028-29, which may be considered for appropriation through the City's budget and appropriation processes in the future, depending on, among other things, the availability of funding sources. The amount of funding available will depend on a variety of factors, including the financial condition of the General Fund, and the availability of grants and other funding sources from special funds.

In accordance with the Capital Policy, projects are funded based on five prioritization criteria: Risk to Health and Safety; Compliance with Federal, State, and Other Legal Mandates; Resilience and Sustainability; Impact to City Operations, Improvement of Asset Conditions, and Reduction of Costs; and Equitable Community and Equity Impact. See also "OTHER MATTERS—Environmental and Social Considerations."

The September 2024 CTIP, which does not reflect the financial pressures faced by the City in Fiscal Year 2024-25 and expected in Fiscal Year 2025-26, identified approximately $5.2 billion of existing and potential municipal facilities, physical plant and technology projects for the period from Fiscal Year 2024-25 through 2028-29 (approximately $2.2 billion of which relates to Clean Water Projects, as identified in the September 2024 CTIP; see "OTHER MATTERS—Clean Water Compliance"). The September 2024 CTIP also identifies an additional approximately $2.1 billion in potential municipal facilities, physical plant and technology projects in future fiscal years. Total potential funding sources from the General Fund for such potential projects in the period from Fiscal Year 2024-25 through 2028-29 and future fiscal years is identified in the September 2024 CTIP to include approximately $500 million in General Fund moneys and approximately $750 million in lease financings (the debt service for which is usually paid from General Fund appropriations). As described above, the actual funding of such projects and the availability of amounts from the General Fund (as well as any other sources of funds) will depend on a variety of factors.

A number of large infrastructure projects the City is considering could result in major long-term commitments of funds that have not yet been identified and is not reflected in the September 2024 CTIP. One

major capital expenditure could include development of approximately 3.5 million square feet of housing and approximately 1.5 million square feet of City office space within the City's civic center. The City entered into a contract with BAE Urban Economics in September 2023 for planning, land use economics, and urban design consulting services for the Downtown civic center. An additional $2 billion in recreation and park facility needs have also been identified. Physical plant improvements could include more than an additional $5 billion for street and sidewalk (including access and curb ramp) repairs. The September 2024 CTIP included certain ongoing maintenance and other costs related to the Convention Center, but did not include costs related to the Convention Center Expansion Project. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Street and Sidewalks Repairs and Maintenance; Americans With Disabilities Act Compliance*."

The City is also exposed to major costs (in excess of the approximately $2.2 billion of costs for Fiscal Years 2024-25 through 2028-29 included in the September 2024 CTIP) associated with compliance with the Clean Water Act, which regulates the discharges of pollutants by establishing water quality standards. The City is responsible for helping to ensure that up to 192 pollutants in five bodies of water do not exceed certain maximum levels. The City's share of the costs of projects required to meet these requirements could total $8 billion through 2037. See "OTHER MATTERS—Clean Water Compliance." Costs in connection with Measure HLA are also not reflected in the September 2024 CTIP. See "OTHER MATTERS—City Mobility Plan Street Improvement Measures Initiative Ordinance."

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

Convention Center Expansion Project

In connection with the implementation of a major expansion and modernization of the Convention Center (the "Convention Center Expansion Project"), the City entered into a Project Agreement, dated _____ __, 2025 (the "Project Agreement") between the City and AEG Plenary Conventions Los Angeles LLC (the "Project Developer"). The Project Development Agreement provides that the Project Developer will design and build the Convention Center Expansion Project. The [currently projected cost] of the Convention Center Expansion Project is approximately $_____, subject to adjustments as set forth in the Project Agreement. Construction of the Convention Center Expansion Project is expected to commence on _____ __, 202_. The Convention Center Expansion Project is expected to be substantially complete on or before _____, 20__, also subject to adjustments as set forth in the Project Development Agreement. Circumstances which result in adjustments to the cost and/or schedule include force majeure events, changes in law, delays caused by the City, delays in permitting, unforeseen subsurface conditions, and other circumstances.

In order to finance the costs of the Convention Center Expansion Project, the City plans to use proceeds from an approximately $___ million issuance of the Series 2025 Bonds and an approximately $__ million issuance of MICLA lease revenue bonds in 2027 (together, the "Convention Center Bonds"). The Convention Center Bonds will be payable from lease payments from the City's General Fund. Annual lease payments with respect to the Convention Center Bonds, which are expected to commence in _____ 202_, are currently estimated to be $_____.

[[REFLECT CONTENTS OF REPORTS/FINAL TERMS OF PROJECT AGREEMENT PRIOR TO POSTING]]

Although the lease payments are payable from the General Fund, the City expects that a portion of the lease payments will be offset by revenues of the Convention Center in excess of expenses of the Convention Center. Convention Center revenues include _____. Revenues and expenses related to the Convention Center are managed by the City through the Convention Center Revenue Fund, which is accounted for separately from the General Fund [and not reflected in the General Fund]. [Historically][For the last __ years] revenues from the Convention Center have equaled or exceeded expenses.

The City believes that the additional revenues (in excess of additional expenses) generated by the Convention Center Expansion Project could range from $___ million to $__ million annually. There can be no assurances that the excess revenues will be generated in the amounts and at the times contemplated by the City.

MAJOR GENERAL FUND REVENUE SOURCES

More than 70 percent of the General Fund revenue is derived from seven major taxes: property, utility, business, sales, transient (hotel) occupancy, parking occupancy, and documentary transfer taxes, all of which are susceptible to changing economic conditions. These revenue sources have experienced increased variability in the past five years as a result of the COVID-19 pandemic, business closures, travel restrictions, supply chain disruptions, swings in the real estate market, forty-year high inflation, rapid federal reserve rate increases, peaks in energy prices, labor strikes, and changing consumer behavior and business operations. The calendar year 2025 began with devastating, multi-day fires in the Pacific Palisades and across Los Angeles County. In addition, President Trump's actions during the first few months of his second term including significant and ongoing changes to tariffs, significant cuts to federal spending and layoffs, and aggressive immigration and border enforcement, have prompted retaliatory trade actions, US product and tourism boycotts, and stock and bond market declines that have reduced consumer confidence and increased predictions for a recession. The City's receipts and other economic metrics do not yet provide enough information to predict the potential impact of these unusual circumstances to the City's revenues. As such, revised revenue estimates are primarily based on the trends in actual receipts which may lag the economic conditions they reflect by a month, a quarter, or a year. When available, economic and industry-specific forecasts and other indices were used to estimate Fiscal Year 2025-26 revenues; however, most forecasts predated the events that have opened this year. Consequently, there are significant downside risks to economy-sensitive receipts.

In relation to actual Fiscal Year 2023-24 receipts, the adopted Fiscal Year 2024-25 General Fund revenue budget represented above-average growth of 4.6 percent due to the underperformance of a number of revenues, including business taxes, transient occupancy taxes, and departmental receipts in Fiscal Year 2023-24. The Year-End FSR projects that Fiscal Year 2024-25 General Fund revenues will fall short by $109 million from the estimates in the Fiscal Year 2024-25 Adopted Budget, representing 3.2 percent growth from Fiscal Year 2023-24 actual receipts. Fiscal Year 2024-25 receipts from the seven major General Fund taxes are estimated to be 2.2 percent higher than Fiscal Year 2023-24 tax receipts, but still below the 20-year average tax growth of 4.1 percent. (See footnote (7) to the following table.)

Total estimated General Fund revenue in the Fiscal Year 2025-26 Adopted Budget reflects an increase of $254.4 million (3.2 percent) from the revised revenue estimates for Fiscal Year 2024-25. Total growth is closer to 2.8 percent after excluding the Budget Stabilization Fund transfer in the Fiscal Year 2025-26 Adopted Budget.

The following is a discussion of the City's principal General Fund revenue sources. The table below presents actual General Fund revenues for Fiscal Years 2021-22, 2022-23, and 2023-24, estimated revenues for Fiscal Year 2024-25, and budgeted revenues for Fiscal Year 2025-26.

Table 11
GENERAL FUND RECEIPTS[1]
($ in thousands)

	2021-22	*2022-23*	*2023-24*	*Estimated 2024-25*	*Adopted Budget 2025-26*	*% of Budget 2025-26*
Property Tax	$2,323,454	$2,562,881	$2,664,437	$2,777,221	$ 2,839,082	34.7%
Property Tax Increment (Former CRA/LA)	120,479	136,762	140,163	153,418	172,622	2.1
Departmental Receipts	1,154,263	1,232,107	1,307,939	1,444,343	1,644,974	20.1
Business Tax	757,601	825,799	779,296	815,930	825,000	10.1
Utility Users Tax	638,151	707,127	681,696	683,160	702,520	8.6
Sales Tax	687,299	713,603	678,857	652,930	647,485	7.9
Transient Occupancy Tax	239,124	310,017	311,383	309,100	314,990	3.9
Power Revenue Transfer	225,015	232,043	244,695	219,312	227,943	2.8
Documentary Transfer Tax	308,805	221,265	159,781	182,312	193,702	2.4
Franchise Income	105,971	173,496	145,509	137,522	144,103	1.8
Parking Occupancy Tax	101,055	125,064	129,239	135,900	141,336	1.7
Parking Fines	110,273	108,274	109,552	108,400	108,400	1.3
Interest Income	28,514	59,922	87,967	81,050	84,340	1.0
Grants Receipts	40,527[2]	106,480[3]	53,557[4]	179,637[5]	46,831[6]	0.6
Special Parking Revenue Transfer	8,477	30,426	32,388	24,623	36,647	0.4
Tobacco Settlement	11,810	10,714	9,555	9,555	9,555	0.1
State Motor Vehicle License Fees	4,532	3,994	4,812	6,147	6,146	0.1
Residential Development Tax	4,866	5,087	4,010	3,325	3,580	0.0
American Rescue Plan Transfer	639,483	-	-	-	-	-
Subtotal General Fund Revenues	$7,509,700	$7,565,062	$7,544,837	$7,923,886	$ 8,149,256	99.6%
Reserve Fund Transfer	85,090	16,648	136,370	-	-	-
Budget Stabilization Fund Transfer	-	-	-	-	29,000	0.4
Total General Fund	**$7,594,790**	**$7,581,710**	**$7,681,208**	**$7,923,886**	**$ 8,178,256**	**100.0%**
% Growth in Revenue	8.4%	(0.2%)	1.3%	3.2%	3.2%	
% Growth in Revenue w/o ARPA and Reserve Transfers	7.9%	10.1%	(0.3%)	5.0%	2.8%	
% Growth in Seven Major General Fund Taxes[7]	(0.1%)	8.2%	(1.0%)	3.0%	2.2%	

[1] Cash basis.
[2] Includes $29.4 million in FEMA reimbursement.
[3] Includes $96.3 million in FEMA reimbursement.
[4] Includes $38.7 million in FEMA reimbursement.
[5] Includes $161.8 million in FEMA reimbursement.
[6] Includes $31.7 million in FEMA reimbursement. Anticipated FEMA reimbursements for the January 2025 Wildfire response and recovery efforts are not included as they will be deposited in the Disaster Assistant Trust Fund for disbursement.
[7] Includes property, utility, business, sales, transient (hotel) occupancy, parking occupancy, and documentary transfer taxes.
Source: City of Los Angeles, Office of the City Administrative Officer.

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

For purposes of this Appendix A and in the City's various budget documents, revenues are reported on a "cash" basis, meaning receipts are recognized when cash is received. This method differs from GAAP, which recognizes revenues on a "modified accrual" basis. The City's ACFR includes reporting of revenues based on GAAP. See the City's ACFR Note 1-D and Note 3 for a discussion of the basis for reporting.

Property Tax

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

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

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

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

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

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

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

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

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

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

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

Table 12
ASSESSED VALUATION[1]

	2021	*2022*	*2023*	*2024*	*2025*
Locally Assessed					
Land	$ 394,598,572,212	$ 424,716,322,981	$ 452,116,956,465	$ 476,306,393,154	$ 497,429,699,226
Improvements	332,201,374,517	349,641,071,472	367,953,565,186	386,106,086,239	397,876,761,078
Personal Property	4,019,429,073	3,911,428,589	4,893,738,271	4,404,860,775	3,869,871,364
Less: Exemptions[2]	29,365,270,443	27,781,247,158	31,166,029,937	36,227,715,973	38,684,388,609
Total Locally Assessed	$ 701,454,105,359	$ 750,487,575,884	$ 793,798,229,985	$ 830,589,624,195	$ 860,491,943,059
Public Utilities[3]	73,778,428	74,459,382	74,232,347	78,680,833	112,023,869
Unsecured Valuations	22,238,902,102	23,901,652,243	25,900,243,016	26,409,511,785	26,859,162,875
Total Revenue-Producing Valuations	**$ 723,766,785,889**	**$ 774,463,687,509**	**$ 819,772,705,348**	**$ 857,077,816,813**	**$ 887,463,129,803**
Change from Prior Year	4.0%	7.0%	5.9%	4.6%	3.6%

(1) As of January 1 of each year. These values apply to taxes levied in the fiscal year beginning the subsequent July 1. The information above is provided by the County in August of the relevant fiscal year.
(2) Exclusive of the Homeowner Exemption, which is reimbursed by the State.
(3) Assessed by the State Board of Equalization.
Source: County of Los Angeles, Office of the Auditor-Controller, Assessed Valuations Reports.

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

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

The following table summarizes the City's receipt of the basic 1 percent property tax and those reallocations received as property tax. This table excludes property tax attributable to the dissolution of the Los Angeles Community Redevelopment Agency and the *ad valorem* tax levied to pay general obligation bond debt service; the latter is not reported in the General Fund. The Fiscal Year 2024-25 property tax estimates assume the County Assessor's estimated 4.6 percent growth in assessed value for the City and increased refunds and delinquent payments attributed to the January 2025 wildfire event. The County of Los Angeles Assessor's estimate for countywide property assessed value growth for Fiscal Year 2025-26 is 3.91 percent. The Fiscal Year 2025-26 Budget assumes below-average growth of 4.1 percent in citywide property assessed value due to the January 2025 wildfire event, which the City anticipates will reduce assessed value and remittances in Fiscal Year 2025-26, and restrained growth for unsecured and supplemental receipts as a result of economic uncertainties that may impact investments in business equipment and the purchase of luxury items. Variance between the rate of change in property tax receipts summarized in the table below and the rate of change in assessed valuation summarized above may be attributed to the timing of the County's tax remittances to the City as the property tax

remittance period does not align with the City's fiscal year, and to property tax revenue that is realized outside of the annual billing cycle such as redemptions, supplemental bills, refunds and other adjustments.

Table 13
PROPERTY TAX - ALL SOURCES[1]
Annual Property Tax by Account
($ in thousands)

	2021-22	*2022-23*	*2023-24*	*Estimated 2024-25*	*Adopted Budget 2025-26*
Secured	$ 1,645,439	$ 1,839,844	$ 1,914,827	$ 2,000,256	$ 2,028,501
Unsecured	60,641	65,648	69,764	72,870	74,327
Homeowner Exemption	7,776	7,705	7,442	7,314	7,274
Supplemental	49,783	52,401	41,467	39,400	38,530
Redemptions	31,351	34,327	34,694	37,257	40,760
County Admin Charges	(22,868)	(23,211)	(24,871)	(27,690)	(29,003)
Refunds	(15,872)	(23,456)	(26,639)	(28,825)	(26,640)
Adjustments	(1,312)	202	(298)	156	-
Miscellaneous Property	7,967	9,606	13,146	12,685	14,313
1% Property Tax	$ 1,762,904	$ 1,963,067	$ 2,029,531	$ 2,113,423	$ 2,148,062
Percent Change[2]	2.4%	11.4%	3.4%	4.1%	1.6%
State Vehicle License Fee Replacement	560,550	599,815	634,906	663,798	691,020
Property Tax All Sources	$ 2,323,454	$ 2,562,881	$ 2,664,437	$ 2,777,221	$ 2,839,082
Percent Change	2.7%	10.3%	4.0%	4.2%	2.2%

(1) Cash basis.
(2) Note that changes in 1% Property Tax receipts do not directly correspond to changes in assessed valuation, as it includes prior year delinquencies and penalties, among other adjustments.
Source: City of Los Angeles, Office of the City Administrative Officer.

A list of the 20 largest property taxpayers, based on secured assessed valuations within the City, for Fiscal Year 2024-25, appears in the table below. The tax roll for the next fiscal year is typically released in the summer.

Table 14
CITY OF LOS ANGELES
TWENTY LARGEST 2024-25 SECURED PROPERTY TAXPAYERS

Property Owner	*Primary Land Use*	*Secured Assessed Valuation 2024-25*	*Percent of Secured AV*[(1)]
Douglas Emmett LLC	Office Building	$ 2,236,389,404	0.27%
Essex Portfolio LP	Apartments	1,520,908,894	0.18
CP Propco LLC	Hotel & Residences	1,506,046,490	0.18
Next Century Partners LLC	Hotel	1,171,681,027	0.14
Century City Mall LLC	Shopping Center	1,157,925,405	0.14
Phillips 66	Petroleum	1,090,010,479	0.13
FSP South Flower Street	Office Building	1,023,788,428	0.12
Valero Energy Corporation	Petroleum	1,000,329,156	0.12
Marathon Petroleum	Petroleum	993,789,935	0.12
CJDB LLC	Shopping Center	986,350,384	0.12
Hanjin International Corp	Hotel	902,051,175	0.11
Rochelle H. Sterling	Apartments	879,522,247	0.11
Anheuser Busch Commercial	Industrial	854,731,954	0.10
One Hundred Towers LLC	Office Building	730,171,430	0.09
Trizec 333 LA LLC	Office Building	715,039,055	0.09
Onni Wilshire Courtyard LLC	Office Building	686,809,783	0.08
Maguire Partners 355 S. Grand LLC	Office Building	668,708,619	0.08
BRE HH Property Owner LLC	Office Building	663,572,214	0.08
Olympic and Georgia Partners LLC	Hotel	635,727,910	0.08
Tishman Speyer Archstone Smith	Apartments	635,579,964	0.08
TOTAL		**$ 20,059,133,953**	**2.42%**

(1) Based on Fiscal Year 2024-25 Local Secured Assessed Valuation of $830,589,624,195.
Source: California Municipal Statistics, Inc.

Potential Impacts of Increased Office Vacancies. The COVID-19 pandemic resulted in significant changes to the way people work. More employees are working from home at least a portion of the time, resulting in reduced requirements for commercial office space. As a result, vacancies in commercial office buildings in many major metropolitan areas, including Los Angeles, have increased, which may result in reduced rental rates and reduced market valuations of such property. According to a Cushman and Wakefield report, the commercial office vacancy rate for Greater Los Angeles was 24.1 percent as of the second quarter of 2025, compared to 24.4 percent one year prior. As another indicator of changing work patterns, the Los Angeles County Metropolitan Transportation Authority has seen a drop in average weekday boardings from approximately 1,195,000 in Fiscal Year 2018-19 (the last full Fiscal Year prior to the start of the COVID-19 pandemic) to approximately 958,000 in Fiscal Year 2024-25.

Commercial office space constitutes approximately 15.6 percent of the total assessed valuation of property in the City. Residential properties constitute approximately 75.5 percent of the total assessed valuation. While the City has no direct data on the current rate of vacancies in commercial office buildings or information regarding commercial office buildings that are under financial stress (including facing potential defaults on loans and foreclosures), there can be no assurances that the pressures facing owners of commercial office buildings will not result in significant declines in the value of such properties. Any such reductions in valuation would result in reduced property tax revenues with respect to such properties, and would likely result in reduced documentary transfer tax revenues with respect to such properties.

Potential Impacts of January 2025 Wildfire Event. As noted under the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Los Angeles 2025 Wildfire Event*," the

City anticipates that the anticipated reassessments of properties damaged by the Palisades Fire as well as a 12-month extension of property tax relief for zip codes impacted by the Palisades Fire may result in lower than budgeted property tax revenues; the current estimated impact to property tax revenue is approximately $9 million for Fiscal Year 2024-25. The City preliminarily estimates that, prior to the Palisades Fire, properties located in the Pacific Palisades area generated approximately $30 million per year in aggregate property tax revenue for the City.

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

Departmental Receipts

This category of revenues includes reimbursements to the General Fund from various special revenue and enterprise funds of the City, and charges for special services performed by City departments. The largest category of receipts, representing approximately a quarter of Departmental Revenues, are reimbursements from various Special Funds for services provided by General Fund departments. Among the factors in determining those reimbursements is the City's Cost Allocation Plan, which is updated annually, as well as assumed staffing and vacancies and existing fund balances and receipts. Other reimbursements include the costs of police, fire and other City services to the Airports and Harbor departments, staff costs for the sewer construction and maintenance program, and reimbursements from the Los Angeles County Metropolitan Transportation Authority ("LACMTA") for police services on its bus and rail lines pursuant to a contract between the LACMTA and the City. These revenues also include charges imposed as regulatory measures by City departments, and fees charged for paramedic ambulance services. In prior years, this revenue category was called "Licenses, Permits, Fees and Fines."

Changes in this category of revenues can reflect a wide range of factors. In Fiscal Year 2025-26, departmental receipts are projected to increase by $200.6 million or 13.9 percent over Fiscal Year 2024-25 estimates, which among other factors, reflect updated reimbursement rates under the City's cost allocation plan and the reimbursement of overhead costs to the Solid Waste system resulting from increases in solid waste fees, the reduction (and eventual elimination) of General Fund subsidies to the Solid Waste system, the movement of general fund positions to special funds, and the receipt of County of Los Angeles funds related to the *Alliance* settlement.

The table below shows receipts from departmental receipts.

Table 15
DEPARTMENTAL RECEIPTS[1]
($ in thousands)

	2021-22	*2022-23*	*2023-24*	*Estimated 2024-25*	*Adopted Budget 2025-26*
Ambulance Fees	$ 100,749	$ 147,173	$ 162,496	$ 210,000	$ 175,000
Services to Dept. of Airports	89,654	83,421	83,590	106,463	99,476
Services to Harbor Dept.	40,989	45,136	41,722	46,851	50,697
Services to DWP	28,812	44,961	35,076	40,093	47,085
Services to Sewer Program	129,695	127,098	119,834	104,645	129,890
Solid Waste Fee[2]	18,621	22,629	5,133	-	48,019
Gas Tax Reimbursements	26,384	26,303	30,699	43,225	55,537
Services to Stormwater Fund	-	-	2,185	1,925	1,520
Special Funds Related Costs	262,110	267,764	302,081	373,429	447,650
LACMTA Reimbursement[4]	65,492	84,739	117,820	95,747	126,582
One Time Reimbursements	38,617	23,625	28,698	12,125	49,742
Library Reimbursements	73,470	77,768	74,782	84,516	84,469
Recreation and Parks Reimbursements	64,725	64,725	64,725	91,957	111,957
State Mandated	3,907	3,234	32,416[3]	12,540	2,750
Other Departmental Receipts	211,038	213,529	206,681	220,826	214,600
Total General Fund	**$ 1,154,263**	**$1,232,107**	**$1,307,938**	**$1,444,343**	**$1,644,974**
Change from Prior Year	(8.2)%	6.7%	6.2%	10.4%	13.9%

(1) Cash basis.
(2) The solid waste fee does not generate full cost recovery. Accordingly, in Fiscal Years 2021-22, 2022-23, and 2023-24 the General Fund only received partial reimbursements from the Solid Waste Resources Revenue Fund (SWRRF) for overhead costs. In Fiscal Year 2024-25, the General Fund is not expected to receive any reimbursement from the SWRRF for overhead costs. Reimbursements to the General Fund are expected in Fiscal Year 2025-26 as adjustments to the solid waste fee are assumed in Fiscal Year 2025-26.
(3) Reflects payments for various prior-year police related state mandated claims.
(4) LACMTA has announced plans to form its own public safety department, which may eventually eliminate the need for LACMTA to contract the Los Angeles Police Department to provide policing of Metro infrastructure, bus, and rail lines within the City. The timing of this change is currently unknown.

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

Business Tax

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

In March 2017, voters approved City Measure M, which approved the cultivation and sale of recreational cannabis within the City. The Fiscal Year 2025-26 Adopted Budget included cannabis business tax revenue projected at $70.3 million, representing 8.5 percent of business tax revenue.

The table below shows receipts from business tax.

Table 16
BUSINESS TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$757,601	9.4%
2022-23	825,799	9.0
2023-24	779,296	(5.6)
2024-25 Estimated	815,930	4.7
2025-26 Adopted Budget	825,000	1.1

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

The City's business tax receipts may be negatively affected by state legislation effective January 2025 that will reduce cannabis-related taxes as well as tax relief measures in response to the Palisades Fire, which extend the business tax filing deadline to April and waive taxes for impacted businesses. The City collected approximately $8 million in gross receipts taxes from Pacific Palisades businesses for the 2024 tax year. The City approved 200 of a total of 370 applications for the City's wildfire business tax relief program, which concluded on April 14, 2025. The approved applications account for approximately $396,000 in Fiscal Year 2024-25 revenue loss to the City. Business tax revenue budgeted for Fiscal Year 2025-26 assumes reduced demand for goods and services indicated by the decline in consumer confidence index and slowing taxable sales.

Sales Tax

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

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

Table 17
LOS ANGELES CITY
SALES TAX COMPONENTS
As of April 1, 2025

State Rate		
General Fund Portion	3.9375%	
Local Revenue Fund	1.5625%	To support local health program costs (1991 realignment) and public safety services (2011 realignment).
Local Public Safety	0.50%	For the Local Public Safety Fund, approved by the State voters in 1993 as Proposition 172 to support local criminal justice activities. The City has budgeted $55.7 million in Fiscal Year 2025-26 receipts, which are deposited in a special fund and appropriated to the Police and Fire Departments.
Total State Rate	**6.00%**	
Uniform Local Tax Rate (Statewide)		
County Transportation	0.25%	The County allocates a small portion of this to the City.
Local Point of Sale	1.00%	This is the "Bradley-Burns" sales tax, allocated to cities and counties (for unincorporated areas) by point of sale.
Total Uniform Local Rate	**1.25%**	
Total Statewide Rate	**7.25%**	
Optional Local Rates[1]		
Proposition A (LACMTA)	0.50%	Voter-approved measures to improve public transit and reduce traffic congestion. The City receives a portion of these funds, with the percentage varying by measure.
Proposition C (LACMTA)	0.50%	
Measure R (LACMTA)	0.50%	
County Measure M (LACMTA)	0.50%	
County Measure A (LA County)[2]	0.50%	Voter-approved measure for homeless services.
Total Optional Local Rate	**2.50%**	
Total Sales Tax Rate	**9.75%**	

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

(2) On November 5, 2024, voters approved Los Angeles County Measure A, which repealed the County Measure H 0.25% sales tax and replaced it with a sales tax of 0.50% with the primary objective of expanding efforts to address the driver of homelessness through affordable housing construction, homelessness prevention, and support for vulnerable renters. Measure A went into effect on April 1, 2025.

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

The following table shows the actual and budgeted General Fund receipts from the 1 percent local sales tax. The pandemic had a significant impact on taxable sales and thus the City's receipt of sales tax revenues. Various State actions during the pandemic, such as extension of filing dates and adjustment to its allocation methodologies, further obscured the impact of the pandemic on recent receipts. Beginning in Fiscal Year 2021-22, sales tax revenues recovered sharply and grew to higher levels than before the pandemic. The City attributes the downturn in Fiscal Year 2023-24 and Fiscal Year 2024-25 sales tax revenues to persistent inflation and high interest rates. The Fiscal Year 2025-26 Adopted Budget projects sales tax revenues will continue to decline as a result of decreasing consumer demand under inflation, high interest rates, the continuing shift of receipts to other jurisdictions attributed to online shopping and third-party sales processing, and impacts due to tariff uncertainty. Tax relief measures in response to the Palisades Fire have extended quarterly payment deadlines by one quarter to April 2025, with further extensions available upon request.

Table 18
GENERAL FUND SALES TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$687,299	31.0%
2022-23	713,603	3.8
2023-24	678,857	(4.9)
2024-25 Estimated	652,930	(3.8)
2025-26 Adopted Budget	647,485	(0.8)

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

Utility Users Taxes

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

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

Natural gas utility users tax (along with natural gas franchise income) is forecast to grow 10.5 percent based on energy forecasts for higher natural gas prices and consumption, following two years of lower prices with increasing storage capacity. However, there is now a downside risk to price assumptions as China has ceased purchases of liquid natural gas (and oil) from the US in favor of international competitors. The potential impact of China's action has not been incorporated into revenue estimates. Projected revenues for the electricity users tax are based on estimates provided by DWP. Communication users tax receipts have declined as consumers abandon landline communication and switch to cheaper voice and texting mobile communication plans.

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

Table 19
UTILITY USERS TAX RECEIPTS[1]
($ in thousands)

	2021-22	*2022-23[2]*	*2023-24*	*Estimated 2024-25*	*Adopted Budget 2025-26*
Electric Users Tax	$ 438,427	$ 453,634	$ 480,776	$ 496,200	$ 509,500
Gas Users Tax[3]	88,539	144,552	87,254	86,800	95,910
Communications Users Tax	111,185	108,940	113,667	100,160	97,110
Total	**$ 638,151**	**$ 707,127**	**$ 681,696**	**$ 683,160**	**$ 702,520**
Change from Prior Year	3.7%	10.8%	(3.6)%	0.2%	2.8%

(1) Cash basis.
(2) Increase in Fiscal Year 2022-23 is due to increased energy prices and consumption with respect to the gas users tax and electricity users tax.
(3) Revenue from the Gas Users Tax are impacted by price and consumption. The Fiscal Year 2022-23 receipts can be attributed to an atypical peak in natural gas prices, coinciding with a colder winter. The Fiscal Year 2023-24 receipts reflect a rate reduction stemming from class-action lawsuit settlements. The Fiscal Year 2024-25 receipts reflect receipts as of April 2025 and historical receipts for the final quarter of the fiscal year. Budgeted receipts for Fiscal Year 2025-26 are based on the U.S. Energy Information Administration's forecast for pricing and consumption.

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

Transient Occupancy Tax

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

TOT revenue is very sensitive to changing conditions that affect travel and was significantly impacted by the COVID-19 pandemic. Following significant growth in Fiscal Year 2022-23, the City experienced more moderate growth for Fiscal Year 2023-24 and expects a decline in receipts in Fiscal Year 2024-25, based on receipts through March 2025. The City projects modest growth in TOT revenue from hotels and short-term rentals in Fiscal Year 2025-26 based on trends in Fiscal Year 2024-25 receipts and the tourism industry forecast for low growth as a result of economic uncertainty as well as political and trade disputes discouraging international travel.

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

Table 20
GENERAL FUND TRANSIENT OCCUPANCY TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$239,124	116.5%
2022-23	310,017	29.6
2023-24	311,383	0.4
2024-25 Estimated	309,100	(0.7)
2025-26 Adopted Budget	314,990	1.9

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

Power Revenue Transfers to General Fund

The City's Charter Section 344(b) provides that the Council may, by ordinance, direct that surplus money in the Power Revenue Fund be transferred to the Reserve Fund with the consent of the DWP Commissioners. These funds are routinely appropriated from the Reserve Fund to the City's General Fund budget. The DWP Commissioners may withhold their consent if such transfer would have a material negative impact on DWP's financial condition in the year in which the transfer would be made. The transfer rate has been 8 percent of surplus revenues beginning with Fiscal Year 2009-10. As of May 2025, the Street Lighting Maintenance Assessment Fund, which is subsidized by the General Fund, owes approximately $78 million or more in outstanding fees payable to DWP for street lighting. Depending on DWP's financial condition, the amount owed by the Street Lighting Maintenance Assessment Fund could serve as a basis for the DWP Commission withholding a portion of the Power Revenue Fund transfer to the General Fund in a future fiscal year.

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 DWP at the time the budget is adopted. The estimated transfer amount is provided by DWP at the time of budget adoption and is based on the Power System's financial plan for the fiscal year currently in progress which informs the estimated transfer amount included in DWP's proposed budget. At the close of the fiscal year, but before December 31 in the following fiscal year, the Board of DWP Commissioners affirms or amends the transfer amount according to its audited financial statements. The transfer occurs in the latter half of the following fiscal year.

The City has been the subject of litigation that challenged this long-standing practice of transferring a portion of surplus power revenues to the City's General Fund as a violation of Proposition 26, which imposed new restrictions on taxation. A 2018 settlement in *Eck v. City of Los Angeles* limits the annual amount of revenue transferred from DWP to the City to 8 percent of the retail operating revenues collected under the 2008 Electric Rate Ordinance, without regard to subsequent rate increases. See "LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 26."

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

Table 21
TRANSFERS FROM POWER REVENUE FUND
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$225,015	3.1%
2022-23	232,043	3.1
2023-24	244,695	5.5
2024-25 Estimated	219,312	(10.4)
2025-26 Adopted Budget	227,943	3.9

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

Documentary Transfer Tax

The documentary transfer tax is imposed on each transaction in which real property is sold that is evidenced by a recorded document. The City's basic tax rate (excluding the ULA special tax) is 0.45 percent of the value of real property transferred. This tax is in addition to the 0.11 percent tax ($1.10 per $1,000) levied by the County. This tax is tied to real estate market activity and can be more volatile than other City revenues, as it reflects both sales volume and sales price. The greatest impact is seen when the two components move together. For example, this tax revenue declined 28 percent in Fiscal Year 2022-23 and another 28 percent in Fiscal Year 2023-24 attributed to high mortgage rates that placed downward pressure on both sales volume and prices. Further contributing to the volatility of this revenue is the irregular pattern of business property sales; monthly remittances can fluctuate from zero to amounts in excess of $10 million.

The Fiscal Year 2024-25 estimate is based on the trend in receipts and reflects the improvement in the real estate market as a result of rate reductions. Projected growth in Fiscal Year 2025-26 is based on real estate industry forecasts which include assumptions for anticipated mortgage rate reductions.

The table below presents receipts from this revenue source.

Table 22
DOCUMENTARY TRANSFER TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$308,805	30.9%
2022-23	221,265	(28.3)
2023-24	159,781	(27.8)
2024-25 Estimated	182,312	14.1
2025-26 Adopted Budget	193,702	6.2

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

In November 2022, the City's voters approved ULA, a voter initiative to fund affordable housing projects and programs. ULA amends the City's present documentary transfer tax by adding a new tax, subject to certain exemptions, on the sale or transfer of real property exceeding $5 million. Proceeds of the ULA special tax are deposited in a special fund to be used for affordable housing projects and programs as set forth under

ULA. The ULA special tax does not provide revenues to the General Fund and is not reflected in the table above. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Homelessness*," above.

Franchise Income

Franchise fees are a form of payment by a private person or entity for the use of public rights-of-way to often secure beneficial services for the public. Examples include the use of roadways and public land for public transit and service delivery, telecommunication systems installation and maintenance, or gas delivery and fuel transportation. Franchise fees vary based on the specific service. The table below shows General Fund receipts from this source.

Table 23
FRANCHISE INCOME RECEIPTS[1]
($ in thousands)

	2021-22	*2022-23*	*2023-24*	*Estimated 2024-25*	*Adopted Budget 2025-26*
Solid Waste Collection[2]	$ 44,852	$ 49,536	$ 52,871	$ 57,600	$ 60,175
Cable Television[3]	29,887	29,183	25,228	22,900	21,776
Natural Gas[4]	24,419	88,039	60,841	49,800	55,030
Official Police Garage[5]	3,554	3,444	3,305	3,500	3,500
Pipelines[6]	2,455	2,745	2,799	2,827	2,839
Other	804	549	465	895	783
Total	$ 105,971	$ 173,496	$ 145,509	$ 137,522	$ 144,103
Change from Prior Year	25.7%	63.7%	(16.1)%	(5.5)%	4.8%

(1) Cash basis.

(2) The City has adopted an exclusive franchise system for solid waste collection from commercial and multi-family properties, with receipts first recorded in Fiscal Year 2017-18.

(3) A six percent fee is imposed on gross cable TV revenue, of which five percent is received as general fund revenue, with the other one percent deposited in a special revenue fund.

(4) Previous to Fiscal Year 2022-23, the franchise payment received from SoCalGas, the natural gas supplier in the City was two percent of the gross sales of gas, plus two percent of the value of gas not sold but transported within the City. The franchise fee was increased by a 3.5 percent surcharge (for a total of 5.5 percent) beginning in Fiscal Year 2022-23. Receipts from that year reflect increased revenue from the new natural gas franchise agreement, with full-year receipts recorded in Fiscal Year 2023-24. Increased revenue in 2022-23 also reflects additional growth from peak pricing of natural gas and increased consumer demand during the cooler winter. The Fiscal Year 2024-25 estimates are based on trends as of March 2025 and reflect a decline from peak pricing of natural gas. Growth in Fiscal Year 2025-26 is based on the U.S. Energy Information Administration forecasts for natural gas prices and consumption.

(5) A seven percent fee is imposed on Official Police Garage operators' revenue from towing fees, storage fees and vehicle lien processing fees from impound requests from the Police and Transportation departments.

(6) Represents the portion of the franchise fees on petroleum pipelines that are deposited into the General Fund.

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

Certain of the City's franchise fees have been challenged. See "LITIGATION—*Apartment Owners Association of Ca. v. City of Los Angeles*" and "—*Nguyen v. City of Los Angeles*" for a discussion of outstanding litigation which could invalidate the City's franchise fee program for private commercial waste haulers and a portion of the City's gas utility franchise fee, respectively.

Parking-Related Revenues

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

The schedule of parking fines is established by the Council. For budgeting purposes, parking fine revenue forecasts are based on the number of parking enforcement officers employed by the City's Department of Transportation and estimates of average revenues per ticket based on historical trends, collection rates and average worker productivity; however Fiscal Year 2024-25 parking fine revenue estimates are projected to fall $1.6 million short of the revised plan due to traffic officer vacancies, delinquent payments, and declining collections. The Fiscal Year 2025-26 Adopted Budget is based on projections provided by the Department of Transportation and projects no growth in revenue.

The table below shows receipts from all parking fines.

Table 24
PARKING FINES RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$110,273	18.1%
2022-23	108,274	(1.8)
2023-24	109,552	1.2
2024-25 Estimated	108,400	(1.1)
2025-26 Adopted Budget	108,400	0.0

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

The parking occupancy tax is levied at 10 percent of parking fees. Due to the impacts of the COVID-19 pandemic, revenues from this source fell 53 percent from Fiscal Year 2018-19 to Fiscal Year 2020-21, from $120.9 million to $58.8 million. Parking occupancy revenue began recovering in Fiscal Year 2021-22 and recovered by Fiscal Year 2023-24. The Fiscal Year 2025-26 Adopted Budget assumes growth in line with historical receipts.

Table 25
PARKING OCCUPANCY TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$101,055	71.7%
2022-23	125,064	23.8
2023-24	129,239	3.3
2024-25 Estimated	135,900	4.8
2025-26 Adopted Budget	141,336	4.0

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

The Special Parking Revenue Fund collects receipts from parking meters and City-owned parking lots. Surplus revenues after the cost of operating and maintaining those facilities can be transferred to the General Fund. While the City established an annual transfer of $23.5 million as its target, higher and lower amounts are

transferred in some years; no surplus funds were available for transfer in Fiscal Year 2020-21. Beginning in Fiscal Year 2025-26, the City reduced the base annual transfer from $23.5 million to $16.5 million to reflect projections for lower surplus receipts. The Department of Transportation is expected to release a proposal to increase parking meter rates in Fiscal Year 2025-26. The Fiscal Year 2025-26 Adopted Budget assumes additional receipts from such planned rate increase.

Table 26
SPECIAL PARKING REVENUE FUND TRANSFERS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2021-22	$ 8,477	N/A
2022-23	30,426	258.9%
2023-24	32,388	6.4
2024-25 Estimated	24,623	(24.0)
2025-26 Adopted Budget	36,647	48.8

(1) Cash basis.
Source: City of Los Angeles, Office of the City Administrative Officer.

Impact of State of California Budget

A number of the City's revenues are collected or 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 percent of the City's General Fund revenues are collected by the State or otherwise allocated in accordance with State law. During prior State fiscal crises, the State has reallocated a portion of such revenues to assist in its own budget balancing, or taken other actions that adversely impacted the financial condition of local governments, including the City. Proposition 1A, adopted in 2004, amended the State Constitution to impose limits on the State's ability to reallocate local revenue. See "LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A."

Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the State Department of Finance website, https://ebudget.ca.gov/. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references. There can be no assurance that State budget actions will not materially adversely impact the City's finances in Fiscal Year 2025-26 or thereafter.

LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution – Proposition 13

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

Article XIIIA defines "full cash value" to mean the County assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when

purchased, newly constructed or when a change in ownership has occurred after the 1975 assessment period. The full cash value may be adjusted annually to reflect inflation at a rate, as determined by the consumer price index, not to exceed 2 percent per year. "Full cash value" base may be reduced in the event of declining property values caused by damage, destruction or other factors. Under the California Revenue and Taxation Code, county assessors that have reduced assessed valuation may be able to recapture such value (up to the pre-decline value of the property) at a rate higher than 2 percent per year in some circumstances.

See "MAJOR GENERAL FUND REVENUE SOURCES—Property Tax."

Article XIIIB of the California Constitution

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

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

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

Table 27
APPROPRIATIONS LIMITS AND APPROPRIATIONS SUBJECT TO LIMITATION

Fiscal Year	*City Appropriations Limit*	*Appropriations Subject to Limitations*	*Amount Appropriations Are Under Limit*
2020-21	$6,682,049,927	$4,589,819,240	$2,092,230,687
2021-22	7,173,171,778	4,714,764,906	2,458,406,872
2022-23	7,631,452,035	5,171,703,944	2,459,748,091
2023-24	8,008,538,281	5,395,735,126	2,612,803,155
2024-25	8,655,270,027	5,486,681,088	3,168,588,939

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

Articles XIIIC and XIIID of the California Constitution – Proposition 218

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

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

City from imposing, extending or increasing such taxes in the future to meet any increased expenditure requirements.

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

See "LITIGATION—*Apartment Owners Association of Ca. v. City of Los Angeles*" and "—*Nguyen v. City of Los Angeles*" for a discussion of outstanding litigation which could invalidate the City's franchise fee program for private commercial waste haulers and a portion of the City's gas utility franchise fee, respectively.

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

Proposition 26

Proposition 26 was approved by the electorate in 2010 and amended California Constitution Articles 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 payer that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product.

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

Proposition 1A

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

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

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

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

Future Initiatives

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

BONDED AND OTHER INDEBTEDNESS

Introduction

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

The CAO serves as the City's debt manager, structuring debt issuances and overseeing the ongoing management of all tax-secured, General Fund and certain special fund debt programs. These include general obligation bonds; lease obligations; tax and revenue anticipation notes; wastewater system and solid waste resources fee revenue obligations; judgment obligation bonds, if any; and special tax obligations, Mello-Roos bonds and certain special assessment obligations. Debt of the Housing Department and the City's three proprietary departments—Airports, Harbor, and Water and Power—are administered by staff of the respective department.

General Obligation Bonds

The City may issue general obligation bonds for the acquisition and improvement of real property, subject to two-thirds voter authorization of the bond proposition. An *ad valorem* tax on all taxable property to pay principal and interest on general obligation bonds is levied by the City and collected by the County on the secured and unsecured property tax bills within the City. See "MAJOR GENERAL FUND REVENUE SOURCES—Property Tax." The following summarizes the City's various voter authorizations for general obligation bonds as of June 1, 2025.

Table 28
GENERAL OBLIGATION BONDS
As of June 1, 2025

Date of Election	*Projects*	*Amount Authorized*	*Amount Issued*[2]	*Amount Outstanding*[1]	*Amount Authorized but Unissued*
11/7/00	Fire, Paramedic, Helicopter and Animal Shelter Projects (Proposition F)	$ 532,648,000	$ 532,648,000	$ --	$ --
3/5/02	Emergency Operations, Fire, Dispatch and Police Facilities (Proposition Q)	600,000,000	600,000,000	--	--
11/2/04	Storm Water Projects (Proposition O)	500,000,000	439,500,000	94,660,000	60,500,000
11/8/16	Homelessness (Proposition HHH)	1,200,000,000	1,113,985,000	930,105,000	86,015,000
	Total	**$2,832,648,000**	**$2,686,133,000**	**$1,024,765,000**	**$146,515,000**

(1) Includes pro-rata allocation of refunding bonds. Principal payments are made on September 1.
(2) These amounts represent the par amount of initial issuance and excludes refunding bonds.
Source: City of Los Angeles, Office of the City Administrative Officer.

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

Table 29
2024-25 TYPICAL TAX RATE PER $100 OF ASSESSED VALUATION[1]

Countywide 1%	1.000000%
City of Los Angeles	.013312
Los Angeles Unified School District	.128018
Los Angeles Community College District	.051361
Metropolitan Water District	.007000
Total	**1.199691%**

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

Lease Obligations

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

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

Table 30
GENERAL FUND BONDED AND OTHER FINANCING LEASE OBLIGATIONS
As of June 1, 2025

Series	*Project*	*Amount Issued*	*Amount Outstanding*	*Final Maturity*
Public Offerings				
MICLA Lease Revenue Bonds, Series 2010-C (Taxable) (dated November 23, 2010)	Real Property	$ 18,170,000	$ 14,035,000	11/1/40
MICLA Lease Revenue Refunding Bonds, Series 2016-A (dated June 1, 2016)	Capital Equipment and Fixtures	125,235,000	32,670,000	11/1/26
MICLA Lease Revenue Refunding Bonds, Series 2016-B (dated June 1, 2016)	Real Property	685,270,000	478,930,000	11/1/39
MICLA Lease Revenue Bonds, Series 2018-A (dated February 6, 2018)	Capital Equipment and Fixtures	54,430,000	19,490,000	11/1/27
MICLA Lease Revenue Bonds, Series 2018-B (dated February 6, 2018)	Real Property	31,270,000	23,920,000	11/1/37
MICLA Lease Revenue Refunding Bonds, Series 2018-C (Taxable) (dated February 6, 2018)	Real Property	25,630,000	8,630,000	11/1/27
MICLA Lease Revenue Bonds, Series 2020-A (dated August 20, 2020)	Capital Equipment and Fixtures	84,725,000	55,810,000	11/1/30
MICLA Lease Revenue Refunding Bonds, Series 2020-B (dated August 20, 2020)	Real Property	80,850,000	44,975,000	11/1/40
MICLA Lease Revenue Refunding Bonds, Series 2020-C (Taxable) (dated August 20, 2020)	Real Property	102,265,000	47,725,000	11/1/41
MICLA Lease Revenue Refunding Bonds, Series 2021-A (Taxable) (dated March 4, 2021)	Capital Equipment and Real Property	177,470,000	113,495,000	11/1/38
MICLA Lease Revenue Refunding Bonds, Series 2021-B (dated March 4, 2021)	Capital Equipment and Real Property	60,481,000	60,481,000	11/1/38
MICLA Lease Revenue Bonds, Series 2021-C (dated December 15, 2021)	Capital Equipment and Real Property	154,205,000	129,750,000	11/1/41
MICLA Lease Revenue Bonds, Series 2023-A (dated December 7, 2023)	Capital Equipment and Real Property	176,450,000	159,795,000	5/1/43
Subtotal Public Offerings		$ 1,776,451,000	$ 1,189,706,000	
Private Placements				
MICLA 2017 Streetlights Financing (dated April 18, 2017)[1]	Capital Equipment and Fixtures	$ 39,297,800	$ 8,671,475	6/1/27
MICLA 2019 Streetlights Financing (dated September 30, 2019) [1]	Capital Equipment and Fixtures	17,845,461	8,328,932	6/1/29
MICLA 2020 Streetlights Financing (dated November 1, 2020) [1]	Capital Equipment and Fixtures	9,088,272	5,655,295	6/1/31
Subtotal Private Placements		$ 66,231,533	$ 22,655,701	
Total Financing Lease Obligations		**$ 1,842,682,533**	**$ 1,212,361,701**	

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

Commercial Paper Programs

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

In 2004, the City and MICLA established a commercial paper program authorizing MICLA to issue lease revenue CP notes to finance and refinance capital equipment, the acquisition and improvement of real property, and other financing needs of the City (the "General MICLA CP"). The General MICLA CP program increased from time to time and is currently authorized for up to $425 million. The City expects to issue lease revenue bonds through MICLA from time to time to refund the General MICLA CP. As of June 10, 2025, approximately $304.1 million in General MICLA CP was outstanding under this program.

The City has created a second CP program to issue up to $100 million in lease revenue CP notes to finance and refinance capital improvements to the Los Angeles Convention Center facility (the "LACC CP"), which also represents a lease obligation of the General Fund. As of June 10, 2025, $49.7 million in LACC CP was outstanding under this program.

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

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

The direct-pay letters of credit that support these CP programs are scheduled to expire on June 30, 2028. The table below summarizes the direct-pay letters of credit that will support the payment of principal of and interest on the General MICLA CP and the LACC CP programs, respectively.

Table 31
LEASE REVENUE COMMERCIAL PAPER NOTES LETTERS OF CREDIT

Series	*LOC Provider*	*Amount of CP Supported*	*LOC Expiration*
A-1 and B-1	BMO Bank, N.A.	$150,000,000	June 30, 2028
A-2 and B-2	Bank of America, N.A.	100,000,000	June 30, 2028
A-3 and B-3	U.S. Bank National Association	175,000,000	June 30, 2028
Convention Center	U.S. Bank National Association	100,000,000	June 30, 2028

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

Revenue Bonds

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

Conduit Debt Obligations

The City has issued bonds or entered into installment purchase contracts secured by and payable from loans and installment sale contracts to provide conduit financing for single and multi-family housing, industrial development and unrelated third-party 501(c)(3) nonprofit corporations. These conduit bonds and certificates of participation are not managed by the CAO and are not obligations of the General Fund or other City revenues.

Cash-flow Borrowings

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

Table 32
TAX AND REVENUE ANTICIPATION NOTES

Fiscal Year	*LACERS*	*Fire and Police Pensions*	*Other Cashflow*	*Total Par Amount*
2020-21	$515,155,000	$714,395,000	$531,755,000	$1,761,305,000
2021-22	579,765,000	695,960,000	578,365,000	1,854,090,000
2022-23	627,120,000	651,180,000	295,570,000	1,573,870,000
2023-24	664,980,000	627,070,000	196,790,000	1,488,840,000
2024-25	696,165,000	650,825,000	197,205,000	1,544,195,000
2025-26	690,970,000	622,495,000	196,555,000	1,510,020,000

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

Summary of Long-Term Borrowings

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

Table 33
NET DIRECT DEBT
As of June 1, 2025

	Outstanding
General Obligation Bonds	$ 1,024,765,000
Lease Obligations[1] [2]	1,212,361,701
Gross Direct Debt Subtotal	$ 2,237,126,701
Revenue Bonds[2]	
Power Revenue (DWP)[2]	$12,363,830,000
Water Revenue (DWP)[2][3]	5,903,485,000
Department of Airports[2]	12,382,265,000
Harbor Department[2][4]	297,575,000
Wastewater System	
Senior Revenue Bonds[5]	653,200,000
Subordinate Revenue Bonds[2][6]	1,859,800,000
Solid Waste Resources Fee	252,785,000
Revenue Bonds Subtotal	$33,712,940,000
TOTAL CITY DEBT	$35,950,066,701
Less:	
Revenue Bonds	(33,712,940,000)
NET DIRECT DEBT	$ 2,237,126,701
Plus:	
Overlapping Debt[7]	$14,862,511,010
NET OVERALL DEBT	$17,099,637,711

(1) Includes only financing lease obligations. See Table 30.
(2) Does not include commercial paper.
(3) Does not include California State Revolving Fund loans.
(4) Does not include California Boating and Waterways Notes outstanding.
(5) Does not include $518,445,000 City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A, which were issued on June 10, 2025.
(6) Does not include amounts relating to the Water Infrastructure Finance and Innovation Act loan agreement between the City and the United States Environmental Protection Agency in the original principal amount of up to $223,921,010 that has been partially drawn upon.
(7) Overlapping debt information from California Municipal Statistics, Inc. as of April 1, 2025. See Table 41.

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

Table 34
DEBT SERVICE TO MATURITY ON DEBT PAYABLE
FROM *AD VALOREM* PROPERTY TAXES
As of June 1, 2025

	General Obligation Bonds		
Fiscal Year	***Principal***	***Interest***	***Total***
2025[(1)]	$ 73,845,000	$ 40,706,926	$ 114,551,926
2026	74,690,000	40,478,621	115,168,621
2027	73,915,000	37,336,592	111,251,592
2028	72,455,000	34,326,660	106,781,660
2029	73,910,000	31,398,250	105,308,250
2030	69,195,000	28,496,847	97,691,847
2031	61,635,000	25,848,988	87,483,988
2032	61,555,000	23,381,067	84,936,067
2033	56,085,000	21,049,663	77,134,663
2034	56,085,000	18,852,452	74,937,452
2035	56,085,000	16,656,752	72,741,752
2036	56,085,000	14,462,138	70,547,138
2037	56,085,000	12,238,495	68,323,495
2038	56,085,000	9,979,112	66,064,112
2039	51,770,000	7,759,256	59,529,256
2040	37,960,000	5,862,737	43,822,737
2041	37,960,000	4,226,211	42,186,211
2042	37,960,000	2,581,765	40,541,765
2043	27,360,000	1,076,528	28,436,528
2044	7,890,000	197,250	8,087,250
Total	**$ 1,098,610,000**	**$ 376,916,307**	**$ 1,475,526,307**

[(1)] Includes payments made on or prior to June 1, 2025. Principal payments are made on September 1.
Source: City of Los Angeles, Office of the City Administrative Officer.

Table 35
DEBT SERVICE TO MATURITY ON FINANCING LEASE OBLIGATIONS
As of June 1, 2025

Fiscal Year	*Principal*	*Interest*	*Total*
2025[1]	$ 127,065,117	$ 55,653,849	$ 182,718,966
2026	121,139,302	51,075,586	172,214,888
2027	125,709,518	46,158,881	171,868,398
2028	102,917,013	41,218,797	144,135,810
2029	96,710,289	36,808,368	133,518,657
2030	87,104,184	32,689,423	119,793,607
2031	91,167,395	28,614,407	119,781,802
2032	83,173,000	24,616,370	107,789,370
2033	76,296,000	20,941,649	97,237,649
2034	68,305,000	17,536,752	85,841,752
2035	67,869,000	14,737,498	82,606,498
2036	70,745,000	11,844,496	82,589,496
2037	73,872,000	8,704,430	82,576,430
2038	46,513,000	6,007,706	52,520,706
2039	34,506,000	4,200,698	38,706,698
2040	22,585,000	2,876,930	25,461,930
2041	20,475,000	1,816,438	22,291,438
2042	15,740,000	932,476	16,672,476
2043	7,535,000	376,750	7,911,750
Total	**$ 1,339,426,818**	**$ 406,811,505**	**$ 1,746,238,323**

[1] Includes the full fiscal year debt service including amounts paid prior to June 1, 2025.
Source: City of Los Angeles, Office of the City Administrative Officer.

Debt Management Policies

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

Table 36
DEBT MANAGEMENT POLICY RATIOS

Ratio	*Ceiling*	*Actual 2023-24*	*Estimated 2024-25*	*Adopted Budget 2025-26*
Total Direct Debt Service as Percent of General Revenues[1]	15.0%	4.33%	3.92%	3.76%
Non-Voted Direct Debt Service as Percent of General Revenues[1]	6.0%[2]	2.61%	2.53%	2.40%

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

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

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

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

Table 37
FINANCIAL RATIOS

As of June 30	*Net Direct Debt*	*Net Debt Per Capita*	*Net Debt as Percent of Net Assessed Valuation*
2020	$2,160,374,979	$543	0.33%
2021	2,064,424,459	526	0.30
2022	2,168,271,002	568	0.30
2023	2,331,201,413	619	0.30
2024	2,288,036,818	600	0.28
2025	2,237,126,701	583	0.26

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

The table below shows debt service payable from the General Fund for long-term lease revenue obligations as a percent of General Fund revenues.

Table 38
GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND[1]

Fiscal Year	*Total Debt Service*	*Paid From Special Revenue Funds*	*Net General Fund Debt Service[2]*	*General Fund Revenues[3]*	*Gross as Percent of GF*	*Net as Percent of GF*
2020-21	$181,176,205	$22,591,091	$158,585,114	$7,009,426,788	2.58%	2.26%
2021-22	228,153,071	23,366,537	204,786,534	7,509,699,517	3.04	2.73
2022-23	215,250,937	23,108,430	192,142,507	7,565,062,068	2.85	2.54
2023-24	184,202,840	19,666,096	164,536,745	7,544,837,827	2.44	2.18
2024-25	182,718,969	16,074,434	166,644,535	8,033,019,068	2.27	2.07
2025-26 Adopted Budget	172,214,892	19,373,119	152,841,773	8,178,255,972	2.11	1.87

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

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

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

Table 39
RETIREMENT OF NET DIRECT DEBT
As of June 1, 2025

	General Obligation Bonds		*Financing Leases*		*Total*	
Maturing Within	*Maturing Principal*	*Cumulative % of Debt Retired*	*Maturing Principal*	*Cumulative % of Debt Retired*	*Maturing Principal*	*Cumulative % of Debt Retired*
>0 to 5 years	$ 364,165,000	35.5%	$ 533,580,306	44.0%	$ 897,745,306	40.1%
>5 to 10 years	291,445,000	64.0	386,810,394	75.9	678,255,395	70.4
>10 to 15 years	257,985,000	89.2	248,221,000	96.4	506,206,000	93.1
>15 to 20 years	111,170,000	100.0	43,750,000	100.0	154,920,000	100.0
Total	**$ 1,024,765,000**		**$1,212,361,701**		**$ 2,237,126,701**	

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

Variable Rate Obligations and Swap Agreements

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

Projected Additional Financings

The City currently anticipates the completion of some or all of the financings summarized in the table below secured in whole or in part by the City's General Fund or other revenues and taxes. Lease revenue bonds or other borrowings in addition to those listed below may be approved for refundings or to finance real and personal property acquisitions and improvements. The following table excludes the 2025 Tax and Revenue Anticipation Notes and the issuance of $518,445,000 City of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A, which were issued on June 10, 2025. The following table also excludes the potential issuance of lease revenue bonds to finance the first phase of the Los Angeles Convention Center Expansion project. See the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Capital Projects – Los Angeles Convention Center*."

Table 40
PROPOSED SCHEDULE OF BOND ISSUANCES DEBT CALENDAR[(1)]
As of June 1, 2025

	Expected Sale Date	***Estimated Amount***
Fiscal Year 2025-26 Debt Issuance		
MICLA Lease Revenue Bonds (Capital Equipment and Real Property) (CP Take-out)	Spring 2026	$220 million
General Obligation Bonds (Taxable) (Proposition HHH)	Spring 2026	$86.02 million
2026 Tax and Revenue Anticipation Notes	Summer 2026	TBD
Future Fiscal Years		
General Obligation Bonds (Proposition O)	TBD	$60.5 million

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

Overlapping Bonded Debt

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

Table 41
STATEMENT OF OVERLAPPING DEBT
As of April 1, 2025

2024-25 Assessed Valuation: $857,077,816,813

Redevelopment Incremental Valuation: $76,682,412,224

OVERLAPPING DEBT REPAID WITH PROPERTY TAXES:	Outstanding Debt 3/1/25	Estimated % Applicable	Estimated Share of Overlapping Debt 3/1/25
Metropolitan Water District	$17,155,000	21.055%	$ 3,611,985
Los Angeles Community College District	4,919,505,000	72.102	3,547,061,495
Beverly Hills Unified School District	590,278,688	0.162	956,251
Inglewood Unified School District	156,040,000	0.630	983,052
Las Virgenes Joint Unified School District	168,423,158	0.869	1,463,597
Los Angeles Unified School District	11,062,275,000	88.049	9,740,222,515
Other School Districts	629,415,366	Various	404,732
City of Los Angeles Community Facilities District No. 4	33,105,000	100.	33,105,000
City of Los Angeles Community Facilities District No. 8	4,940,000	100.	4,940,000
City of Los Angeles Community Facilities District No. 11	20,830,000	100.	20,830,000
Mountains Recreation and Conservation Authority Assessment Districts	11,710,000	100.	11,710,000
Los Angeles Unified School District supported general obligation bonds[1]			-406,112,805
OTHER OVERLAPPING DEBT:			
Los Angeles County General Fund Obligations	$3,165,002,390	40.776%	$1,290,561,375
Los Angeles County Superintendent of Schools Certificates of Participation	2,331,775	40.776	950,805
Pasadena Area Community College District Certificates of Participation	28,490,000	0.001	285
Inglewood Unified School District Certificates of Participation	975,000	0.630	6,143
Las Virgenes Joint Unified School District Certificates of Participation	7,823,882	0.630	49,290
Los Angeles Unified School District Certificates of Participation	443,040,000	88.049	390,092,290
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$221,675,000	100. %	$221,675,000
SUBTOTAL, OVERLAPPING DEBT			$14,862,511,010
City of Los Angeles General Obligation Bonds	$1,024,765,000	100. %	$1,024,765,000
City of Los Angeles General Fund Obligations[2]	1,225,753,388	100.	1,225,753,388
TOTAL CITY OF LOS ANGELES DIRECT DEBT			**$2,250,518,388**
TOTAL DIRECT AND OVERLAPPING DEBT			$17,113,029,398[3]
SUBTOTAL, OVERLAPPING DEBT			$17,507,619,310

(1) Represents applicable amount of accumulated set-aside deposits for Qualified School Construction Bonds, deducted from outstanding principal.
(2) Includes only financing lease obligations. See Table 30.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

OTHER MATTERS

Seismic Considerations

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

Environmental and Social Considerations

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

In June 2024, the City released a "Local Hazard Mitigation Plan" which identified a number of risks, provided an assessment of potential damage that might result from those risks, and identified certain mitigation strategies. Identified risks included, but are not limited to, earthquake, adverse weather, drought, flood, coastal flood and erosion, tsunamis, wildfires, and sea-level rise. The plan also identified various ways in which such risks could be mitigated. The City's current plan expires September 24, 2029.

In addition, the City Council created a standing committee to review all matters relating to "Energy and Environment." The City has also created a Climate Emergency Mobilization Office within its Department of Public Works, which coordinates various City and community entities to implement equitable and just climate policies. The City has also hired a Chief Heat Officer, who will lead efforts to respond to extreme heat events and coordinate with various City departments and other agencies, given the understanding that heat-related deaths and hospitalizations disproportionately affect low-income communities. Furthermore, the City established a Climate Impact Team within the Office of the CAO in 2023, which is responsible for establishing budgetary metrics and goals to assist the City government in reaching zero greenhouse gas (GHG) emissions by 2045. The team is working to include GHG impacts in budgetary decisions for City services, capital projects, and procurement policies.

Among the specific initiatives to enhance climate resiliency being undertaken by the City include various improvements to the City's wastewater treatment plants in order to recycle all their flow for beneficial use, construction of a series of groundwater remediation projects to further reduce the City's reliance on imported water and mitigate the impacts of prolonged drought, exploration of the use of specially designed "cool roofs" to manage the effect of rising temperatures in urban environments, and tests of the effects of "cool pavement" (a special coating applied to city streets) to manage urban temperatures. As part of the Fiscal Year 2022-23 Adopted Budget, the Bureau of Engineering was directed to develop and implement a plan for decarbonization of the City's facilities, and the Bureau of Sanitation was directed to track and report on municipal greenhouse gas emissions according to the Local Government Operations Protocol. The Bureau of Engineering released the Building Decarbonization Workplan in December 2024, which established a multi-year prioritization of projects to decarbonize all 965 existing City buildings and facilities by 2035. The project prioritization framework includes four critical criteria: greenhouse gas emissions reduction, infrastructure needs, cost-effectiveness, and

equitable investment. The Bureau of Sanitation releases its Annual Municipal Greenhouse Gas Inventory Report in the first quarter of each calendar year. The report provides a comprehensive overview of the City's efforts to manage municipal greenhouse gas emissions and details the City's progress towards emissions reductions. The most recent report was presented in March 2025, with data through Calendar Year 2023. In addition, the Fiscal Year 2024-25 Adopted Budget provided funding for the creation of a City Climate Action Plan with the goal of achieving carbon neutrality by no later than 2045.

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

Among the areas where both environmental and equity considerations come into play are in the City's Capital Technology and Improvement Program (the "CTIP"). Among the criteria used in prioritizing capital funding are resiliency and sustainability projects that improve public health and the environment through improved water resources, air quality, reduction in greenhouse gas emissions, and habitat protection and projects that contribute toward economic development and/or promote social equity to benefit underserved communities, including those with low-income households, low community engagement, and low mobility or access to transportation systems. See "BUDGET AND FINANCIAL OPERATIONS—Capital Program." In an effort to identify capital investments that work towards achieving the City's climate change mitigation, resilience, and sustainability goals, projects proposed for funding are labeled as Green Investments if they support climate goals as outlined in the Plan and are in alignment with the Green Bond Principles established by the International Capital Market Association.

In addition, an Equity Impact ("EI") Score is calculated for capital projects in order to include the intended social impact of projects as part of the funding prioritization process. The EI score for site-specific projects combines an evaluation of community impact as well as the EI score from the City's Measure of Access, Disparity, and Equity platform. Regional or citywide projects are evaluated on the community impact and ability to prioritize either communities in need or disparities in service delivery. Higher EI scores indicate that a project has a greater social impact, including addressing the needs of the most disadvantaged communities within the City. This process is part of the City's Equity in Budget program that aims to analyze the equity impact of budget proposals. The Measure of Access, Disparity, and Equity platform includes an index that demonstrates neighborhoods for priority based on socioeconomic factors as well as a tool to evaluate disparities of service delivery or access to infrastructure. This platform supports the CTIP Equity Impact Scores as well as the City's overall Equity in Budget program.

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the City and its departments face multiple cyber threats, including hacking, viruses, malware, and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attack disruptions on the City's computer system to date. For example, in 2019, the City experienced a cyber-attack that impacted a cloud-hosted system at a City department. The attack potentially involved certain personal information of about 20,000 applicants who went through the LAPD recruitment process. The City mitigated the attack and notified all the affected individuals immediately. The City installed a web application firewall and an endpoint protection system to quickly identify and respond to cyber-attacks targeted at the department's web application systems.

In 2013, the City created the Cyber Intrusion Command Center (the "CICC") under a Mayoral Executive Directive to coordinate cybersecurity preparation and response across City departments. The CICC is comprised of key City departments, cybersecurity professionals, and local and federal law enforcement experts. The CICC has assisted the City in establishing policies for data classification, information handling, and cybersecurity prevention and response protocols. In 2015, the City established an Integrated Security Operations Center (the

"ISOC") with cybersecurity professionals for cyber-attack monitoring and response. In addition, the City has identified critical data assets and applied additional cyber defenses through its Critical Asset Protection program. The City regularly conducts cyber security awareness training for all City employees with computer access, conducts phishing email tests, and provides periodic cybersecurity newsletters and workshops to its employees. In 2017, the City consolidated and distributed a comprehensive Information Security Policy Manual with sections dedicated to City employees, City managers, and City technology professionals. Also, the City conducts annual "penetration tests" to identify and remediate any potential weaknesses in its networks and weekly cyber vulnerability scanning on City servers and websites accessible by the Internet. In 2020, the ISOC enabled secure remote access for approximately 18,000 City workers during the COVID-19 pandemic. The City implemented Multi-Factor Authentication and a single sign-on service, retiring outdated infrastructure and introducing a "Cybersecurity Risk Score" system for departments, providing general managers with a way to determine the level of Cybersecurity preparedness within their respective departments. In 2022, the City adopted Attack Surface Management ("ASM") to identify and remediate vulnerabilities and potential attack vectors to the City's public-facing digital assets. It established a comprehensive Cybersecurity Asset Management system, Critical Asset Protection, and the Cyber Watchlist for robust cybersecurity measures. In 2023, the City focused on the principle of "Zero Trust" - a modern security strategy based on the principle of never trust, always verify. To align with this strategy, the City has focused on identifying applications throughout the City to see that they are fully protected. To help achieve the verification, the City has been an active participant in multiple tabletop exercises conducted in partnership with the Department of Homeland Security, California Cybersecurity Integration Center, Joint Regional Intelligence Center, and the County of Los Angeles.

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

Clean Water Compliance

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

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

The MS4 permit allows the responsible agencies the option of working together to develop and implement Watershed Management Programs ("WMPs") to address permit and TMDL requirements as long as the final compliance milestone has not passed. As the requirements of the MS4 permit cross multiple local jurisdictions, the City collaborated with other participating agencies on the development of the WMPs, which were initially approved by the LARWQCB in 2016 and were revised and updated in 2021. The Ballona Creek,

Santa Monica Bay Jurisdictional Groups 2 and 3, and Upper Los Angeles River WMPs were approved in 2023 and 2024. The Dominguez Channel Revised WMP was conditionally approved in 2023, with final approval expected in early 2026.

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

Several final TMDL compliance milestones have become effective, including those for the Santa Monica Bay Bacteria, Ballona Creek Dry Weather Bacteria, Marina del Rey Toxics, Machado Lake Nutrient, and Machado Lake Pesticides and Polychlorinated Biphenyls. In 2019, the Ballona Creek Watershed Management Group (WMG) faced the compliance deadline for the Ballona Creek Dry Weather Bacteria TMDL after its initial Time Schedule Order (TSO) expired. The WMG had requested an extension in December 2019, before the TSO expired, justifying the need due to delays in environmental reviews and permitting processes. The LARWQCB denied the WMG's extension request in August 2023. Although the LARWQCB has not yet issued any Minimum Mandatory Penalties for this TMDL, it is expected to do so soon. For the Machado Lake Nutrients TMDL, Notices of Violation (NOVs) were issued to the City and other permittees in January 2024. These parties are contesting the NOVs, and the RBWQCB's response is anticipated shortly. As more final milestones are reached, the City can expect additional fines and penalties for non-compliance with water quality objective limits.

To comply with the MS4 Permit where final milestones have not yet passed, significant funding is needed for capital, and operation and maintenance costs to implement the WMPs and its minimum control measures established by the MS4 permit. The City has partially funded the monitoring and reporting programs required by the MS4 permit by using existing Stormwater Pollution Abatement (SPA) funds (primarily funded by the SPA Charge on property), Measure W – The Los Angeles Region Safe, Clean Water Program funds (Measure W, as described below), and by implementing cost sharing agreements between other municipalities. Unless relief is granted, the City could potentially face fines for failing to meet more TMDL milestones that will take effect by 2026.

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

As discussed above, one source of funding for these Clean Water costs is a special parcel tax approved by Los Angeles County voters. On November 6, 2018, Los Angeles County voters approved Measure W, a parcel tax of 2.5 cents per square foot of impermeable surface to support the costs of stormwater-related projects and activities. The tax has been collected on property tax bills countywide beginning in Fiscal Year 2019-20 and has generated approximately $300 million per year to date. This program is administered by the LACFCD. Revenues are allocated to three sub-programs: municipal, regional, and administrative. Fifty percent of revenues are allocated for region-wide projects and are awarded on a competitive basis. Forty percent of revenues are allocated to municipalities in the same proportion as the amount of revenues collected within each municipality. The remaining ten percent is allocated to the LACFCD for implementation and administration of the Measure W Program. Eligible uses for revenues include projects that provide a water supply and/or quality benefit and a community investment benefit.

The City budgeted $36.3 million from this source (municipal returns) in the Fiscal Year 2025-26 Adopted Budget. In addition, the City competes for project funding from the Measure W Regional Program administered by the LACFCD. Under the regional program, the City (Bureau of Sanitation, Bureau of Street Services, and the Department of Water and Power) has secured funding totaling $314 million through Fiscal Year 2028-29 for capital improvement projects, operations and maintenance, and scientific studies.

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

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

Hyperion Water Reclamation Plant Incident. On July 11, 2021, the City's largest wastewater treatment plant, the Hyperion Water Reclamation Plant (the "Plant"), experienced a flooding of wastewater (the "2021 Incident"). The flooded wastewater flowed into the Plant's one-mile outfall, resulting in the discharge of approximately 12.5 million gallons of untreated wastewater into the Santa Monica Bay. The Plant suffered major damage to critical equipment and vehicles. The event was contained and, following months of cleanup and restoration, normal Plant operations resumed in October 2021.

Several civil lawsuits have been filed against the City in connection with the 2021 Incident, which the City is vigorously defending. In addition, the 2021 Incident resulted in federal and state agencies initiating investigations and proceedings against the City. The City has resolved the federal investigations and continues to work on resolution of the state investigations, but does not expect that the 2021 Incident and resulting matters would have a material impact on the General Fund or other City enterprises.

General Fund Subsidy of Solid Waste Activities

Currently, the City's solid waste resources fees do not fully support the solid waste operations. The total General Fund subsidy related to the City's solid waste operation budgeted for Fiscal Year 2025-26 is approximately $73.6 million, which includes General Fund subsidies for the Solid Waste Resources Revenue Fund ($72.4 million), the Multi-Family Bulky Item Revenue Fund ($0.4 million), the Citywide Recycling Trust Fund ($0.3 million), and the Used Oil Collection Fund ($0.5 million). In April 2025, the City Council approved the implementation of a five-year rate adjustment, subject to Proposition 218 notice and protest requirements. The Fiscal Year 2025-26 Adopted Budget assumes the implementation of the first of five annual rate increases in October 2025. Revenue to the Solid Waste Resources Revenue Fund is projected to be sufficient to support the City's cost for solid waste operations by Fiscal Year 2026-27.

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

Costs payable from the Solid Waste Resources Revenue Fund have increased in large part due to recently effective requirements requiring the composting of certain organic materials. Beginning January 1, 2022, State law (SB 1383) implements requirements for the reduction of organic waste disposal (e.g., food waste, green waste, paper products) by 75 percent by 2025 (from 2014 levels). In response, in January 2023, the Bureau of Sanitation expanded the organic waste collection and composting program from 40,000 households to all 740,000 households serviced by the Bureau of Sanitation. Due to the more intensive processing costs of composting comingled organics, the cost has increased from an average of $60 per ton in Fiscal Year 2021-22 to an average of $125 per ton in Fiscal Year 2023-24. The City is considering rate adjustments to fees for its

solid waste operations. The proposed adjustments are intended to significantly reduce the General Fund subsidy for solid waste operations. The City can provide no assurances that any such rate adjustment will be adopted.

General Fund Subsidy of Other Special Fund Activities

While it is the City's goal that its special funds fully reimburse the General Fund for all direct expenditures and related costs associated with their programs, there are a number of cases where the General Fund subsidizes such activities. The amount of such subsidies is reported annually as part of the City's budget process. The total amount of subsidies estimated in the Fiscal Year 2025-26 Adopted Budget is approximately $318.4 million (which includes the subsidy related to solid waste collection, processing and disposal described above).

In addition to the solid waste subsidy described above, the largest of such General Fund subsidies are for programs that have long received General Fund appropriations to supplement their limited special funding. Significant General Fund subsidies included in the Fiscal Year 2025-26 Adopted Budget include $83.6 million to supplement special fund revenues for the police and fire services, $20.9 million for maintenance and improvement of the street lighting system, $31.5 million to subsidize certain planning and land use applications, and $37.1 million for public transit, paratransit, and repairing and maintaining streets used by public transit. Other notable expenses reported as a General Fund subsidy include $20.3 million to support the Los Angeles Zoo and $16.1 million to supplement revenues collected through the City's Stormwater Pollution Abatement Charge.

Another program that may require subsidy in the future is the City's transit operations. The City receives funding from the City's share of Los Angeles County Metropolitan Transportation Authority ("LACMTA") Proposition A sales tax receipts. The required level of funding of City-financed transit service is estimated to be approximately $291 million annually and the annual ongoing revenue within the Proposition A Local Transit Assistance (Proposition A) Fund is projected to be approximately $190 million, resulting in a structural deficit of approximately $101 million annually. While the Fiscal Year 2025-26 Adopted Budget was balanced by the use of available balances in the Proposition A Fund and shifting some expenditures to other special funds, the City expects to release an updated Transit Services Analysis in Fiscal Year 2025-26 that will include options to resolve the ongoing structural deficit in future years. One of those options may include General Fund appropriations. In addition, under the Countywide Measure M sales tax measure for transportation projects, the City is required to provide matching funds (which may be through construction of transportation projects) in the amount of 3 percent of the cost of rail projects undertaken by LACMTA. LACMTA currently estimates the City's contribution for rail projects currently underway at approximately $182.5 million (future rail projects will require additional City contributions). The City intends to maximize the use of special funds to meet its contribution requirement under Measure M but to the extent special funds are not available, the City will need to contribute moneys from the General Fund or risk losing future Measure M local return revenue ($69.6 million in Fiscal Year 2025-26).

2028 Olympic and Paralympic Games

The City has been selected by the International Olympic Committee ("IOC") as the host city for the 2028 Olympic and Paralympic Games ("2028 Games"). The local host committee is the Los Angeles Organizing Committee for the Olympic and Paralympic Games 2028 ("LA28"). As a condition of the City's selection, the City entered into a Host City Contract ("HCC") with the United States Olympic Committee ("USOC") and the IOC that identifies contractual commitments of the parties relating to insurance, indemnification, event requirements, operations, deliverables, efforts to cooperate, and financial obligations of the parties. The HCC includes an advance payment from the IOC totaling $180 million paid over five years to LA28 to support operations.

Independent from the City, LA28 developed a 2028 Games budget of $6.88 billion, with all funding from non-City revenue sources. On March 31, 2025, LA28 revised the 2028 Games budget to $7.15 billion, an

increase of $0.27 billion, reflecting updated income and spending commitments driven by market economic conditions, a larger sport program, venue location updates, and revisions based on material contract negotiations. The 2028 Games budget is subject to change and may be impacted by the value of sponsorships, ticket sales and hospitality, licensing and merchandising, and cost escalation. The 2028 Games budget anticipates the use of existing venues, facilities, and infrastructure and does not anticipate it will be necessary to construct new permanent venues or extensive capital projects specific to hosting the 2028 Games. Further, the 2028 Games budget assumes federal funding is granted for public safety and security in support of the United States Department of Homeland Security designation of the 2028 Games as a National Special Security Event on January 30, 2024. In the event that federal funding for public safety and security is either not provided or the amount provided is less than the actual costs, the remaining public safety and security expenses will be an unbudgeted liability of LA28 estimated at up to $1.0 billion. If not paid through federal funding or by LA28, such expenses would become a liability of the City.

In adopting the HCC, the City has guaranteed that it will cover any potential financial shortfall of LA28 in its delivery of the 2028 Games, including potential reimbursements of any advance payments by the IOC to LA28 in the event of a contingency such as a full or partial cancellation of the Games. To mitigate the City's financial risk associated with the 2028 Games budget and its HCC guarantee to cover financial shortfalls, the City and LA28 entered a Games Agreement to memorialize the relationship, roles and responsibilities between the parties. The Games Agreement specifies several financial and risk management protections to the City, reporting and transparency requirements, and other actions governing administration of the 2028 Games, including but not limited to:

- City representation on the LA28 Board of Directors;
- the requirement for written consent of the City to modify the Games venue plan and for any financial commitments and guarantees of City funds related to the 2028 Games;
- the agreement by LA28 to reimburse the City and other municipalities for the incremental cost of performing enhanced municipal services (e.g., police, fire, sanitation, traffic control, and parking enforcement) in support of the 2028 Games;
- the establishment by LA28 of an Allocated Contingency account of $270 million, whereby LA 2028 will make allocations to this account on a periodic basis beginning in 2024 until a cumulative balance of $270 million is reached in 2029 and which may only be utilized, with the City's prior written consent, to cover expenditures in the event that other actual or projected LA28 revenues are not available therefor;
- the requirement for LA28 to obtain insurance policies at its own expense, to include the City as an additional insured, and to incorporate contractual indemnification language into any venue use agreements it executes; and
- the agreement by LA28 that it shall not seek funds from the City to defray any financial deficit associated with the 2028 Games unless and until LA28 funds are fully expended and exhausted, LA28 has made commercially reasonable efforts to obtain full coverage for covered claims from all valid and collectible liability insurance policies it has procured, and LA28 has made commercially reasonable efforts to recover funds from all third parties who owe payments to LA28.

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

Public Corruption Matters

On June 13, 2023, the Los Angeles County District Attorney charged Curren D. Price, Jr., a member of the City Council, with two counts of conflict of interest in violation of California Government Code Section 1090(a), three counts of perjury, and five counts of embezzlement of government funds. The criminal complaint

alleges that: (a) Delbra Richardson (or Del Richardson), Mr. Price's purported spouse, received payments totaling approximately $160,000 between 2019 and 2021 from developers before Mr. Price voted to approve projects; (b) Mr. Price failed to list certain payments allegedly received by Delbra Richardson on government disclosure forms; and (c) Mr. Price fraudulently received about $33,800 in medical coverage premiums for Delbra Richardson between 2013 and 2018 before she was legally his wife. On or about August 12, 2025, the Los Angeles County District Attorney filed two additional public corruption charges against Mr. Price for allegedly voting in favor of projects for which Delbra Richardson had a financial interest. Preliminary hearings are expected later this year. The matter remains under investigation by the District Attorney's Bureau of Investigation. The City cannot predict the outcome of this investigation.

Potential Loss of Indemnification for Scooter Related Claims

Under the dockless mobility permits issued by the City's Department of Transportation, companies providing dockless mobility vehicles are required to indemnify the City for any injuries that occur in the City's public right-of-way and provide and pay for the City's defense of any claims and litigation relating to such matters ("Indemnified Claims"). In December 2023, Bird Global, Inc. ("Bird"), one of the companies providing dockless mobility scooters in the City pursuant to such a permit, filed for Chapter 11 bankruptcy in U.S. Bankruptcy Court in the Southern District of Florida. The City estimates that there are approximately $80 million in Indemnified Claims relating to Bird's operations in the City for which Bird is to indemnify the City and provide and pay for the defense against such claims. In September 2024, the U.S. Bankruptcy Court approved a plan and filed an order to stay all claims and litigation relating to Bird and channel them into a trust pool. The City contributed $1.9 million into such trust pool, which is expected to be the City's contribution for the Indemnified Claims relating to Bird's operations in the City. The plaintiffs are appealing the court's order. The City is defending its interest in the bankruptcy proceedings relating to Bird; however, the City cannot provide any assurances that the City will not incur additional amounts or costs relating to the Indemnified Claims relating to Bird's operations in the City.

City Mobility Plan Street Improvement Measures Initiative Ordinance

Measure HLA, an ordinance adopted following a citizen-sponsored initiative approved by the voters on March 5, 2024, which took effect on April 9, 2024, requires the implementation of street modification projects whenever the City makes an improvement to at least a one-eighth mile segment of a road or sidewalk based on the City's Mobility Plan concept maps and general guidelines. The Mobility Plan is a 20-year City planning document that contains goals, objectives, and policy guidelines for creating a connected network of multimodal street modifications intended to provide safe access to public spaces and promote environmentally friendly modes of transportation for drivers, pedestrians, bicyclists, and users of public transportation. It does not identify nor require the implementation of specific street modification projects. The ordinance also requires the City to provide publicly accessible data through an open portal or website for monitoring Mobility Plan projects. Further, the ordinance allows any City resident to file a lawsuit against the City to require compliance with the requirements of the measure.

According to the CAO, the cost to implement Bicycle Networks and sidewalk repair in the Pedestrian Enhanced Districts in the Mobility Plan is projected to be over $3 billion. Other costs associated with implementing the Neighborhood, Transit, and Vehicle Enhanced Networks in the Mobility Plan are unknown. The ordinance may cause delays in the resurfacing of streets along Mobility Plan networks and reduce the amount of annual resurfacing. A delay of one year is projected to cost $73.0 million, while a delay of 10 years is anticipated to cost $1.39 billion or more, in addition to deferred maintenance and liability costs. Costs to administer the ordinance and develop the data portal are unknown. The ordinance may increase litigation costs against the City and does not identify a new funding source for the required expenditures.

LITIGATION*

The City is routinely a party to a variety of pending and threatened lawsuits and administrative proceedings that may affect the General Fund of the City. The City is required to accrue liabilities arising from claims, litigation and judgments when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. See "BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program." The following discussion of certain recently completed, pending or threatened lawsuits and proceedings involving the City was prepared by the Office of the City Attorney, and includes matters that, if determined in a final and conclusive manner adverse to the City, may, individually or in the aggregate, materially affect the General Fund's financial position. See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges" and "OTHER MATTERS" for information relating to certain of such lawsuits or proceedings involving the City. The order of presentation below does not necessarily reflect the relative significance of any particular lawsuit or proceeding.

False Claims Act Claim.

The City Attorney was advised by letter, dated November 30, 2011, that the Civil Fraud Section of the U.S. Department of Justice ("DOJ") was investigating whether the City allegedly violated the False Claims Act ("FCA") in connection with certain federal accessibility law compliance certifications to the U.S. Department of Housing and Urban Development. On June 7, 2017, the U.S. District Court of the Central District of California (the "Federal District Court") released its order announcing DOJ's election to intervene, on behalf of two private parties pursuing litigation against the City for FCA violations arising out of such certifications and other state common law claims against the City. On June 13, 2024, the City settled the matter with the Department of Justice for approximately $38.43 million, which the City paid on June 24, 2024. The Federal District Court approved the settlement over the objections of qui tam plaintiff Mei Ling, and issued an order on October 3, 2024 dismissing the matter with prejudice, but retaining jurisdiction over any claims of relators for reasonable expenses, attorneys' fees, and costs from the City under 31 U.S.C. section 3730(d)(1). Resolution of such fees is ongoing. On January 6, 2025, qui tam plaintiff Mei Ling has appealed the City's court approved settlement with the Department of Justice to the Ninth Circuit Court of Appeals. Briefings on the appeal are pending. Arguments are expected to be scheduled once briefings are complete.

Litigation Relating to the Palisades Fire.

Multiple lawsuits have been filed (and additional lawsuits continue to be filed) against the City and the Department of Water and Power of the City ("LADWP"), a proprietary department of the City, by property owners whose properties were damaged in the Palisades Fire. All of the Complaints bring claims under the doctrine of inverse condemnation. The doctrine of inverse condemnation is a "takings clause" cause of action under the State and federal constitutions that entitles property owners to just compensation if their private property is damaged by a public use. California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency's infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. A number of the complaints also bring various tort claims, including negligence and vicarious liability, negligence per se, dangerous condition of public property, breach of mandatory duty, trespass, private nuisance, public nuisance, negligent infliction of emotional distress, and inference with prospective economic advantage. Certain other plaintiffs have indicated that they intend to bring tort claims as well.

The existing lawsuits, as of July 29, 2025, consist of a number of state court actions (approximately 63 cases) filed on behalf of approximately 2,100 individual plaintiffs, including two cases filed as putative class actions on behalf of an individual and all those similarly situated that seeks to certify as a class all individuals and entities in the areas impacted by the Palisades Fire who suffered property damage, loss of use, evacuation, or other harm as a result of the Palisades Fire. The cases are pending in the Los Angeles Superior Court. The

* TO BE UPDATED PRIOR TO POSTING OF POS.

plaintiffs in the lawsuits generally allege, among other things, that: (1) LADWP failed to properly maintain its water system for the purpose of fighting fires (and specifically that it failed to properly maintain the Santa Ynez Reservoir and, in certain of such cases, the Chautauqua Reservoir), (2) LADWP chose to design its water system for urban use, not to fight wildfires, (3) after the fire ignited, LADWP failed to de-energize its distribution and transmission electrical facilities, which resulted in its overhead power lines arcing and power poles breaking, causing additional fires, and (4) the Palisades Fire was foreseeable in light of data about the history of fires in the area, current fire risk and weather. Many of the lawsuits allege that LADWP Power System facilities caused secondary ignitions in the Palisades. Some plaintiffs also claim that the Los Angeles Fire Department did not clear brush from vacant lots in the Castellammare neighborhood that are owned by the City, and that embers landed on this brush, sparking a spot fire. The plaintiffs are seeking compensation for damages including, but not limited to, lost or damaged property, lost income or wages, and attorney's fees, and in certain of the cases loss of use/marketability of property, emotional distress, and punitive damages. The pending class action seeks certain injunctive relief as well as monetary damages. Most of the filed lawsuits do not contain a specific dollar amount, although one of the pending class actions asserts a damages figure of greater than $10 billion. The cases are not yet at a stage where it is possible to reasonably estimate the potential ultimate financial exposure to the City or LADWP. The City and DWP deny all liability claims.

The City intends to vigorously defend against these lawsuits, and any others that may be filed. The City is unable to assess at this time whether additional claims will be asserted by the plaintiffs, the likelihood of success of the plaintiffs' cases or any possible outcome. There can be no assurances that additional causes of action will not be asserted by the current plaintiffs, or additional litigation will not be brought by other plaintiffs whose properties were damaged in the Palisades Fire. See the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Los Angeles 2025 Wildfire Event.*"]]

Measure ULA Special Tax.

Measure ULA, a voter initiative to fund affordable housing projects and programs, has been challenged by multiple actions. On December 21, 2022, Howard Jarvis Taxpayers Association and Apartment Association of Greater Los Angeles filed, in Los Angeles County Superior Court (the "County Superior Court"), a reverse validation action to invalidate the ULA special tax (*Howard Jarvis Taxpayers Assn. et al. v. City of Los Angeles et al.*) ("Jarvis Action") pursuant to California Code of Civil Procedure section 860 et seq. On January 6, 2023, Newcastle Courtyards, LLC and Jonathan Benabou (collectively "Newcastle") also filed a reverse validation action in Los Angeles County Superior Court (*Newcastle Courtyards, LLC et al. v. City of Los Angeles et al.*) pursuant to California Code of Civil Procedure section 860 et seq., which was consolidated with the Jarvis Action. Newcastle filed an additional complaint in the Federal District Court to challenge the validity of ULA and the ULA special tax (collectively "Newcastle Actions"). The Jarvis Action seeks to enjoin the ULA special tax by alleging that the enactment of the ULA special tax violates Section 450 of the City's Charter (the "Charter") and Section 4 of Article XIIIA of the California Constitution. The Newcastle Actions, similarly, seek to enjoin the ULA special tax based on allegations that it violates Section 4 of Article XIIIA of the California Constitution and would infringe various taxpayer protections and rights granted under the U.S. Constitution and California Constitution. On September 5, 2023, the Federal District Court dismissed Newcastle's federal court action for lack of subject matter jurisdiction, without prejudice to Newcastle's separate action filed in County Superior Court. Newcastle is appealing the District's Court's dismissal. On October 24 2023, the Superior Court for the consolidated Jarvis Action concluded that the plaintiffs failed to state facts sufficient to support any claim against the City and ULA to invalidate its enactment. In rejecting the plaintiff's arguments, the Superior Court ruled, amongst others, that (1) ULA did not violate Section 4 of Article XIII of the California Constitution because it was passed as a voter initiative, not as a City-sponsored tax measure; (2) Section 450 of the Charter did not limit the initiative power of voters of the City; and (3) ULA either satisfied or did not violate a number of other constitutional considerations, such as the Equal Protection Clause and the Takings Clause. The plaintiffs have appealed the County Superior Court's ruling to the California Court of Appeals. Oral arguments for the appeal are scheduled for September 11, 2025. The City will continue to defend ULA and its interests in these matters. The City cannot provide any assurances that ULA and the ULA special tax will

ultimately be upheld in court. In the event the ULA special tax is invalidated in court, the General Fund may be at risk of repaying ULA special tax receipts that have been expended.

See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Certain Significant Challenges—*Measure ULA Special Tax*."

Wage Cases.

The City is subject to multiple lawsuits, including class action or putative class action lawsuits, alleging that the City failed to timely or accurately pay salary increases and/or overtime, and/or committed other violations of the federal Fair Labor Standards Act and the California Labor Code. One certified class action lawsuit (*Larocque et al. v. City of Los Angeles et al*.) and three large, multi-plaintiff lawsuits (*Gonzalez et al. v. City of Los Angeles*; *Acedo et al. v. City of Los Angeles*; and *Abram et al. v. City of Los Angeles*) were filed by LAFD employees or former employees (the "LAFD Wage Cases"). The plaintiffs in the LAFD Wage Cases are seeking unpaid back wages, liquidated damages and fees and costs. The City has agreed to pay $9.5 million to settle one of these cases (*Gonzalez*). For the remainder of these cases, liability can be in the tens of millions of dollars in the aggregate based on the plaintiffs' allegations. The City denies that some or all of the allegedly unpaid wages are owed, as claimed by the respective plaintiffs, and the City is defending its interests in these matters.

Angels Landing Partners, LLC v. City of Los Angeles.

On December 6, 2024, Angels Landing Partners LLC ("ALP") sued the City asserting claims arising from the City's termination of an exclusive negotiating agreement (the "ENA") between ALP and the City. ALP asserts claims for breach of contract and breach of the implied covenant of good faith and fair dealing based on the City's failure to reimburse ALP for its costs following the termination of the ENA, which ALP alleges was improper because ALP was not in default at the time of termination. ALP's complaint seeks damages for the reimbursement of its reasonable and allowable costs under the ENA, which ALP estimates to exceed $20 million. The City denies any and all liability for all alleged claims and damages, and has filed a cross-complaint asserting its own claims against ALP for breach of contract and breach of the implied covenant of good faith and fair dealing. Trial on all claims and cross-claims is currently scheduled for July 6, 2026.

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

On September 27, 2017, the plaintiffs filed a class action claim in County Superior Court alleging the franchise fee collected by the City from private commercial waste haulers for the rights to service commercial and multi-family buildings should be treated as taxes under Proposition 218, and therefore require voter approval. The plaintiffs asserted two causes of action: (1) a refund of the franchise fees, and (2) a declaration that the franchise fees are taxes. On March 16, 2021, the Superior Court granted the City's motion for summary judgment, holding that the plaintiffs lacked standing to bring both causes of action. On December 28, 2022, the California Court of Appeal reversed the judgment, relying on a superseding California Supreme Court decision in *Zolly v. City of Oakland* (2022) 13 Cal.5th 780, which addressed a similar challenge to waste hauling franchise fees paid to the City of Oakland. In *Zolly*, the California Supreme Court found that the plaintiffs had standing to challenge the franchise fees. The Court of Appeal expressed no opinion on the underlying substantive issues, and the matter was remanded back to Superior Court for further adjudication. Due to the unsettled nature of the law, an assessment of liability, if any, is difficult to ascertain. However, if the City loses, it could be required to pay back all franchise fees collected to date by the General Fund, and to cease collection of the franchise fees going forward. From Fiscal Year 2017-18 through Fiscal Year 2023-24, the City collected approximately $281 million in these franchise fees. Through May 30, 2025, the City collected approximately $57 million in these franchise fees in Fiscal Year 2024-25. The City expects to continue to collect approximately $57 million or more annually from these franchise fees through the term of the current agreement, which expires on January 31, 2027. See Table 11 and Table 23 under the caption "MAJOR GENERAL FUND REVENUE SOURCES."

Black Lives Matter et al. v. City of Los Angeles et al.

On or about July 7, 2020, the City was served with a class action lawsuit in Federal District Court alleging that the Los Angeles Police Department violated the federal and State Constitutional rights of protestors and rioters during its response to quell civil unrest in late May and early June 2020. The protests and riots were part of the nationwide movement following the deaths of George Floyd and Breonna Taylor. The lawsuit seeks class certification, injunctive relief and unspecified damages. Class certification has yet to be determined. The Federal District Court issued an injunction against the City which limited LAPD's use to less lethal munitions in public protest situations. In the event of an adverse ruling, the City estimates its liability could be in the tens of millions of dollars.

Blue Cross of America v. City of Los Angeles.

On March 30, 2017, Blue Cross filed a protective tax refund claim of business taxes paid for tax year 2015, under Article XIII, Section 28 of the California Constitution, which exempts "insurers" from local business taxes on account of being subject to a higher State income tax. Blue Cross' protective refund action arises out of a separate action in *Los Angeles County Superior Court, entitled Michael D. Myers v. State Board of Equalization, et al.* (BS143436). Myers proceeded under a California statute that permitted an individual taxpayer to sue a governmental agency when the taxpayer believes the agency has failed to enforce governing law. The issue, amongst others, to be resolved in Myers is whether Blue Cross is an "insurer" under California tax law and thus subject to the higher State tax. Pending the resolution of that issue, Blue Cross has continued to report and pay its City business taxes. Likewise, Blue Cross has also filed supplemental protective tax refund claims of business taxes paid for tax years 2016 through 2023, inclusive.

On April 24, 2023, the California Court of Appeals affirmed the trial court's determination that Blue Cross was not considered an "insurer" under California tax law and thus not subject to the higher State tax rate. Although Blue Cross has filed protective tax refund claims for City business tax paid through tax year 2024, the City will begin to review the filed protective refund claims in conformity with the Court of Appeals affirming ruling that Blue Cross was not an insurer under California law.

Brewster v. City of Los Angeles.

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

The Federal District Court granted the City's motion to dismiss the complaint on March 19, 2015. The plaintiffs appealed the Federal District Court's dismissal to the Ninth Circuit Court of Appeals. On June 21, 2017, the Ninth Circuit Court of Appeals reversed the Federal District Court's decision to dismiss the complaint. On March 19, 2018, the U.S. Supreme Court denied the City's request to review the Ninth's Circuit's decision. On August 5, 2021, the Federal District Court certified two classes and denied the certification of a third. On May 9, 2023, the Federal District Court granted plaintiffs' motion for summary judgment, holding that the City violated plaintiffs' rights under the U.S. and California Constitutions. Although the Federal District Court did not issue a judgment, liability is probable. Following the Federal District Court's May 9, 2023 order, the plaintiffs again moved to certify the third class and, on July 17, 2023, the Federal District Court certified the third class. In their motions to certify the classes, the plaintiffs estimated the City's liability at $99 million. The identification of class members is ongoing. The City has every expectation to appeal any adverse judgment.

Clear Channel Outdoor, Inc.

Clear Channel filed a Claim for Damages, dated February 1, 2018, for an amount in excess of $100 million arising from a federal appellate court decision invalidating a settlement agreement between the City and

certain outdoor advertising companies (the "Summit Media Decision"). The claim alleges: (i) violation of the City's representations and warranties in the settlement agreement that the conversions of its existing signs to digital technology did not violate the City's regulations, and (ii) that just compensation is due under the California Outdoor Advertising Act. The City denied the claim by letter dated March 1, 2018. The parties most recent tolling agreement expired on February 1, 2024. The City has yet to execute another tolling agreement. Clear Channel has four years from the expiration of the most recent tolling agreement to file suit.

Estate of Valentina et al. v. City of Los Angeles et al.

On July 14, 2022, plaintiffs filed a lawsuit against the City in County Superior Court relating to the death of their minor child who was struck by a bullet which ricocheted off the floor during an LAPD officer shooting on December 23, 2021. This shooting took place inside a Burlington Coat Factory. The bullet was fired by an LAPD officer who was attempting to stop a violent attack by an assailant against a third-party victim. The LAPD officer fired at the assailant and struck the assailant; one bullet, however, ricocheted off the floor and struck the minor child who was hiding in a dressing room with her mother. Plaintiffs seek damages for wrongful death, emotional distress and other tort claims. Trial is scheduled for September 2, 2025. In the event of an adverse ruling, the City estimates that liability could be in the tens of millions of dollars. The City is defending its interest in this matter.

GHP Management et al. v. City of Los Angeles et al.

On August 27, 2021, the City was served with a lawsuit, in Federal District Court, that alleges that the City's COVID-19 eviction moratorium constituted an uncompensated governmental taking in violation of the U.S. and California Constitutions. The plaintiffs, collectively, own or manage nearly 5,000 apartment units in the City. The moratorium, the plaintiffs claim, has permitted their tenants to abstain from remitting any rental payments while continuing to reside in the rental units. They seek damages in the form of unpaid rents, interest, and attorneys' fees. On November 18, 2022, the Federal District Court granted the City's motion to dismiss the complaint with leave for the plaintiffs to amend. The plaintiffs appealed. On May 31, 2024, the Ninth Circuit Court of Appeals affirmed the Federal District Court's ruling in an unpublished memorandum disposition. The plaintiffs have appealed the Ninth Circuit Court of Appeals ruling to the United States Supreme Court. On June 30, 2025, the United States Supreme Court denied certiorari and decided not to consider the plaintiffs' appeal. The Federal District Court's granting of City's motion for dismissal of the complaint thus stands affirmed.

Griffin et al. v. City of Los Angeles et al.

On July 26, 2024, plaintiffs filed a class action lawsuit against the City in Federal District Court alleging that the City's park and park facilities violate the American with Disabilities Act and other related laws. The plaintiffs, based on the filed complaint, are seeking injunctive and declaratory relief and, in the event of an adverse ruling against the City, the City may be required to undertake improvements relating to ADA compliance with respect to certain City park and park facilities. The parties have asked the Federal District Court to continue the trial to February 3, 2026. The City is defending its interests in this matter.

Jesus Pimentel, et al. v. City of Los Angeles.

On October 12, 2015, plaintiffs filed their putative class action complaint in Federal District Court alleging that the City's parking meter violation fines violate the Excessive Fines clause of the Eighth Amendment of the Constitution of the United States. The fine at issue for overstaying or nonpayment of a parking meter is $63, and the late fee for failing to timely pay the fine is also $63. The Federal District Court granted the City's motion for summary judgment and found that the initial parking meter violation fine was constitutional and was not excessive, which the Ninth Circuit affirmed on September 11, 2020. Subsequently, the Federal District Court granted the City's motion for summary judgment and found that the late fee was also constitutional and was not excessive. However, on September 9, 2024, the Ninth Circuit reversed the Federal District's Court's ruling with

respect to the late fee and held that a jury should determine if the late fee violated the Excessive Fines clause. The City filed a petition for a writ of certiorari in the United States Supreme Court, which was denied on May 27, 2025. The matter is before the Federal District Court regarding the constitutionality of the late fee. In the event of an adverse outcome at trial, liability could be in the tens of millions of dollars. The City is defending its interest in this matter.

Kamran Hakimi v. City of Los Angeles et al.

On October 17, 2024, plaintiff Kamran Hakimi filed a lawsuit against the City in County Superior Court relating to an August 1, 2024 incident where the plaintiff, a pedestrian, was crossing the intersection of Hayvenhurst Avenue and Ventura Boulevard when he was hit by a City Bureau of Sanitation vehicle. The impact from the vehicle knocked the plaintiff to the ground and he struck his head on the roadway, sustaining serious brain injury. Plaintiff's guardian ad litem sued the City and the driver on his behalf, seeking damages for past and future medical expenses, pain and suffering, loss of past and future income, as well as grief, loss of enjoyment of life, emotional distress, and humiliation. Following trial, on or about July 20, 2025, a jury reached a verdict in favor of the plaintiff and ordered the City to pay the plaintiff approximately $48.8 million. The court entered judgment on the verdict on August 7, 2025. Post-judgment interest on the verdict began to accrue on the same date. The City is assessing its options to reduce the jury award and its appeal options.

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

On March 10, 2020, the plaintiffs filed suit against the City and the County of Los Angeles ("County") for violating various State and federal laws in connection with homeless individuals. The plaintiffs contended that the County and the City have not made sufficient progress in providing housing and other services to the homeless population. Such failure has allegedly resulted in impassable sidewalks and exposed the public to health risks, environmental hazards, increased crime, and untreated mental illness and addiction. The plaintiffs demanded that the defendants provide immediate shelter for all homeless individuals to abate the degradation of the cities and communities.

On May 15, 2020, the Federal District Court of Central District issued a preliminary injunction requiring the City and the County to relocate and shelter all homeless individuals living near freeway overpasses, underpasses, and ramps. On June 18, 2020, the City and County entered into an agreement (the "Roadmap Agreement") under which the City agreed to provide 6,700 shelter beds, permanent supporting housing units, safe parking spaces and other interventions (collectively, "beds" or "interventions") to shelter homeless individuals, and the County agreed to pay up to $60 million in annual service funding, totaling up to $300 million over the five-year agreement term, based on the number of interventions opened and occupied within 60 days of July 1 each year for part of the annual cost of operations and services for this population. The City is complying with this agreement, the term of which ends on June 30, 2025.

On June 14, 2022, the Federal District Court approved a settlement between the City and the plaintiffs and dismissed the City from the lawsuit. Under the settlement, the City agreed to create shelter or housing to accommodate 60 percent of unsheltered persons experiencing homelessness ("PEH") in the City that do not require more acute services that can only be provided by the County. Based on the 2022 Point In Time Count by the Los Angeles Homeless Services Authority (a joint powers authority formed by the City and the County known as "LAHSA"), the City agreed to create 12,915 new interventions (e.g., interim housing beds, time-limited subsidies, permanent supportive housing units, etc.) for which total capital and operating costs could be as high as $3 billion during the five-year period. Such estimates do not include the beds that were agreed to be provided, or related costs, under the City's June 18, 2020 Roadmap Agreement. The majority of the funding needed under this settlement is expected to be provided by the City's Proposition HHH general obligation bonds and other available funding. On May 2, 2024, the City and County signed a cooperation Memorandum of Understanding ("Housing MOU"). Under the Housing MOU, which expires on June 30, 2027, the County has allocated $259 million for services for the City's interim housing requirements under the settlement. Any

additional financing that would be needed has yet to be identified, but could come from other government sources including the County, State, and federal agencies.

In its order approving the settlement between the City and the plaintiffs, the Federal District Court retained jurisdiction for a period of five years to enforce the terms of the settlement and appointed a special master to assist the Federal District Court to monitor and enforce the terms of the settlement. On February 7, 2024, the plaintiffs filed a motion alleging that the City violated the settlement agreement and requested monetary sanctions. The parties stipulated to a resolution of such sanctions motion requiring the City to pay for an audit, for which Council approved the expenditure of up to $2.9 million, and to pay attorneys' fees of $725,000.

On February 20, 2025, the plaintiffs filed a motion to compel the City to comply with the terms of the settlement. Amongst other allegations, the plaintiffs contend that the City has not met its obligations to create the number of beds to house persons experiencing homelessness under the terms of the settlement agreement and that the City does not have a plan to create the required number of beds. The plaintiffs further allege the City is not complying with the encampment reduction provisions of the settlement agreement. An additional court filing from the plaintiffs on May 8, 2025 further alleges that the City has not met its obligations under the Roadmap Agreement. The plaintiffs seek monetary and injunctive relief (including an extension of the Roadmap Agreement, appointment of a monitor and audits, each at the City's expense, as well as sanctions and attorneys' fees). The plaintiffs also requested the court to appoint a receiver for the matter; however, plaintiffs' request did not specify the scope of the receivership requested. In its brief, the plaintiffs state that the Court could establish a receiver for a limited purpose (e.g. to bring the City into compliance with the settlement) or more broadly over the City's "homelessness response system." On June 24, 2025, the Federal District Court denied the request for a receiver and decided that the City did not breach the Roadmap Agreement. Additionally, with respect to the settlement, the Federal District Court ordered the City to (a) provide an updated bed plan for all the 12,915 required shelter or housing solutions (or interventions), and updated milestones, in October 2025, (b) report new information in quarterly reports about how the City "created" each shelter or housing solution (or intervention), and attend quarterly hearings beginning in November 2025, (c) meet and confer with the plaintiffs on selecting a third-party monitor to select a monitor in September 2025, subject to court approval, and (d) report encampment reductions going forward based on the court's ruling. The Federal District Court also invited the plaintiffs and intervenors in the matter to file a motion for attorneys' fees. The City is defending its interests in this matter.

Los Angeles Police Protective League and United Firefighters of Los Angeles City v. Board of Fire and Police Pension Commissioners v. City of Los Angeles.

In this case plaintiffs seek a judgment declaring that their letter of agreement with the City requires the Board of Fire and Police Pension Commissioners (the "Board") to increase the retirees' medical subsidy by the maximum amount allowable per year under the Administrative Code. The City prevailed on a demurrer, but the Court of Appeal reversed and issued a remitter, sending the case back to the trial court to resolve disputed factual issues. A bench trial occurred from September 26 to September 28, 2016. Following the bench trial, the court issued a tentative decision in favor of the plaintiffs. In November 2016, the trial court ruled in favor of the plaintiffs' claim with respect to the medical subsidy. The City appealed the trial court ruling. On October 30, 2018, the appellate court reversed the trial court and ordered that the case be remanded for a new trial.

On August 10, 2017, the Los Angeles Police Protective League (LAPPL) filed an additional lawsuit against the LAFPP Board and the City in County Superior Court. The complaint, as supplemented, alleges that the Board should have raised the retiree subsidy to the maximum amount of 7 percent for the fiscal year beginning July 1, 2017, rather than the 6 percent then awarded and for the fiscal years thereafter. This case has been consolidated with the case discussed above. In October 2021, the court conducted a three-day trial. On May 2, 2022, the court ruled that the letter of agreement did not require the City (through the LAFPP Board) to grant the unions the maximum possible increase in the retiree medical subsidy. Rather, the LAFPP Board retained the discretion on the amount of any increase. LAPPL filed a notice of appeal. The appeal was expected to be heard sometime in 2025, but no date has been set. Notwithstanding, the second case concerning whether

the LAFPP Board abused its discretion in the years it did not grant the maximum possible increase has been stayed by the trial court pending the appeal of the trial court's ruling on the discretionary increase question. The timeframe in which the discretion issue will be adjudged will be dependent upon the outcome of the appeal. If LAPPL is successful in its appeal, a new trial may result and render the discretion issue moot.

See "RETIREMENT AND PENSION SYSTEMS—Los Angeles Fire and Police Pension Plan," below.

Nguyen v. City of Los Angeles.

The City was served with a putative class action complaint in County Superior Court alleging that the 3.5 percent surcharge in the City's new 5.5 percent gas utility franchise fee, which took effect in May 2022, violates Proposition 218 (California Constitution Article XIII C, Section 2) by creating a utility fee without voter approval. The previous franchise fee in effect for approximately 30 years prior to May 2022 was 2 percent. The new 2 percent franchise fee and 3.5 percent surcharge was approved by the City and California Public Utilities Commission. On June 11, 2024, the County Superior Court granted the City's summary judgment motion, finding that the undisputed evidence showed the franchise fee, including the surcharge, resulted from bona fide negotiations between SoCal Gas and the City. The County Superior Court determined that the amount of the franchise fee and surcharge was reasonably related to the value of the franchise exchanged, and that it did not constitute an illegal tax. The plaintiffs are challenging this ruling on appeal. If the ruling is reversed on appeal, the City could be required to pay back all amounts collected by the General Fund under the 3.5 percent surcharge to date, and to cease collection of the surcharge going forward. In Fiscal Years 2022-23 and 2023-24, the City collected approximately $66 million, collectively, under the 3.5 percent surcharge. For the first three quarters of Fiscal Year 2024-25, the City collected approximately $22 million under the 3.5 percent surcharge.

Paper, Stephen et al. v. City of Los Angeles et al.

On August 15, 2024, plaintiffs filed a lawsuit against the City in County Superior Court relating to a June 4, 2024 incident where an LAPD vehicle impacted a vehicle operated by plaintiff Stephen Paper in which his brother, Richard Paper, was a passenger. The accident occurred at the intersection of Balboa Boulevard and Burbank Boulevard while plaintiff Stephen Paper was negotiating a permissive left turn. The plaintiffs allege that the LAPD Officer was driving at an excessive rate of speed and was the sole cause of the accident. The plaintiffs allege multiple injuries, including traumatic brain injury, and have had multiple surgeries and extensive rehabilitation treatment. The trial began on August 20, 2025. If a jury finds against the City, a verdict could be in the tens of millions of dollars. The City is defending its interest in this matter.

RETIREMENT AND PENSION SYSTEMS

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

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

retirement benefits, and generally rely on the same actuarial assumptions, other than those assumptions such as medical cost inflation specific to OPEB.

The actuarial valuations for both Pension Systems are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. The Pension Systems' annual valuations determine the contribution rate, as a percentage of covered payroll, needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability ("UAAL"). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the benefits for currently active, vested former members and retired employees and their beneficiaries.

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

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

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

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

Examples of key risks that are particularly relevant to the Pension Systems are investment risk and longevity and other demographic risks. Among other things, the reports consider the cost to the City of alternative earning scenarios from variances in investment experience in past valuations, the Pension Systems' actuary has examined the risk associated with earning either higher or lower than the assumed investment rate in future valuations.

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

In the Risk Reports, the actuary noted that each Pension System had strengthened their respective actuarial assumptions over time in part by lowering the expected investment rate of return, utilizing generational mortality assumptions and adopting a funding policy that controls future negative amortization. These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL.

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

In addition, in December 2021 the Actuarial Standards Board finalized and adopted changes to Actuarial Standard of Practice No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* ("ASOP 4"). ASOP 4 adds significant disclosure requirements for all actuarial valuations issued on or after February 15, 2023, including a requirement to calculate and disclose a new market-based liability measurement called the Low-Default-Risk Obligation Measure ("LDROM"). Under the revised ASOP, the LDROM may be determined in a manner similar to the Actuarial Accrued Liability ("AAL") that is commonly used in public sector plan funding, but with a key difference: instead of basing the discount rate on the plan's expected rate of return (as is done in determining the AAL), the LDROM must use discount rates derived from "low-default-risk fixed income securities." Examples of these rates include U.S. Treasury yields and yields on high-rated corporate or tax-exempt general obligation municipal bonds. Public pension plans, including LACERS and LAFPP, typically invest in a diversified portfolio including stocks, bonds, real estate, and private equity, and funding calculations are based on the expected return of that portfolio. The new disclosure requirement, which was incorporated with LACERS' and LAFPP's June 30, 2023 valuations, does not change this approach for funding the plans but provides additional information on what the liability measurement would be if the plans were to adopt an all-bond investment strategy.

Each of the Pension Systems has adopted its own asset allocation plan to guide their respective investments in stocks, bonds, real estate, alternatives, and cash equivalents. Each Pension System reviews its asset allocation plan periodically and any adjustments are approved by the respective boards.

The City has never issued pension obligation bonds to fund either of its Pension Systems but may consider it in the future. The City typically pays all of its annual contributions to its Pension Systems in July at a discount, out of the proceeds of its annual issuance of tax and revenue anticipation notes.

This section, "RETIREMENT AND PENSION SYSTEMS," is primarily derived from information produced by LACERS and LAFPP and their independent actuaries. The City has not independently verified the information provided by LACERS and LAFPP. The comprehensive annual financial reports of the individual Pension Systems, actuarial valuations for retirement and health benefits, and other information concerning LACERS and LAFPP are available on their websites, at www.lacers.org/financial-reports-and-statistics and lafpp.lacity.gov/financial-reports, respectively. Information set forth on such websites is not incorporated by reference herein. For additional information regarding the Pension Systems, see also Note 5 in the "Notes to the Basic Financial Statements" in the City's ACFR for the Fiscal Year Ended June 30, 2024.

Investors are cautioned that, in considering information on the Pension Systems, including the amount of the UAAL for retirement and other benefits, the funded ratio, the calculations of normal cost, and the resulting amounts of required contributions by the City, this is "forward-looking" information. Such "forward-looking" information reflects the judgment of the boards of the respective Pension Systems and their respective actuaries as to the value of future benefits over the lives of the currently active employees, vested terminated employees,

and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

Los Angeles City Employees' Retirement System ("LACERS"). LACERS, established in 1937 under the Charter, is a contributory plan covering civilian employees other than employees of DWP and those Public Safety Officers not participating in LAFPP. As of June 30, 2024, the date of its most recent actuarial valuation, LACERS had 26,782 active members, 22,763 retired members and beneficiaries, and 11,839 inactive members (members with a vested right to a deferred or immediate benefit or entitled to a return of their member contributions).

Over the past several years, LACERS has adopted various changes to its actuarial assumptions, including reducing the assumed investment return from 7.75 percent to 7.50 percent in 2014, to 7.25 percent in 2017 and to 7.0 percent in 2020.

In June 2023, the LACERS Board considered a new experience study and adopted a number of changes to actuarial assumptions, including reducing the assumed inflation from 2.75 percent to 2.50 percent while maintaining the assumed rate of return at 7.00 percent. The City's actuarial consultant calculated the City pension contribution rate to increase by 0.26 percent of payroll as a result of these changes. The new assumptions were used in the June 30, 2024 actuarial valuations, which determine the City's contribution rate for Fiscal Year 2025-26.

LACERS amortizes components that contribute to its UAAL over various periods of time, depending on how the unfunded liability arose, layering separate fixed amortization periods. Under current funding policy, market losses and gains are recognized over a seven-year asset smoothing period, where only 1/7 of annual market gains or losses are recognized in the actuarial value of assets each year. The remaining gains or losses are spread equally over the next six years. Other factors that affect the calculation of unfunded liability, including early retirement incentives, plan amendments, changes in assumptions and other actuarial gains and losses will be amortized over terms that range from 5 to 30 years.

The LACERS Board uses a market value "corridor" of 40 percent. A corridor is used in conjunction with asset smoothing, in order to keep the actuarial value of assets within a certain percentage of the market value of assets. For example, if a system has a 40 percent corridor, the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

In 2012, the Council adopted a new civilian retirement tier ("Tier 2"), which applied to all employees hired on or after July 1, 2013. Subsequently, as part of an agreement with the Coalition of LA City Unions, both the City and the Coalition agreed to transfer all Tier 2 employees into Tier 1 effective February 21, 2016. Any new employee hired into a position eligible for LACERS membership on or after February 21, 2016, unless eligible for Tier 1 membership under specific exemptions, is enrolled in a new "Tier 3." Based on the actuarial valuation as of June 30, 2024, approximately 57 percent of the system's active membership was Tier 1 members and 43 percent was comprised of Tier 3 members.

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

Table 42
COMPARISON OF LACERS TIER 1 AND TIER 3 PLAN DESIGNS

Plan Feature	*Tier 1*[(1)]	*Tier 3*
Normal Retirement (Age / Years of Service)	55 / 30 60 / 10 70 / Any	60 / 30 60 / 10
Early Retirement (Reduced)	55 / 10 Under 55 / 30	Under 55 / 30
Benefit Factors	Normal Retirement 2.16% per year of service	Enhanced Retirement 2.0% @ 63 / 10 2.1% @ 63 / 30 Normal Retirement 1.5% @ 60 / 10 2.0% @ 55 / 30
	Early Retirement Reduced by 3% per year before age 55; and 1.5% per year from ages 55-59	Early Retirement Reduced by 10.5% at age 54, plus an additional 3% reduction for every year below the age of 54
Compensation Used to Determine Retirement Allowance	Highest consecutive 12 months, including pensionable bonuses	Highest consecutive 36 months, including pensionable bonuses
Maximum Benefit	100%	80%
Employee Contribution Base	10%	11%
Early Retirement Incentive Program (ERIP) Employee Contribution	1% until 2026 or when ERIP debt is paid, whichever is sooner	N/A
Maximum Annual COLA	3%	2%
COLA Bank	Yes	No
Government Service Buyback	Member pays employee contributions	Member pays employee and employer contributions, except for limited military or maternity leave time. Service purchase may not cause member's service retirement allowance to exceed eighty percent of final compensation.

(1) Does not reflect Tier 1 Enhanced Benefits for approximately 500 Public Safety Officers. In November 2024, voters approved Measure FF, which grants these Public Safety Officers the opportunity to transfer to LAFPP by January 2026. The estimated number of those eligible to transfer is 420.

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

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

Table 43
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[2]*	*Funded Ratio[3]*	*Covered Payroll[4]*	*UAAL as a Percentage of Covered Payroll[5]*
2015	$11,727,161	$16,909,996	$5,182,835	69.4%	$1,907,665	271.7%
2016	12,439,250	17,424,996	4,985,746	71.4	1,968,703	253.3
2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
2020	15,630,103	22,527,195	6,897,093	69.4	2,445,017	282.1
2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
2022	17,649,268	24,078,751	6,429,483	73.3	2,258,725	284.7
2023	18,493,821	25,299,537	6,805,716	73.1	2,512,179	270.9
2024	19,445,577	26,492,518	7,046,942	73.4	2,730,282	258.1

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100 percent.
(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual pensionable payroll for members of LACERS.
(5) UAAL divided by covered payroll.
Source: Los Angeles City Employees' Retirement System Actuarial Valuation reports.

For the Retirement Plan, the City's contribution rate generally increased between the June 30, 2015 and the June 30, 2024 valuations, from 23.7 percent to 29.0 percent, primarily due to the amortization of UAAL increases from unfavorable investment experience and changes in actuarial assumptions. The introduction of Tier 3 has helped to mitigate costs as new members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, an additional employee contribution (4 percent for all affected employees effective January 1, 2013) was implemented by the City for certain bargaining groups and for all non-represented employees. For the post-employment Health Plan, the non-investment experience (primarily lower than projected medical premiums and subsidies) has had the most impact on declining contribution rates, from 4.9 percent in 2015 to 3.4 percent in 2024.

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

Table 44
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]*
2015	$11,920,570	$16,909,996	$4,989,426	70.5%	$1,907,665	261.5%
2016	11,809,329	17,424,996	5,615,667	67.8	1,968,703	285.2
2017	13,180,516	18,458,188	5,277,672	71.4	2,062,316	255.9
2018	14,235,231	19,944,579	5,709,348	71.4	2,177,687	262.2
2019	14,815,593	20,793,421	5,977,828	71.3	2,225,413	268.6
2020	14,932,404	22,527,195	7,594,791	66.3	2,445,017	310.6
2021	18,918,136	23,281,893	4,363,757	81.3	2,254,165	193.6
2022	17,013,091	24,078,751	7,065,660	70.7	2,258,725	312.8
2023	17,953,293	25,299,537	7,346,244	71.0	2,512,179	292.4
2024	19,144,037	26,492,518	7,348,481	72.3	2,730,282	269.1

(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 percent.
(3) Market Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual pensionable payroll for members of LACERS.
(5) Unfunded liability divided by covered payroll.
Source: Calculated based on data from Los Angeles City Employees' Retirement System Actuarial Valuation reports.

The table below shows the actuarial funding progress of LACERS' liability for post-employment healthcare benefits:

Table 45
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL*[1]	*Funded Ratio*[2]	*Covered Payroll*[3]	*UAAL As a Percentage of Covered Payroll*[4]
2015	$2,108,925	$2,646,989	$538,065	79.7%	$1,907,665	28.2%
2016	2,248,753	2,793,689	544,935	80.5	1,968,703	27.7
2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
2022	3,472,956	3,580,696	107,741	97.0	2,258,725	4.8
2023	3,646,978	3,405,089	(241,890)	107.1	2,512,179	(9.7)
2024	3,855,959	3,570,148	(285,811)	108.0	2,730,282	(10.5)

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(3) Annual pensionable payroll against which UAAL amortized.
(4) UAAL divided by Covered Payroll.
Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuations.

The table below summarizes the City's payments to LACERS over the past four years and payments included in the Fiscal Year 2025-26 Adopted Budget. This table includes costs for contributions for both pensions and retiree health care.

Table 46
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)[1]

	2021-22	*2022-23*	*2023-24*	*2024-25*	*Adopted Budget 2025-26*
Sources of Contributions					
Contributions for Council-controlled Departments[2]	$ 601,450	$ 636,523	$ 675,824	$ 706,025	$ 703,190
Airport, Harbor Departments, LACERS, LAFPP	124,074	131,166	138,617	143,113	150,558
Total	**$ 725,524**	**$ 767,689**	**$ 814,441**	**$ 849,138**	**$ 853,748**
Percent of payroll – Tier 1	32.81%	33.93%	34.07%	34.34%	32.65%
Percent of payroll – Tier 3	30.16%	31.35%	31.45%	31.06%	29.37%
Uses of Contributions					
Current Service Liability (Normal cost)	$ 265,096	$ 285,162	$ 298,345	$ 321,331	$ 321,965
UAAL	492,955	556,287	596,007	609,339	566,803
Adjustments[3]	(32,527)	(73,760)	(79,911)	(81,532)	(35,020)
Total	**$ 725,524**	**$ 767,689**	**$ 814,441**	**$ 849,138**	**$ 853,748**

(1) Includes funding for OPEB.
(2) Includes employees funded by certain special funds in addition to the General Fund.
(3) Adjustments include a "true-up" reconciling projected payroll against actual payroll, the family death benefit plan, the limited term retirement plan, excess benefits, and the enhanced benefit for the Airport Public Safety Officers who remain in LACERS.
Source: City of Los Angeles, Office of the City Administrative Officer.

The table below illustrates the City's projected contributions to LACERS for the next four fiscal years from Council-controlled City Departments (excluding the proprietary departments) based on projected rates from the City's consulting actuary applied against projected payroll by the CAO. These projected contributions illustrate the projected cost of both pension and OPEB. The CAO's projected payroll assumes that there will be no negotiated employee compensation increases after the expiration of current labor agreements in 2027, 2028, and 2029.

Table 47
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
($ in thousands)

	Adopted Budget 2025-26	*Projection 2026-27*	*Projection 2027-28*	*Projection 2028-29*	*Projection 2029-30*
Contributions for Council-controlled Departments[1][2]	$ 703,190	$ 777,292	$ 826,077	$ 836,093	$ 866,333
Percentage of Payroll[3]	31.44%	31.88%	31.83%	31.39%	31.93%
Incremental Change	($ 2,844)	$ 74,102	$ 48,785	$ 10,016	$ 30,240
% Change	(0.40%)	10.54%	6.28%	1.21%	3.62%

(1) Includes the General Fund and various special funds.
(2) Assumes 7.0 percent return on investment in 2025-26 and each year thereafter.
(3) Reflects combined rates for July 15 payment.
Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

In addition, the LACERS Board has recently requested that the City Council review and consider a discretionary cost-of-living adjustment of 2.60 percent for Tier 1 participants. The recommendation is pending consideration by the City Council and Mayor.

Los Angeles Fire and Police Pension Plan ("LAFPP"). The LAFPP, established in 1899 and incorporated into the Charter in 1923, represents contributory plans covering uniformed fire, police, and some Department of Harbor and some Department of Airports police. As of June 30, 2024, the date of its most recent actuarial valuation, the LAFPP had 12,369 active members (including 127 in Harbor and 102 in Airports), 14,423 retired members and beneficiaries, and 828 vested former members.

Six tiers of benefits are provided, depending on the date of the member's hiring. No active members are in Tier 1, while Tier 2 had only 3 active members as of June 30, 2024, although both tiers have beneficiaries. Approximately 53 percent of active members are in Tier 5, and 43 percent are in Tier 6.

Amortization of UAAL may be calculated differently for different tiers. A Charter amendment adopted by City voters on March 8, 2011 provided the LAFPP Board with the authority to establish amortization and plan funding policies. Under the LAFPP Board's current actuarial funding policy, actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; plan amendments are amortized over 15 years; and actuarial funding surpluses are amortized over 30 years.

Similar to LACERS, LAFPP has adopted various asset smoothing methods. Generally, market gains or losses are recognized over seven years, so that approximately 1/7 of market losses or gains are recognized each year in the actuarial valuation. LAFPP uses a 40 percent market corridor, so that the actuarial value of assets must be between 60 percent and 140 percent of the market value of assets. If the actuarial value falls below 60 percent or rises above 140 percent of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

Based on the advice of its actuary, the LAFPP Board reduced its assumed rate of investment return from 7.50 percent to 7.25 percent in 2017, lowering it again to 7.00 percent in May 2020 (lowering its inflation assumption from 3.00 percent to 2.75 percent as well). In May 2023, the LAFPP Board adopted the actuary's recommendations to maintain the 7.00 percent assumed rate of investment return, but reduced the inflation assumption from 2.75 percent to 2.50 percent. In addition to the economic assumptions, the LAFPP Board adjusted various other demographic assumptions such as mortality, retirement, termination, and disability incidence rates. Adoption of the economic and demographic assumption changes in May 2023 was estimated to

decrease City contributions by 0.45 percent of payroll. The assumptions were used in the June 30, 2024 actuarial valuation, which determine the City's contribution rate for Fiscal Year 2025-26.

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

Table 48
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[2]*	*Funded Ratio[3]*	*Covered Payroll[4]*	*UAAL As a percentage of Covered Payroll[5]*
2015	$16,770,060	$18,337,507	$1,567,447	91.5%	$1,405,171	111.5%
2016	17,645,338	18,798,510	1,153,172	93.9	1,400,808	82.3
2017	18,679,221	20,411,024	1,731,803	91.5	1,475,539	117.4
2018	19,840,070	21,364,804	1,524,734	92.9	1,546,043	98.6
2019	21,037,711	22,474,125	1,436,414	93.6	1,583,808	90.7
2020	22,106,722	23,727,315	1,620,593	93.2	1,670,245	97.0
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8
2022	25,146,787	25,670,766	523,979	98.0	1,664,318	31.5
2023	26,430,735	26,556,702	125,967	99.5	1,698,778	7.4
2024	27,527,602	27,595,631	68,029	99.8	1,771,168	3.8

(1) Table includes funding for retirement benefits only. OPEB are not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual payroll against which UAAL amortized.
(5) UAAL divided by covered payroll.
Source: LAFPP Actuarial Valuations and Review of Retirement and Other Post-Employment Benefits as of June 30, 2024.

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

Table 49
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Market Value of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded (Overfunded) Liability[2]*	*Funded Ratio (Market Value)[3]*	*Covered Payroll[4]*	*Unfunded Liability As a Percentage of Covered Payroll (Market Value)[5]*
2015	$17,346,554	$18,337,507	$990,953	94.6%	$1,405,171	70.5%
2016	17,104,276	18,798,510	1,694,234	91.0	1,400,808	120.9
2017	18,996,721	20,411,024	1,414,303	93.1	1,475,593	95.8
2018	20,482,133	21,364,804	882,671	95.9	1,546,043	57.1
2019	21,262,200	22,474,125	1,211,925	94.6	1,583,808	76.5
2020	21,396,933	23,727,315	2,330,382	90.2	1,670,245	139.5
2021	27,862,307	24,461,267	(3,401,040)	113.9	1,684,785	(201.9)
2022	25,258,536	25,670,766	412,230	98.4	1,664,318	24.8
2023	26,437,300	26,556,702	119,402	99.6	1,698,778	7.0
2024	28,148,046	27,595,631	(552,415)	102.0	1,771,168	(31.2)

(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) Projected annual payroll against which liability is amortized.
(5) UAAL divided by covered payroll.
Source: Calculated by CAO based on data from LAFPP Actuarial Valuations.

The table below provides a ten-year history of the funding progress for retiree healthcare benefit liabilities of the LAFPP.

Table 50
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL*[1]	*Funded Ratio*[2]	*Covered Payroll*[3]	*UAAL As a Percentage of Covered Payroll*[4]
2015	$1,344,333	$2,962,703	$1,618,370	45.4%	$1,405,171	115.2%
2016	1,480,810	3,079,670	1,598,860	48.1	1,400,808	114.1
2017	1,637,846	3,322,746	1,684,900	49.3	1,475,539	114.2
2018	1,819,359	3,547,777	1,728,417	51.3	1,546,043	111.8
2019	2,016,202	3,590,023	1,573,821	56.2	1,583,808	99.4
2020	2,214,552	3,709,858	1,495,307	59.7	1,670,245	89.5
2021	2,455,726	3,793,174	1,337,448	64.7	1,684,785	79.4
2022	2,710,079	3,649,332	939,253	74.3	1,664,318	56.4
2023	2,966,078	3,815,027	848,948	77.8	1,698,778	50.0
2024	3,180,164	4,066,716	886,552	78.2	1,771,168	50.0

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(3) Projected annual payroll against which UAAL amortized.
(4) UAAL divided by covered payroll.
Source: The Fire and Police Pension Plan Actuarial Valuations.

The table below summarizes the General Fund's payments to LAFPP over the past four years and payments included in the Fiscal Year 2025-26 Adopted Budget. This table includes costs for both pensions and retiree health care, as well as the plan's administrative expenses.

Table 51
LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)

	2021-22	*2022-23*	*2023-24*	*2024-25*	*Adopted Budget 2025-26*
General Fund[(1)]	$ 721,998	$ 660,945	$ 637,297	$ 660,048	$ 633,416
Percent of Payroll	45.89%	41.84%	40.63%	38.72%	35.80%
Current Service Liability	$ 393,940	$ 394,525	$ 390,133	$ 410,951	$ 431,982
UAAL/(Surplus)	306,679	244,958	225,835	225,057	175,634
Administrative Costs	21,379	21,462	21,329	24,040	24,914
Adjustments[(2)]	-	-	-	-	885
Total	**$ 721,998**	**$ 660,945**	**$ 637,297**	**$ 660,048**	**$ 633,416**

(1) The City funds an Excess Benefit Plan outside LAFPP to provide for any benefit payments to retirees that exceed IRS limits. Amounts deposited in that account are credited against the City's annual contribution to LAFPP.

(2) Includes payment to refund members who previously elected to transfer from LACERS to LAFPP in accordance with the approval of Measure FF, Los Angeles Fire and Police Pensions; Peace Officers, in November 2024.

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

Historically, plan members did not contribute to offset the City's costs of retiree healthcare subsidy benefits, as all such costs were funded from the employer's contribution and investment returns thereon. In 2011, the City negotiated with the sworn bargaining units the option of a 2 percent active employee contribution to offset the cost of retiree healthcare for its sworn workforce hired before July 1, 2011. Sworn employees hired on and after July 1, 2011 are members of Tier 6, which requires an additional 2 percent contribution to offset the cost of retiree healthcare. Employees who contribute to retiree healthcare benefits are vested in future subsidy increases authorized by the LAFPP board. For those sworn employees that opted not to make an additional contribution to offset the cost of retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the maximum subsidy level in effect as of July 1, 2011.

A consolidated lawsuit challenged the LAFPP Board's exercise of its discretion to annually increase the subsidy for sworn employees. On May 2, 2022, the court ruled that LAFPP was not required to automatically grant the unions the maximum possible increase in the retiree medical subsidy each year to employees who contribute the additional 2 percent. Rather, the LAFPP Board retained the discretion on the amount of any increase. The union filed a notice of appeal. See "LITIGATION."

The table below illustrates the City's projected contributions to LAFPP that was prepared in conjunction with the adoption of the Fiscal Year 2025-26 Budget based on projected rates from the LAFPP's consulting actuary applied against projected payroll by the CAO. The CAO's projected payroll does not include compensation increases after the expiration of labor agreements current as of the adoption of the Fiscal Year 2025-26 Budget.

Table 52
LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS[1]
($ in thousands)

	Adopted Budget 2025-26	*Projection 2026-27*	*Projection 2027-28*	*Projection 2028-29*	*Projection 2029-30*
General Fund	$ 633,416	$ 682,589	$ 682,126	$ 673,520	$ 673,027
Percentage of Payroll	35.80%	35.73%	34.82%	33.94%	33.21%
Incremental Change	($ 26,633)	$ 49,173	($ 463)	($ 8,606)	($ 493)
% Change	(4.03%)	7.76%	(0.07%)	(1.26%)	(0.07%)

(1) Assumes 7.0 percent return on investment in Fiscal Year 2025-26 and each year thereafter.
(2) Reflects combined rates for all benefit tiers.
Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

The City's required contributions to its retirement systems are expected to stabilize in Fiscal Year 2026-27, then decline through the end of the projection period, due in part to the system reaching full funding. The above table assumes a 7 percent return for Fiscal Year 2025-26 and each year thereafter. Actual contributions will depend on a variety of factors, including actual investment returns.

City voters approved Measure FF on the November 1, 2024 ballot. The measure amended the City Charter to allow all sworn peace officers employed by LAPD, Airport Police, Harbor Police, and Recreation and Parks peace officers who are currently part of LACERS to transfer to LAFPP. The measure requires the City to pay a one-time payment for all costs associated with the transfer of past service and the annual ongoing increased normal costs for future service. The CAO previously estimated the cost based on a prior actuarial valuation to be up to $106 million ($21 million from the General Fund). The final costs will ultimately be based on which members elect to transfer and the current pension systems' valuations when the transfer takes place in Fall 2025. The City's General Fund portion of the increased ongoing annual cost is estimated to be $1 million, adjusted annually. The measure also requires the City to refund all payments that other LAPD and Airport Officers who previously paid to purchase service in a prior elective transfer from LACERS to LAFPP. The budgeted Fiscal Year 2025-26 contribution to LAFPP includes $2.5 million for such costs as part of the July 15, 2025 payment (of which approximately $900,000 would be from the General Fund).

PART 2: HISTORIC, ECONOMIC AND DEMOGRAPHIC INFORMATION

Introduction

The City of Los Angeles is the second most populous city in the United States, with an estimated 2025 population of 3.8 million. Los Angeles is the principal city of a metropolitan region stretching from the City of Ventura to the north, the City of San Clemente to the south, the City of San Bernardino to the east, and the Pacific Ocean to the west.

The economic and demographic information below is provided as general background. Although it has been collected from sources that the City considers to be reliable, the City has made no independent verification of the information provided by non-City sources and the City takes no responsibility for the completeness or accuracy thereof. The current state of the economy of the City, State of California and the United States of America may not be reflected in the data discussed below, because more up-to-date information is not publicly available.

History

Founded in 1781, Los Angeles was for its first century a provincial outpost under successive Spanish, Mexican and American rule. Incorporated in 1850 under the provisions of a Charter, the City experienced a population boom following its linkage by rail with San Francisco in 1876. Los Angeles was selected as the Southern California rail terminus because its natural harbor seemed to offer little challenge to San Francisco, home of the railroad barons. But what the region lacked in commerce and industry, it made up in temperate climate and available real estate, and soon tens and then hundreds of thousands of people living in the Northeastern and Midwestern United States migrated to new homes in the region. Agricultural and oil production, followed by the creation of a deep-water port, the opening of the Panama Canal, and the completion of the City-financed Owens Valley Aqueduct to provide additional water, all contributed to an expanding economic base. The City's population climbed to 50,000 persons in 1890, and had swelled to 1.5 million persons by 1940. During this same period, the automobile became the principal mode of American transportation, and the City developed as the first major city of the automotive age. Following World War II, the City became the focus of a new wave of migration, with its population reaching 2.4 million persons by 1960. By 2025, the population had grown to 3.8 million, and the City experienced further growth in its demographic and economic diversity.

The City's 470 square miles contain 11.5 percent of the area of the County of Los Angeles, California (the "County") and approximately 39 percent of the population of the County. Tourism and hospitality, professional and business services, direct international trade, entertainment (including motion picture, television and digital media production), and wholesale trade and logistics all contribute significantly to local employment. Emerging industries are largely technology driven, and include biomedical technology, digital information technology, environmental technology and aerospace. There were more than 310,000 manufacturing jobs in the County in 2024. Important manufacturing components of local industry include apparel, computer and electronic components, transportation equipment, fabricated metal, and food processing. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined are the busiest container ports in the nation. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

Population

The table below summarizes historic City, County, and State population estimates since 2000.

Table 53
CITY, COUNTY AND STATE POPULATION STATISTICS

Year[(1)]	*City of Los Angeles*	*Percentage Change*[(2)]	*County of Los Angeles*	*Percentage Change*[(2)]	*State of California*	*Percentage Change*[(2)]
2000	3,694,742	-	9,519,330	-	33,873,086	-
2005	3,769,131	2.01%	9,816,153	3.12%	35,869,173	5.89%
2010	3,792,621	0.62	9,818,605	0.02	37,253,956	3.86
2015	3,938,939	3.86	10,124,800	3.12	38,865,532	4.33
2020	3,898,536	(1.03)	10,014,009	(1.09)	39,538,223	1.73
2021	3,871,886	(0.68)	9,955,445	(0.58)	39,327,868	(0.53)
2022	3,822,940	(1.26)	9,861,493	(0.94)	39,114,785	(0.54)
2023	3,804,420	(0.48)	9,819,312	(0.43)	39,061,058	(0.14)
2024	3,814,318	0.26	9,824,091	0.05	39,128,162	0.17
2025	3,835,263	0.54	9,876,811	0.53	39,529,101	1.02

(1) As of April 1 for 2000, 2010 and 2020 based on the Census benchmarks for such years. Estimated as of January 1 for other years.

(2) For five-year time periods, figures represent cumulative change over such five year period.

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 and 2010 Census Counts, Sacramento, California, November 2012 for years 2000 and 2005; State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark. Sacramento, California, May 2, 2022 for years 2010 and 2015; State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Census Benchmark. Sacramento, California, May 2024 for years 2020 through 2024.

Industry and Employment

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

Table 54
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF RESIDENT LABOR FORCE[(1)]

	2020	*2021*	*2022*	*2023*	*2024*
Civilian Labor Force					
City of Los Angeles					
Employed	1,787,300	1,868,300	1,947,300	1,957,000	1,962,900
Unemployed	251,500	181,900	102,600	108,500	124,400
Total	2,038,800	2,050,200	2,049,900	2,065,500	2,087,300
County of Los Angeles					
Employed	4,350,500	4,547,600	4,739,900	4,763,600	4,812,600
Unemployed	609,800	445,900	244,900	252,000	297,200
Total	4,960,300	4,993,500	4,984,800	5,015,600	5,109,800
Unemployment Rates					
City	12.3%	8.9%	5.0%	5.3%	6.0%
County	12.3%	8.9%	4.9%	5.0%	5.8%
State	10.1%	7.3%	4.2%	4.8%	5.3%
United States	8.1%	5.3%	3.6%	3.6%	4.0%

(1) March 2024 Benchmark report as of March 2025, not seasonally adjusted.
Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in the table below.
Sources: California Employment Development Department, Labor Market Information Division for the State and County; U.S. Bureau of Labor, Department of Labor Statistics for the U.S.

The COVID-19 pandemic caused an unprecedented loss of jobs and an increase in unemployment. Unemployment for the City for April 2020 was 20.7 percent, increased from 5.5 percent in March (not seasonally adjusted). The previous high in unemployment was 12.3 percent at the height of the Great Recession in 2010. The California Employment Development Department has reported preliminary unemployment figures for April 2025 of 5.0 percent statewide, 5.1 percent for the County, and 5.3 percent for the City (not seasonally adjusted).

The following table summarizes the California Employment Development Department's estimated annual employment for the County as of March 2024, which includes full-time and part-time workers who receive wages, salaries, commissions, tips, payment-in-kind, or piece rates. Separate figures for the City are not maintained. Percentages indicate the percentage of the total employment for each type of employment for the given year. For purposes of comparison, the most recent employment data for the State is also summarized.

Table 55
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE[1]

	County of Los Angeles 2024	*% of Total*	*State of California 2024*	*% of Total*
Agricultural	4,700	0.1%	412,700	2.2%
Mining and Logging	1,700	0.0	18,900	0.1
Construction	150,900	3.3	912,100	5.0
Manufacturing	310,800	6.8	1,249,100	6.8
Trade, Transportation and Utilities	814,000	17.7	3,082,300	16.8
Information	189,800	4.1	538,100	2.9
Financial Activities	208,700	4.5	802,500	4.4
Professional and Business Services	657,800	14.3	2,786,800	15.2
Educational and Health Services	969,400	21.1	3,285,500	17.9
Leisure and Hospitality	537,400	11.7	2,015,800	11.0
Other Services	158,400	3.4	594,700	3.2
Government	591,100	12.9	2,662,900	14.5
Total	**4,594,700**		**18,361,400**	

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

Note: Based on surveys distributed to employers; not directly comparable to Civilian Labor Force data reported in Table 54.

Source: California Employment Development Department, Labor Market Information Division. Based on March 2024 Benchmark report as of March 28, 2025.

Major Employers

The estimated top 25 major non-governmental employers in the County in 2024 are listed in the table below. Separate estimates for the City are not available. Based on these estimates, the top 25 major non-governmental employers represented 6.9 percent of the labor force.

Table 56
LOS ANGELES COUNTY
2024 MAJOR NON-GOVERNMENTAL EMPLOYERS

Employer	*Product/Service*	*Employees*
Kaiser Permanente	Nonprofit health care system	47,438
University of Southern California	Private university	24,099
Northrop Grumman Corp.	Systems and products in aerospace and information systems	18,708
The Walt Disney Co.	Media and entertainment	13,400
Home Depot	Home improvement retailer	12,000
UPS	Logistics, transportation and freight	11,542
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	10,783
Providence	Healthcare	10,153
Target Corp.	Retailer	10,020
NBCUniversal	Media and entertainment	8,576
Cedars-Sinai	Healthcare organization	8,427
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,419
Albertsons Cos.	Grocery retailer	7,476
Allied Universal	Provider of security services and technology solutions	6,866
AT&T Inc.	Telecommunications, DirecTV, cable, satellite and television provider	6,475
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	6,427
Bank of America Corp.	Banking and financial services	5,490
Space Exploration Technologies Corp.	Rockets and spacecraft	5,467
Children's Hospital Los Angeles	Nonprofit freestanding children's hospital	5,305
Amazon	Online retailer	5,200[(1)]
Inter-Con Security	Premier security services	5,165
Costco Wholesale	Membership chain of warehouse stores	5,143
Ralphs	Grocery retailer	4,435
Capital Group	Financial services	4,251
CommonSpirit Health	Healthcare	3,360

(1) Business Journal estimate.
Source: Los Angeles Business Journal, Weekly Lists, published August 26, 2024.

The estimated top 25 major governmental employers in the County in 2024 are listed in the table below. Separate estimates for the City are not available. Based on these estimates, the top 25 major governmental employers represented 9.7 percent of the labor force.

Table 57
LOS ANGELES COUNTY
2024 LARGEST PUBLIC SECTOR EMPLOYERS

Employers	*Employees*
County of Los Angeles	116,571
Los Angeles Unified School District	74,741
University of California, Los Angeles	54,148
Federal Executive Board[(1)]	50,000
City of Los Angeles[(2)]	35,206
Los Angeles Department of Water and Power	11,500
Long Beach Unified School District	11,000
City of Long Beach	6,000
California State University – Long Beach	5,000
California State University – Northridge	4,163[(3)]
Los Angeles World Airports	4,000
Pomona Unified School District	4,000
Los Angeles County Metropolitan Transportation Authority	3,023
California State University – Los Angeles	2,657
Cal Poly Pomona	2,648
Santa Monica Community College District	2,459
Mt. San Antonio Community College District	2,306
City of Santa Monica	2,000
Montebello Unified School District	1,900
California State University – Dominguez Hills	1,761
City of Torrance	1,683
City of Pasadena	1,661
Conejo Valley School District	1,550
Glendale Unified School District	1,431
Los Angeles Community College District	1,223

(1) Reflects 2023 employees. Excludes law enforcement and judiciary employees.
(2) Excludes proprietary departments (DWP, LAWA, Port of L.A.).
(3) Business Journal estimate.
Source: Los Angeles Business Journal, Weekly Lists, published August 26, 2024.

Personal Income

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

The following table summarizes the latest available estimate of personal income for the County, State and United States; equivalent data is not available for the City.

Table 58
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	*Personal Income (thousands of dollars)*	*Per Capita Personal Income[(1)] (dollars)*
2018		
County[(2)]	$ 595,765,931	$58,994
State[(3)]	2,411,055,136	60,984
United States[(3)]	17,514,402,000	53,311
2019		
County[(2)]	$ 629,245,755	$62,591
State[(3)]	2,537,950,599	64,174
United States[(3)]	18,343,584,000	55,567
2020		
County[(2)]	$ 678,548,600	$67,904
State[(3)]	2,767,521,379	70,061
United States[(3)]	19,600,945,000	59,153
2021		
County[(2)]	$ 719,455,363	$73,343
State[(3)]	3,013,676,900	76,991
United States[(3)]	21,403,979,000	64,460
2022		
County[(2)]	$ 722,935,767	$74,378
State[(3)]	3,006,647,281	77,036
United States[(3)]	22,077,232,000	66,244
2023		
County[(2)]	$ 756,659,481	$78,302
State[(3)]	3,133,678,900	80,423
United States[(4)]	23,380,369,000	69,810

(1) Per capita personal income is total personal income divided by total midyear population.
(2) Last updated: February 20, 2025; revised statistics for 2010 – 2019.
(3) Last updated: February 20, 2025; revised statistics for 2010 – 2019.
(4) Last updated: February 20, 2025; revised statistics for 2010 – 2019.
Source: U.S. Bureau of Economic Analysis, "Table SAINC1: Personal Income Summary" for information for the State and the United States and "Table CAINC1: Personal Income Summary" for information for the County (accessed March 11, 2025).

Retail Sales

As the largest city in the County, the City accounted for $53.2 billion (or approximately 26.3 percent) of the total $202.3 billion in County taxable sales for 2024. The following table sets forth a history of taxable sales for the City for calendar years 2020 through 2024.

Table 59
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	2020	*2021*	*2022*	*2023*	*2024*
Motor Vehicle and Parts Dealers	$ 4,585,480	$ 5,927,499	$ 6,558,134	$ 6,094,730	$ 5,614,912
Home Furnishings and Appliance Stores	1,523,470	2,025,904	1,974,419	1,735,366	1,594,419
Bldg. Materials and Garden Equip. and Supplies	2,774,916	3,040,639	3,207,718	3,129,813	3,048,481
Food and Beverage Stores	3,045,666	3,154,313	3,357,996	3,312,332	2,999,220
Gasoline Stations	2,903,295	4,469,765	5,873,754	5,156,169	4,653,487
Clothing and Clothing Accessories Stores	2,302,122	3,632,876	3,714,074	3,510,608	3,502,850
General Merchandise Stores	2,494,747	3,037,363	3,297,351	3,269,278	3,137,833
Food Services and Drinking Places	6,320,584	8,881,294	10,921,768	11,360,174	11,210,471
Other Retail Group	4,462,925	5,286,747	5,282,976	4,940,808	4,516,686
Subtotal Retail and Food Services	30,413,205	39,456,400	44,188,190	42,509,281	40,278,363
All Other Outlets	9,241,031	11,296,267	14,218,524	13,178,287	12,923,540
TOTAL ALL OUTLETS	**$39,654,237**	**$ 50,752,667**	**$ 58,406,714**	**$ 55,687,568**	**$ 53,201,903**
Year-over-year change	(21.0%)	28.0%	15.1%	(4.7%)	(4.5%)

Source: California Department of Tax and Fee Administration, Research and Statistics (last updated April 3, 2025).

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 60
CITY OF LOS ANGELES
ASSESSED VALUATION AND PARCELS BY LAND USE

	2024-25 Assessed Valuation[(1)]	*% of Total*	*No. of Parcels*	*% of Total*
Non-Residential				
Commercial Office	$ 129,128,080,770	15.55%	26,549	3.36%
Vacant Commercial	2,623,185,313	0.32	1,362	0.17
Industrial	61,388,558,450	7.39	17,711	2.24
Vacant Industrial	2,230,065,137	0.27	4,310	0.55
Recreational	3,061,421,087	0.37	790	0.10
Government/Social/Institutional	4,407,084,769	0.53	3,625	0.46
Miscellaneous	424,367,868	0.05	1,917	0.24
Subtotal Non-Residential	$ 203,262,763,394	24.47%	56,264	7.13%
Residential				
Single Family Residence	$ 425,476,980,532	51.23%	509,328	64.53%
Condominium/Townhouse	54,073,294,850	6.51	90,711	11.49
Mobile Homes and Lots	189,265,869	0.02	3,458	0.44
Mobile Home Park	275,096,056	0.03	93	0.01
2-4 Residential Units	42,498,309,949	5.12	74,987	9.50
5+ Residential Units/Apartments	101,215,661,559	12.19	35,620	4.51
Vacant Residential	3,598,251,986	0.43	18,818	2.38
Subtotal Residential	$ 627,326,860,801	75.53%	733,015	92.87%
Total	**$ 830,589,624,195**	**100.00%**	**789,279**	**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 61
CITY OF LOS ANGELES
PER PARCEL ASSESSED VALUATION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES

	No. of Parcels	*2024-25 Assessed Valuation*	*Average Assessed Valuation*	*Median Assessed Valuation*
Single Family Residential Properties	509,328	$425,476,980,532	$835,369	$460,986

2024-25 Assessed Valuation	*No. of Residential Parcels* [1]	*% of Total*	*Cumulative % of Total*	*Total Valuation*	*% of Total*	*Cumulative % of Total*
$0 - $49,999	5760	1.131%	1.131%	$ 208,160,640	0.049%	0.049%
$50,000 - $99,999	12,897	2.532	3.663	974,523,114	0.229	0.278
$100,000 - $149,999	14,926	2.931	6.594	1,864,108,140	0.438	0.716
$150,000 - $199,999	22,588	4.435	11.028	3,983,484,152	0.936	1.652
$200,000 - $249,999	31,081	6.102	17.131	7,007,056,045	1.647	3.299
$250,000 - $299,999	38,541	7.567	24.698	10,573,684,809	2.485	5.784
$300,000 - $349,999	46,836	9.196	33.893	15,195,612,348	3.571	9.356
$350,000 - $399,999	48,432	9.509	43.402	18,145,920,576	4.265	13.621
$400,000 - $449,999	28,084	5.514	48.916	11,926,376,112	2.803	16.424
$450,000 - $499,999	32,217	6.325	55.242	15,290,542,587	3.594	20.017
$500,000 - $549,999	31,542	6.193	61.435	16,550,655,156	3.890	23.907
$550,000 - $599,999	29,473	5.787	67.221	16,931,796,405	3.979	27.887
$600,000 - $649,999	21,032	4.129	71.351	13,131,707,776	3.086	30.973
$650,000 - $699,999	16,282	3.197	74.547	10,987,826,290	2.582	33.556
$700,000 - $749,999	15,370	3.018	77.565	11,135,411,300	2.617	36.173
$750,000 - $799,999	13,315	2.614	80.179	10,311,562,080	2.424	38.596
$800,000 - $849,999	10,721	2.105	82.284	8,839,335,848	2.078	40.674
$850,000 - $899,999	10,579	2.077	84.361	9,250,584,391	2.174	42.848
$900,000 - $949,999	9,927	1.949	86.310	9,173,352,087	2.156	45.004
$950,000 - $999,999	8,513	1.671	87.982	8,295,373,668	1.950	46.954
$1,000,000 and greater	61,212	12.018	100.000	225,699,907,008	53.046	100.000
	509,328	100.000%		$ 425,476,980,532	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 62
CITY OF LOS ANGELES
RESIDENTIAL BUILDING PERMIT VALUATIONS AND NEW UNITS

	2020	*2021*	*2022*	*2023*	*2024*
Valuation[(1)]	$ 6,285	$ 6,091	$ 7,968	$ 5,306	$ 5,047
Residential[(2)]	2,930	2,743	3,690	2,520	2,010
Non-Residential[(3)]	1,187	871	1,196	380	634
Miscellaneous Residential[(4)]	129	232	365	388	405
Miscellaneous Non-Residential[(5)]	46	18	2	20	3
Number of Residential Units:					
Single family[(6)]	2,685	3,122	4,430	3,918	4,695
Multi-family[(7)]	9,171	10,898	12,324	9,271	7,057
Subtotal Residential Units	11,856	14,020	16,754	13,189	11,752
Number of Non-Residential Units[(8)]	0	512	504	81	1
Miscellaneous Residential Units[(9)]	3,017	4,664	6,320	6,272	8,062
Miscellaneous Non-Residential Units[(10)]	257	480	46	164	22
Total Units	**15,130**	**19,676**	**23,624**	**19,706**	**19,837**

(1) In millions of dollars. "Valuation" represents the total valuation of all construction work for which the building permit is issued.
(2) Valuation of permits issued for Single-Family Dwellings, Duplexes, Apartment Buildings, Hotel/Motels, and Condominiums.
(3) Valuation of permits issued for Special Permits, Airport Buildings, Amusement Buildings, Churches, Private Garages, Public Garages, Gasoline Service Stations, Hospitals, Manufacturing Buildings, Office Buildings, Public Administration Buildings, Public Utilities Buildings, Retail Stores, Restaurants, School Buildings, Signs, Private Swimming Pools, Theater Buildings, Warehouses, Miscellaneous Buildings/Structures, Prefabricated Houses, Solar Heaters, Temporary Structures, Artists-in-Residence, Foundation Only, Grade – Non- Hillside, Certificates of Occupancy – Use of Land, Grading – Hillside. Figures previously reported for Fiscal Year 2022-23 were incorrect and have been corrected in this table.
(4) Valuation of permits issued for "Additions Creating New Units – Residential" and "Alterations Creating New Units – Residential." Figures previously reported for Fiscal Year 2022-23 were incorrect and have been corrected in this table.
(5) Valuation of permits issued for "Additions Creating New Units – Commercial" and "Alterations Creating New Units – Commercial." Figures previously reported for Fiscal Year 2022-23 were incorrect and have been corrected in this table.
(6) Number of dwelling units permitted for Single-Family Dwellings and Duplexes.
(7) Number of dwelling units permitted for new Apartment Buildings, Hotel/Motels, and Condominiums.
(8) Number of dwelling units permitted for Airport Buildings, Amusement Buildings, Churches, Private Garages, Public Garages, Gasoline Service Stations, Hospitals, Manufacturing Buildings, Office Buildings, Public Administration Buildings, Public Utilities Buildings, Retail Stores, Restaurants, School Buildings, Signs, Private Swimming Pools, Theater Buildings, Warehouses, Miscellaneous Buildings/Structures Prefabricated Houses, Solar Heaters, Temporary Structures, Artists-in-Residence.
(9) Number of dwelling units added includes "Addition Creating New Units – Residential" and "Alterations Creating New Units – Residential."
(10) Number of dwelling units added includes "Additions Creating New Units – Commercial" and "Alterations Creating New Units – Commercial."

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

Education

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

Board of Education, elected by the district to serve alternating four-year terms. There are also a number of charter and private K-12 schools located in the City.

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

APPENDIX B

SUMMARY OF LEGAL DOCUMENTS

[To come from Bond Counsel.]

APPENDIX C

PROPOSED FORM OF APPROVING OPINIONS OF BOND COUNSEL

Upon the delivery of the Bonds, Nixon Peabody LLP, Bond Counsel, proposes to deliver its approving opinions in substantially the following form:

[To come from Bond Counsel.]

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from DTC and none of the City, the Corporation, or the Underwriters take any responsibility for the completeness or accuracy thereof. The City the Corporation, and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. 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 following description of the procedures and record-keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments with respect to the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representation is made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and additional certificates will be issued in aggregate principal amounts up to $500 million each with respect to any remaining principal amount of such maturity.

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 its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The foregoing internet addresses are included for reference only, and the information on such internet site is not incorporated by reference herein.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the 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 dividend 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond 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, Bond certificates will be printed and delivered to DTC.

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 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 depository). 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 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 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 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE. Each person for whom a Participant acquires an interest in the 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 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 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 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 determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the 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") is executed and delivered by the City of Los Angeles, California (the "City") in connection with the issuance by the Municipal Improvement Corporation of Los Angeles (the "Corporation") of its $_____ Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the "Series 2025-A Bonds") and its $_____ Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the "Series 2025-B Bonds"). The Series 2025-A Bonds and the Series 2025-B Bonds are referred to collectively as the "Bonds." The Bonds are issued pursuant to that certain Indenture dated as of November 1, 2025 (the "Indenture"), by and among the Corporation, the City and U.S. Bank Trust Company, 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 Owners 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 in the Indenture, which shall apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"DAC" shall mean Digital Assurance Certificate L.L.C.

"Dissemination Agent" shall mean each of the City Administrative Officer of the City or any other person authorized to act on his 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. The initial Dissemination Agent hereunder shall be DAC.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate as Listed Events.

"MSRB" means the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement dated _____, 2025 delivered by the City in connection with the sale of the Bonds.

"Owner" shall mean the person in whose name any Bond shall be registered.

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

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

"State" shall mean the State of California.

SECTION 3. PROVISION OF ANNUAL REPORTS. (a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 2026, for the report for the 2024-25 fiscal year, or if the fiscal year end changes from June 30, not later than 365 days after the end of the City's fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is other than the City or the City Administrative Officer, not later than fifteen (15) days prior to said date, the City shall provide the Annual Report to the Dissemination Agent. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the City's audited financial statements may be submitted separately from the balance of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send, in a timely manner, a notice to the MSRB in substantially the form attached as Exhibit A hereto.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the then-current procedures for submitting Annual Reports to the MSRB; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The City's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to governmental entities from time to time. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, available to the public on the MSRB's website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents so incorporated by reference.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS. (a) To the extent applicable and pursuant to provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each of which is a "Listed Event"):

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) modifications to rights to Owners, if material;

(4) bond calls other than scheduled sinking fund redemptions, if material, and tender offers;

(5) defeasances;

(6) rating changes;

(7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570 1-TEB) or other material notices of determinations with respect to the tax status of the Bonds;

(8) unscheduled draws on the debt service reserves reflecting financial difficulties;

(9) unscheduled draws on credit enhancements reflecting financial difficulties;

(10) substitution of any credit or liquidity providers, or their failure to perform;

(11) release, substitution or sale of property securing repayment of the Bonds, if material;

(12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation, as defined in the Rule, of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) If the Dissemination Agent is other than the City, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the City and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (a) and promptly direct the Dissemination Agent whether or not to report such event to the owners of the Bonds. In the absence of such direction, the Dissemination Agent shall not report such event unless required to be reported by the Dissemination Agent to the owners of the Bonds under the 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 MSRB through its EMMA system, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event, but, in the case of a Listed Event described in subsection (2), (3), (4) (but only with respect to bond calls), (11), (13), (14) and (15) of Section 5(a), only in the event the City determines that knowledge of occurrence of a Listed Event would be material under applicable federal securities laws, the City shall file or cause to be filed a notice of such occurrence with the MSRB through its EMMA system, in an electronic format as prescribed by the MSRB, in a timely manner but not in excess of 10 business days after the occurrence of such Listed Event.

SECTION 6. TERMINATION OF REPORTING OBLIGATION. The City's obligations under the Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

SECTION 8. AMENDMENT; WAIVER. Notwithstanding any other provision of 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 relating to the filing of an Annual Report or the giving of notice of a Listed Event as set forth in Sections 3(a), 4 or 5(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

SECTION 9. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by 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 of the City or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the Owners' rights to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Certificate. Any failure by a party to perform in accordance with this Disclosure Certificate shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which 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 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters, Owners, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2025

CITY OF LOS ANGELES

By:_____
Assistant City Administrative Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of City: City of Los Angeles, California

Name of Bond Issue: Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) and

Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated _____, 2025. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20__

CITY OF LOS ANGELES

By:_____
Title:_____

Exhibit B – Indenture

INDENTURE

by and among the

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

and the

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of _____, 2025

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)

AND

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)

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INDENTURE

THIS INDENTURE, dated as of _____, 2025 (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 of California (the *"**City**"*), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association existing under and by virtue of the laws of the United States of America, as trustee (the *"**Trustee**"*);

WITNESSETH:

WHEREAS, the Corporation has previously financed and refinanced certain costs related to the expansion and modernization of, and improvements to, the Los Angeles Convention Center through the issuance of the Corporation's commercial paper notes (the "***Commercial Paper***"), which the City and the Corporation wish to refinance; and

WHEREAS, the City and the Corporation wish to refinance [a portion of] the outstanding Commercial Paper (the portion so retired herein referred to as the "***Retired Commercial Paper***") and finance a portion of the costs of the expansion and modernization of, and improvements to, the Los Angeles Convention Center through the issuance of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the *"**Series 2025-A Bonds**"*) and the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the *"**Series 2025-B Bonds**"* and, together with the Series 2025-A Bonds, the *"**Series 2025 Bonds**"*) by the Corporation; and

WHEREAS, concurrently with the execution hereof and in connection with the issuance of the Series 2025 Bonds, the City and the Corporation are entering into a Site Lease (the "***Site Lease***"), between the City, as lessor, and the Corporation, as lessee, pursuant to which the City is leasing certain land (the *"**Land**"*) owned by the City and more particularly described in *Exhibit A* to the Site Lease, which is incorporated herein by this reference, and those portions of the building and related improvements located thereon (the *"**Improvements**"* and collectively with the Land, the *"**Property**"*) depicted in *Exhibit B* to the Site Lease, which is incorporated herein by this reference, to the Corporation; and

WHEREAS, concurrently with the execution hereof and in connection with the issuance of the Series 2025 Bonds, the City and the Corporation are entering into a Lease Agreement (the "***Lease Agreement***"), between the Corporation, as lessor, and the City, as lessee, pursuant to which the Corporation is subleasing the Property back to the City, in consideration for which the City has agreed to pay Basic Lease Payments (as hereinafter defined) sufficient to pay principal of and interest on the Series 2025 Bonds; 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 (as hereinafter defined) 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 Corporation issue the Series 2025 Bonds for the purposes stated herein; and

WHEREAS, the Corporation has determined that all acts and proceedings required by law necessary to make the 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" 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*" means, for any Fiscal 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 Fiscal Year, assuming that all Outstanding Serial Bonds of such Series are retired as scheduled, and (2)

the principal amount of all Outstanding Serial Bonds of such Series, if any, maturing by their terms in such Fiscal Year.

"Assignment Agreement" means the Assignment Agreement, dated as of _____, 2025, 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 and interests in and to the Site Lease and the Lease Agreement, including the right to receive Basic Lease Payments, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

"Authorized Denominations" means, with respect to the Series 2025 Bonds, $5,000 and any integral multiple thereof.

"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" 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 of Directors" means the Board of Directors of the Corporation.

"Board Member" means any member of the Corporation's Board of Directors.

"Bond Counsel" means Nixon Peabody LLP or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to: (i) the tax status under federal laws and regulations of interest on obligations issued by or executed on behalf of states and their political subdivisions, as designated by the City and/or (ii) municipal obligations.

"Bond Fund" means collectively, the Series 2025-A Bond Fund and the Series 2025-B Bond Fund established and held by the Trustee pursuant to Sections 4.01 and 5.03 hereof.

"Bonds" means the Series 2025 Bonds and all Additional Bonds.

"Business Day" or "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 New York are required or authorized to remain closed, or on which the New York Stock Exchange is closed.

"Capitalized Interest Funds" means collectively, the Series 2025-A Capitalized Interest Fund and the Series 2025-B Capitalized Interest Fund.

"Certificate of the City" means an instrument in writing signed by a City Representative.

"Certificate of the Corporation" means an instrument in writing signed by a Corporation Representative.

"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 Indenture and the Lease Agreement.

"Closing Date" means _____, 2025, the date on which the Series 2025 Bonds are initially issued.

"Code" means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder.

"Commercial Paper" means the Municipal Improvement Corporation of Los Angeles Lease Revenue Commercial Paper Notes (Los Angeles Convention Center) issued by the Corporation.

"Commercial Paper Issuing and Paying Agent" means U.S. Bank Trust Company, National Association, as Issuing and Paying Agent under the Amended and Restated Issuing and Paying Agent Agreement, dated as of June 1, 2019, among said Issuing and Paying Agent, the Corporation and the City, in connection with the Commercial Paper.

"Construction Fund" means the fund named the "MICLA Lease Revenue Bonds, Series 2025 (Los Angeles Convention Center) Construction Fund," created by the City by ordinance, within the City Treasury, for the purpose of receiving, investing, and expending the proceeds of the Series 2025 Bonds to finance and refinance the Project, including to make rebate payments to the United States government, as may be required from time to time.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate dated as of _____, 2025, executed and delivered by the City in connection with the issuance of the Series 2025 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

"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 office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted or such other address as may be specified in writing by the Trustee.

"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" 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 to act on behalf of the Corporation under or with respect to the Lease Agreement or this Indenture.

"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 Lease Agreement 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, 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 premiums, 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" means collectively, the Series 2025-A Costs of Issuance Fund and the Series 2025-B Costs of Issuance Fund.

"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 two generic rating categories by S&P or Moody's.

"Event of Default" shall have the meaning contained in Section 9.01 hereof.

"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 U.S. Treasury Securities — State and Local Government Series (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/AAA by Moody's and S&P.

"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" means each annual fiscal period of the Corporation which, as of the date hereof, is the period from July 1 through the following June 30.

"*Fitch*" means Fitch Ratings, or any successor credit rating agency selected by the Corporation.

"Indenture" means this Indenture, dated as of _____, 2025, 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.

"Insurance Proceeds and Condemnation Awards Fund" means the fund of that name established pursuant to Section 6.07 hereof.

"Interest Payment Date" means each May 1 and November 1 commencing [May 1, 2026].

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

"Lease Agreement" means that certain Lease Agreement, dated as of _____, 2025, between the City and the Corporation, under which the Corporation subleases the 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.

"Lease Payment Date" means the fifteenth day of April and October in each year during the Term of the Lease Agreement, commencing on [April 15, 2026], 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 office is open for business.

"Lease Payments" means the Basic Lease Payments and the Additional Payments payable by the City pursuant to the Lease Agreement.

"Moody's" means Moody's Investors Service, Inc., or any successor credit rating agency selected by the Corporation.

"*MSRB*" means the Municipal Securities Rulemaking Board. Unless otherwise designated by the MSRB, filings are to be made through the Electronic Municipal Market Access website of the MSRB.

"Net Proceeds" means, collectively, the net proceeds of any insurance, condemnation or eminent domain award resulting from any damage or destruction of any portion of the Property payable in accordance with the Lease Agreement.

"Nominee" shall have the meaning contained in Section 2.12 hereof.

"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," 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 2025 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" 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" shall have the meaning contained in Section 2.12 hereof.

"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 "Aa-mf" 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 in the highest two generic rating categories by S&P or Moody's and 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 to the effect 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 it 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; and

(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) Investment of monies in reserve funds not payable upon demand shall be restricted to maturities of five years or less.

"*Project*" has the meaning ascribed thereto in the Lease Agreement.

[“*Project Costs*” means all costs of constructing the Project, including, but not limited to_____].

“Property” has the meaning ascribed thereto in the Lease Agreement.

“Rating Agencies” means Fitch or Moody’s, or in the event that Fitch or Moody’s 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 Fitch or Moody’s or another nationally recognized rating agency then maintains a rating on the Bonds.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

“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” means the Blanket Letter of Representations delivered to DTC by the Corporation.

“*Retired Commercial Paper*” has the meaning ascribed thereto in the recitals hereof.

“Revenues” means all Basic Lease Payments made pursuant to the Lease Agreement (without regard to whether they are Series 2025-A Basic Lease Payments or Series 2025-B Basic Lease Payments).

“S&P” means S&P Global Ratings, or any successor credit rating agency selected by the Corporation.

“Securities Depositories” means: The Depository Trust Company, 140 58th Street, Brooklyn, New York 11220; or such other address and/or such other securities depository as the Corporation may designate in writing to the Trustee.

“Serial Bonds” means Bonds for which no sinking fund payments are provided.

“Series” means a series of Bonds issued hereunder including, without limitation, the Series 2025-A Bonds, the Series 2025-B Bonds and any series of Additional Bonds.

“Series 2025 Bonds” means the Series 2025-A Bonds and the Series 2025-B Bonds at any time Outstanding pursuant hereto and issued, executed and delivered in accordance with Article II.

“Series 2025-A Basic Lease Payments” has the meaning ascribed thereto in the Lease Agreement.

“Series 2025-A Bonds” means the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-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 Series 2025-A Basic Lease Payments made by the City pursuant to the Lease Agreement.

"Series 2025-A Capitalized Interest Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Series 2025-A Costs of Issuance Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Series 2025-A Interest Account" means the account by that name established pursuant to Section 5.03 hereof in the Bond Fund.

"Series 2025-A Principal Account" means the account by that name established pursuant to Section 5.03 hereof in the Bond Fund.

"Series 2025-A Redemption Account" means the account by that name established pursuant to Section 5.03 hereof in the Bond Fund.

"Series 2025-B Basic Lease Payments" has the meaning ascribed thereto in the Lease Agreement.

"Series 2025-B Bonds" means the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) authorized and at any time Outstanding pursuant hereto and issued, executed and delivered in accordance with Article II and payable from Series 2025-B Basic Lease Payments made by the City pursuant to the Lease Agreement.

"Series 2025-B Capitalized Interest Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Series 2025-B Costs of Issuance Fund" means the fund by that name established pursuant to Section 4.01 hereof.

"Series 2025-B Interest Account" means the account by that name established pursuant to Section 5.03 hereof in the Bond Fund.

"Series 2025-B Principal Account" means the account by that name established pursuant to Section 5.03 hereof in the Bond Fund.

"Series 2025-B Redemption Account" means the account by that name established pursuant to Section 5.03 hereof in the Bond Fund.

"Site Lease" means the Site Lease, dated as of _____, 2025, between the City and the Corporation under which the City leases the Property to the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

"State" means the State of California.

"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.

"*Surplus Subaccount*" means the account by that name established in accordance with Section 4.06 hereof.

"Tax Certificate" means, the tax compliance certificate executed by the City and the Corporation on the Closing Date with respect to the Series 2025-A Bonds, as the same may be amended or supplemented in accordance with its terms.

"Term Bonds" means [the Series 2025-A Bonds, the Series 2025-B Bonds and] Additional 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.

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

"*Treasury*" means the City Treasury.

"Trustee" means U.S. Bank Trust Company, 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" means a request in writing signed by a City Representative.

"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 premium, 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 2025 BONDS; REGISTRATION AND TRANSFER OF BONDS

Section 2.01 Authorization and Purpose of Series 2025 Bonds. The Corporation has reviewed all proceedings heretofore taken relative to the authorization of the Series 2025 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 2025 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 2025 Bonds in the form and manner provided herein for the purpose of providing funds to finance and refinance the Project, including to refinance the Commercial Paper, and that the Series 2025 Bonds shall be entitled to the benefit, protection and security of the provisions hereof. The procedure for issuance of the Series 2025 Bonds is set forth in Section 4.02.

Section 2.02 Terms of the Series 2025 Bonds. (a) The Series 2025-A Bonds shall be designated "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center)" and shall be issued in the aggregate principal amount of _____ ($_____). The Series 2025-B Bonds shall be designated "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)" and shall be issued in the aggregate principal amount of _____ ($_____). The Series 2025 Bonds shall be dated the Closing Date, shall be issued in book-entry form in Authorized Denominations (not exceeding the principal amount of Series 2025 Bonds of either Series 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 schedules:

SERIES 2025-A BONDS

MATURITY DATE (MAY 1)	PRINCIPAL AMOUNT	INTEREST RATE

SERIES 2025-B BONDS

MATURITY DATE (MAY 1)	PRINCIPAL AMOUNT	INTEREST RATE

(b) The principal of the Series 2025 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 2025 Bonds.

(c) The Series 2025 Bonds shall bear interest at the rates set forth above, payable on the Interest Payment Dates in each year, commencing on [May 1, 2026]. Each Series 2025 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 the Closing Date.

(d) Payment of interest on the Series 2025 Bonds due on or before the maturity or prior redemption thereof shall be made to the person in whose name such Series 2025 Bonds are registered, as of the Record Date immediately 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 its 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 2025 Bonds received by the Trustee prior to the applicable Record Date, interest shall be paid by wire transfer in immediately available funds to an account in the United States

designated by such Owner in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner.

(e) Interest on the Series 2025 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 2025 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 2025 Bonds in the principal amount of the respective maturities of the Series 2025 Bonds.

Section 2.03 Redemption of Bonds.

(a) ***Extraordinary Mandatory Redemption***. The Series 2025 Bonds are subject to mandatory redemption prior to their respective maturity dates, in Authorized Denominations, upon notice as hereinafter provided, on any date, in whole or in part, from Net Proceeds as provided in Section 6.07 hereof and Section 5.2 of the Lease Agreement, at a redemption price equal to 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 6.07(c). Notwithstanding the foregoing, the Net Proceeds arising from the damage, destruction, taking or other loss of or to the Property may be invested in a yield restricted account pursuant to the Tax Certificate and applied to the pro rata payment of principal of the Series 2025-A Bonds, or such other selection of Bonds approved in an Opinion of Counsel, so long as the Bonds are Outstanding.

If less than all Outstanding Series 2025-A Bonds or Series 2025-B Bonds are to be redeemed pursuant to the preceding paragraph, 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 Series 2025-A Bonds or Series 2025-B Bonds, as applicable, as directed in writing by the City. Subject to the foregoing, if less than all Outstanding Series 2025 Bonds of a Series maturing by their terms on any one date are to be so redeemed at any one time, Bonds of such Series and maturity date to be redeemed shall be selected in accordance with paragraph (c) below. 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 this Indenture.

(b) ***Optional Redemption***. The Series 2025-A Bonds maturing on or before [May 1, 20__] are not subject to optional redemption prior to their stated maturity dates. The Series 2025-A Bonds maturing on or after [May 1, 20__] are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any date on or after [_____ 1, 20__], at a redemption price equal to the principal amount of the Series 2025-A Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

[The Series 2025-B Bonds are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any business day before [_____ 1, 20__], at the Make-Whole Redemption Price (defined below), plus accrued and unpaid interest up to, but not including, the redemption date, on the Series 2025-B Bonds to be redeemed on the date fixed for redemption.

The Series 2025-B Bonds maturing on or after [May 1, 20__] are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any date on or after [_____ 1, 20__], at a redemption price equal to the principal amount of the Series 2025-B Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2025-B Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025-B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2025-B Bonds are to be redeemed, discounted to the date on which the Series 2025-B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus, (A) with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ____ (__) basis points, (B) with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ___ (__) basis points, (C) with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ___ (__) basis points, (D) with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, _____ (__) basis points and (E) with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, _____ (__) basis points.

"Treasury Rate" means, as of any redemption date for a particular Series 2025-B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2025-B Bond to be redeemed.

At the request of the Corporation (at the direction of the City), the Make-Whole Redemption Price of the Series 2025-B Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by City at the City's expense to calculate such Make-Whole Redemption Price. The City may conclusively rely on the determination of such Make-Whole Redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.]

(c) [**Mandatory Sinking Fund Redemption.** The Series 2025-A Bonds maturing on May 1, 20__ are also subject to mandatory redemption prior to their stated maturity, in part, from sinking account payments deposited in the Series 2025-A Bonds Sinking Account, on each May 1, commencing May 1, 20__, at the principal amount thereof and interest accrued thereon to the dates fixed for mandatory redemption, without premium, according to the following schedule:

Year May 1	***Principal Amount***
(maturity)	

The Series 2025-B Bonds maturing on May 1, 20__ are also subject to mandatory redemption prior to their stated maturity, in part, from sinking account payments deposited in the Series 2025-B Bonds Sinking Account, on each May 1, commencing May 1, 20__, at the principal amount thereof and interest accrued thereon to the dates fixed for mandatory redemption, without premium, according to the following schedule:]

Year May 1	***Principal Amount***
(maturity)	

If some but not all of the Term Bonds have been redeemed pursuant to extraordinary or optional redemptions, the total amount of mandatory sinking account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Term Bonds so redeemed by reducing each such future mandatory sinking account payments on a pro rata basis (as nearly as practicable) in integral multiples of $5,000, as shall be designated pursuant to written notice filed by the City with the Trustee.

(d) ***Selection for Redemption***. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the City thereof to the extent Bonds are no longer held in book-entry form.

Notwithstanding the foregoing, in the event of a redemption of the Series 2025-B Bonds, the following provisions shall apply.

If less than all of any maturity of the Series 2025-B Bonds are called for prior redemption, the Series 2025-B Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with the procedures of DTC,

provided that, the selection for redemption of such Series 2025-B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if DTC's operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, such Series 2025-B Bonds will be selected for redemption, in accordance with DTC's procedures, by lot. The City intends that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis; however, neither the City, the Corporation, nor the Trustee assumes any liability in the event that DTC, any Depository System Participant or any other intermediary allocates the redemption of Series 2025-B Bonds on other than such basis.

In connection with any repayment of principal, including payments of scheduled mandatory sinking fund payments, the Trustee will direct the Depository to make a pass-through distribution of principal to the Owners of the Series 2025-B Bonds.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the Series 2025-B Bonds where (a) the numerator of which is equal to the amount due to the respective Owners on a payment date, and (b) the denominator of which is equal to the total original par amount of the Series 2025-B Bonds.

If the Series 2025-B Bonds are no longer registered in book-entry-only form, each Owner will receive an amount of such Series 2025-B Bonds equal to the original face amount then beneficially held by that Owner, registered in such Owner's name. Thereafter, any redemption of less than all of the Series 2025-B Bonds will continue to be paid to the Owners of such Senior Series 2025-B Bonds on a pro-rata basis, based on the portion of the original face amount of the Series 2025-B Bond to be redeemed.

(e) ***Notice of Redemption***. Notice of redemption shall be mailed by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to (i) the respective Owners of the Series 2025 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee by first-class mail; (ii) the Securities Depositories (if any); and (iii) the MSRB. 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 2025 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 such 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(b) hereof shall contain a statement to the effect that redemption of the Series 2025 Bonds is conditioned upon the receipt by the Trustee of amounts equal to the redemption price of the Series 2025 Bonds to be redeemed on or before the redemption date, and such optional redemption shall be so conditioned. Such redemption notices may state that no representation is made as to the

accuracy or correctness of the CUSIP numbers printed thereon or on the Bonds. The Trustee may provide notices hereunder to the Securities Depositories and the MSRB electronically.

(f) If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Series 2025 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, such Bonds shall become due and payable, and from and after the date so designated interest on the Series 2025 Bonds so called for redemption shall cease to accrue, and the Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

(g) Failure by the Trustee to give notice pursuant to this Section to any one or more of the Securities Depositories or the MSRB, or the insufficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure to receive a notice of redemption or any defect in such notice shall not affect the sufficiency or validity of the proceedings for redemption.

(h) All Series 2025 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 2025 Bonds. The forms of the Series 2025-A Bonds and the Series 2025-B Bonds and the authentication and registration endorsement and assignment to appear thereon, shall be substantially in the forms set forth on Exhibit A and Exhibit B, respectively, hereto.

Section 2.05 Execution of Bonds. (a) The Bonds shall be executed on behalf of the Corporation by any Board Member of the Corporation or the Assistant Secretary and Assistant Treasurer of the Corporation. The signatures of such Board Member or Assistant Secretary and Assistant 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 or Exhibit B* hereto, as applicable, 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 such person's 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 attached to *Exhibit A or Exhibit B* hereto, as applicable. 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, tenor, Series and maturity. 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 tenor, 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 and the City 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 tenor, 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 date of 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 or the City for the financing or refinancing of the Project or by any contracts made by the Corporation or the City or their agents in connection therewith. 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 (the "Nominee"). 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 redeemed, 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 none of the Trustee, the Corporation or the City shall be affected by any notice to the contrary. None of the Trustee, the Corporation or 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 and secured by a pledge of the Revenues, all 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.

(b) The issuance of such Additional Bonds shall have been requested by the City and 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, refinancing, acquiring, constructing, maintaining, operating,

improving and leasing any capital assets, including (without limitation) payment of all costs incidental to or connected with such financing (including interest during construction) in connection with the Project; (ii) and/or 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 May 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 premium, 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 into the interest account to be established for such Additional Bonds;

(7) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds into an escrow fund or acquisition fund;

(8) the forms of such Additional Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent herewith.

(c) The Site Lease shall have been further amended so as to include any additional real property to be leased by the Corporation thereunder and the Lease Agreement shall have been further amended so as to include such additional real property and to increase the aggregate Basic Lease Payments payable by the City thereunder by an amount at least sufficient to pay the principal of and interest on 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 Property included in the Lease Agreement determined as of the date the Additional Bonds are issued.

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. Subject to Section 3.01, 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 shall be requested by the Corporation to accept any of such documents bearing a prior date, for which the Trustee shall not be liable):

(a) an executed copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) executed copies of the amendment to the Site Lease and 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 Site Lease and the Lease Agreement required by Section 3.01(c) hereof 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, by equitable principles and by limitations on legal remedies against public agencies in the State and by the application of State laws relating to conflicts of interest to which public agencies are subject); and (v) the issuance of such Additional Bonds, that are tax-exempt, will not adversely affect the exclusion from gross income for federal tax purposes of interest on the Bonds that are issued on a tax-exempt basis 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 special 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 Lease Revenue Bonds, Series 2025-A Bond Fund" (the *"Series 2025-A Bond Fund"*), the "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B Bond Fund" (the *"Series 2025-B Bond Fund"*), the "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A Capitalized Interest Fund" (the *"Series 2025-A Capitalized Interest Fund"*), the "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B Capitalized Interest Fund" (the *"Series 2025-B Capitalized Interest Fund"*), the "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A Costs of Issuance Fund" (the *"Series 2025-A Costs of Issuance Fund"*) and the "Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B Costs of Issuance Fund" (the *"Series 2025-B Costs of Issuance Fund"*). Incident to the issuance of Additional Bonds, the Supplemental Indenture may provide for the creation of additional special trust funds to be maintained by the Trustee.

(b) So long as any of the Series 2025 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 2025 Bonds. The Corporation may, at any time, execute the Series 2025 Bonds for issuance hereunder and deliver them to the Trustee, and thereupon the Series 2025 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 and Other Monies. (a) Upon receipt of payment for the Series 2025-A Bonds on the Closing Date, the Trustee shall apply the proceeds of the Series 2025-A Bonds and other monies as follows:

(1) the Trustee shall transfer to the Commercial Paper Issuing and Paying Agent the sum of $_____, to be applied to the payment of the Retired Commercial Paper;

(2) the Trustee shall deposit the amount of $_____, in the Series 2025-A Capitalized Interest Fund;

(3) the Trustee shall transfer the amount of $_____, to the City to be held in the Construction Fund to be used to pay Project Costs; and

(4) the Trustee shall deposit the amount of $_____, in the Series 2025-A Costs of Issuance Fund.

(b) Upon receipt of payment for the Series 2025-B Bonds on the Closing Date, the Trustee shall apply the proceeds of the Series 2025-B Bonds and other monies as follows:

(1) the Trustee shall transfer to the Commercial Paper Issuing and Paying Agent the sum of $_____, to be applied to the payment of the Retired Commercial Paper;

(2) the Trustee shall deposit the amount of $_____, in the Series 2025-B Capitalized Interest Fund;

(3) the Trustee shall transfer the amount of $_____, to the City to be held in the Construction Fund to be used to pay Project Costs; and

(4) the Trustee shall deposit the amount of $_____, in the Series 2025-B Costs of Issuance Fund.

The Trustee may establish a temporary fund or account in its records to facilitate and record the above deposits and transfers of monies.

Section 4.04 Costs of Issuance Funds. (a) The Trustee shall hold the moneys in the Series 2025-A Costs of Issuance Fund and shall disburse such moneys from time to time to pay Costs of Issuance for the Series 2025-A Bonds upon receipt by the Trustee of a Written Request of the City or the Corporation (on which the Trustee may conclusively rely) substantially in the form of *Exhibit C* 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 certifying that such amount is for payment of Costs of Issuance for the Series 2025-A Bonds (and not the Series 2025-B Bonds), and

(D) that each obligation therein has been properly incurred, and is a proper charge against the Series 2025-A 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.

If at any time there are insufficient moneys in the Series 2025-A Costs of Issuance Fund to disburse moneys in accordance with this Section, the City shall disburse from the Construction Fund, such additional amounts as are necessary to pay such Costs of Issuance.

(b) The Trustee shall hold the moneys in the Series 2025-B Costs of Issuance Fund and shall disburse such moneys from time to time to pay Costs of Issuance for the Series 2025-B Bonds upon receipt by the Trustee of a Written Request of the City or the Corporation (on which the Trustee may conclusively rely) substantially in the form of *Exhibit C* 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 certifying that such amount is for payment of Costs of Issuance for the Series 2025-B Bonds (and not the Series 2025-A Bonds), and

(D) that each obligation therein has been properly incurred, and is a proper charge against the Series 2025-B 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.

(c) Upon the earlier of (i) the date that is ninety (90) days after the Closing Date and (ii) either (a) with respect to the Series 2025-A Costs of Issuance Fund, the date of receipt of a Certificate of the City stating that all Costs of Issuance for the Series 2025-A Bonds have been paid, any amount then remaining in the Series 2025-A Costs of Issuance Fund shall be transferred by the Trustee to the City to be deposited in the Construction Fund or (b) with respect to the Series 2025-B Costs of Issuance Fund, the date of receipt of a Certificate of the City stating that all Costs of Issuance for the Series 2025-B Bonds have been paid, any amount then remaining in the Series 2025-B Costs of Issuance Fund shall be transferred by the Trustee to the City to be deposited in the Construction Fund. The Trustee shall close the Series 2025-A Costs of Issuance Fund and the Series 2025-B Costs of Issuance Fund when no amounts remain in such funds.

If at any time there are insufficient moneys in the Series 2025-B Costs of Issuance Fund to disburse moneys in accordance with this Section, the City shall disburse from the Construction Fund, such additional amounts as are necessary to pay such Costs of Issuance.

Section 4.05 Capitalized Interest Funds. (a) The Trustee shall hold the moneys in the Series 2025-A Capitalized Interest Fund for the purpose of setting aside and paying interest on the Series 2025-A Bonds. As set forth in Section 4.03 hereof, at the time of the issuance of the Series 2025-A Bonds a portion of the proceeds of the Series 2025-A Bonds will be deposited into the Series 2025-A Capitalized Interest Fund.

All interest earnings on amounts in the Series 2025-A Capitalized Interest Fund shall be transferred to the [Series 2025-A Interest Account of the Series 2025-A Bond Fund]. The Trustee shall transfer from the Series 2025-A Capitalized Interest Fund to the Series 2025-A Interest Account the amounts set forth in the table below on the dates set forth in the table below:

Date	**Amount**

(b) The Trustee shall hold the moneys in the Series 2025-B Capitalized Interest Fund for the purpose of setting aside and paying interest on the Series 2025-B Bonds. As set forth in Section 4.03 hereof, at the time of the issuance of the Series 2025-B Bonds a portion of the proceeds of the Series 2025-B Bonds will be deposited into the Series 2025-B Capitalized Interest Fund.

All interest earnings on amounts in the Series 2025-B Capitalized Interest Fund shall be transferred to the [Series 2025-B Interest Account of the Series 2025-B Bond Fund]. The Trustee shall transfer from the Series 2025-B Capitalized Interest Fund to the Series 2025-B Interest Account the amounts set forth in the table below on the dates set forth in the table below:

Date	**Amount**

Section 4.06 Construction Fund. [The proceeds received by the City from the sale of the Series 2025 Bonds shall be deposited in the Treasury of the City in the Construction Fund and the proper record of such transaction shall be recorded upon the books to be kept for such purpose by the Treasurer and the Controller. The City shall, from time to time, disburse moneys from the Construction Fund to pay the Project Costs, in each case pursuant to regular City procedures for the disbursement of such moneys.

Within the Construction Fund, the City shall establish such accounts as may be deemed necessary or desirable. Moneys held in the Construction Fund and any accounts established thereunder shall be invested and reinvested by the Treasurer to the fullest extent practicable in cash deposits or [Investment Securities][Permitted Investments] as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts. Nothing in this Indenture shall prevent any [Investment Securities][Permitted Investments] acquired as investments of funds held in the Construction Fund from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the Construction Fund (including any accounts therein) shall be retained in the Construction Fund. All amounts on deposit in the Construction Fund shall remain in the Construction Fund and used for the purposes thereof.

After completion of the Project in accordance with this Indenture, the Treasurer shall set aside any remaining balance of money in the Construction Fund equal to the Rebate Requirement to the extent the amount set aside therein is less than the Rebate Requirement, and then the remainder to a separate subaccount within the related Bond Fund, which the Trustee shall establish and hold in trust, and which shall be entitled the "Surplus Subaccount." The moneys in the Surplus Subaccount shall be applied (unless some other application of such moneys would not, in the opinion of Bond Counsel, adversely affect the tax-exempt status of interest on the Series 2025-A Bonds) as directed in writing by the City to pay principal on the Series of Bonds from which such moneys were derived as such principal becomes due and payable, in annual amounts which bear the same ratio to the principal amount of such Series of Bonds maturing in such year that the amount deposited in the Surplus Subaccount bears to the original principal amount of such Series of Bonds. Notwithstanding Section 6.14 hereof, the moneys in the Surplus Subaccount shall be invested at a yield no higher than the yield on such Outstanding Series of Bonds (unless, in the opinion of Bond Counsel, investment at a higher yield would not adversely affect the status of interest on Series 2025-A Bonds), and all such investment income shall be deposited in the Surplus Subaccount and expended or reinvested as provided above.

If at any time there are insufficient moneys in the Series 2025-A Costs of Issuance Fund or the Series 2025-B Costs of Issuance Fund to disburse moneys in accordance with Section 4.04 hereof, the Trustee shall disburse from the Construction Fund, subject to this Section 4.06, such additional amounts as are necessary to pay such Costs of Issuance.]

ARTICLE V

REVENUES

Section 5.01 Pledge of Revenues. (a) All Revenues and amounts on deposit in the funds, accounts and subaccounts established hereunder [and held by the City], including any interest or profits from the investment of money in such funds, accounts and subaccounts pursuant to Section 5.04, are hereby irrevocably pledged to the payment of the interest on and principal and redemption price, if any, of the Bonds, as provided herein, and the Revenues and such amounts shall not be used for any other purpose while any of the Bonds remain Outstanding; *provided, however,* that out of the Revenues there may be allocated such sums for such purposes as are expressly permitted by Section 5.03. Such pledge creates a first priority

perfected security interest in the Revenues and the other amounts described in this subsection (a) in accordance with California law for the benefit of the Owners of the Bonds.

(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 2025-A Basic Lease Payments and Series 2025-B Basic Lease Payments when and as received shall be received in trust hereunder for the benefit of the Owners of the respective Series and shall be deposited when and as received in the Series 2025-A Bond Fund and Series 2025-B Bond Fund, respectively. All Revenues shall be accounted for through and held in trust in the respective Bond Funds, 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; provided however, if the amount of Series 2025-A Basic Lease Payments and Series 2025-B Basic Lease Payments received from the City are not sufficient to make the deposits set forth in Section 5.03 herein, the Trustee shall deposit such Series 2025-A Basic Lease Payments and Series 2025-B Basic Lease Payments pro rata in the Series 2025-A Bond Fund and Series 2025-B Bond Fund, respectively, as required to be deposited pursuant to Section 5.03 herein.

Section 5.03 Establishment and Maintenance of Accounts for Use of Money in the Bond Funds. (a) Subject to any amounts required to be set aside in the Construction Fund for the Rebate Requirement pursuant to the relevant Tax Certificate, all money in the Series 2025-A Bond Fund shall be set aside by the Trustee in the following respective special accounts within the Series 2025-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 2025-A Interest Account,

(2) Series 2025-A Principal Account, and

(3) Series 2025-A Redemption Account.

(b) All money in the Series 2025-B Bond Fund shall be set aside by the Trustee in the following respective special accounts within the Series 2025-B 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 2025-B Interest Account,

(2) Series 2025-B Principal Account, and

(3) Series 2025-B Redemption Account.

(c) 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 2025-A Bond Fund and the Series 2025-B Bond Fund, and deposit in the Series 2025-A Interest Account and the Series 2025-B Interest Account, respectively, that amount of money which, together with any money contained in the Series 2025-A Interest Account and the Series 2025-B Interest Account, is equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2025-A Bonds and all Outstanding Series 2025-B Bonds, respectively, on such Interest Payment Date.

(B) No deposit need be made in the Series 2025-A Interest Account or the Series 2025-B Interest Account if the amount contained in the Series 2025-A Interest Account or the Series 2025-A Interest Account, respectively, is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Series 2025-A Bonds or all Outstanding Series 2025-B Bonds on such Interest Payment Date.

(C) All money in the Series 2025-A Interest Account and the Series 2025-B Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series 2025-A Bonds and the Series 2025-A Bonds, respectively.

(2) *Principal Account*. (A) On or before May 1 of each year, beginning on [May 1, 20__], the Trustee shall set aside from the Series 2025-A Bond Fund and the Series 2025-B Bond Fund and deposit in the Series 2025-A Principal Account and the Series 2025-A Principal Account, respectively, an amount of money equal to the aggregate principal amount of all Outstanding Series 2025-A Serial Bonds and all Outstanding Series 2025-B Serial Bonds, respectively, maturing on such May 1.

(B) No deposit need be made in the Series 2025-A Principal Account or the Series 2025-B Principal Account if the amount contained therein is at least equal to the aggregate amount of the principal of all Outstanding Series 2025-A Serial Bonds or all Outstanding Series 2025-B Serial Bonds maturing by their terms on such May 1.

(C) All money in the Series 2025-A Principal Account and the Series 2025-B Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series 2025-A Bonds and the Series 2025-B Bonds, respectively.

(3) *Redemption Accounts*. In addition to the above accounts, the Trustee shall establish and maintain within the respective Bond Funds, when required, special accounts designated the "Series 2025-A Redemption Account" or the "Series

2025-B Redemption Account," and each, a "Redemption Account," as applicable. All money in a 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 6.07 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 into the respective Redemption Accounts. In the case of Net Proceeds delivered to the Trustee pursuant to Section 6.07, the Trustee shall deposit such amounts into the respective Redemption Accounts on a pro rata basis, based on the then-Outstanding principal amount of Series 2025-A Bonds and Series 2025-B Bonds. The Trustee shall, on the scheduled redemption date, withdraw from the applicable Redemption Account and pay to the Owners entitled thereto an amount equal to the redemption price of the Series 2025-A Bonds or the Series 2025-B Bonds, as applicable, to be redeemed on such date.

(4) *Application of Funds*. Any delinquent Basic Lease Payments (without regard to whether they are Series 2025-A Basic Lease Payments or Series 2025-B Basic Lease Payments) and any proceeds of rental interruption insurance with respect to the Property subject to the Lease Agreement in connection with the Revenues shall be applied *first* to the Series 2025-A Interest Account and the Series 2025-B Interest Account, pro rata, based on the amount past due, for the immediate payment of interest payments past due and then to the Series 2025-A Principal Account and the Series 2025-B Principal Account, pro rata, based on the past due amounts, for immediate payment of principal payments past due according to the tenor of any Series 2025-A Bond and Series 2025-B Bond. Any remaining money representing delinquent Basic Lease Payments and proceeds of rental interruption insurance with respect to Property subject to the Lease Agreement in connection with the Revenues shall be deposited in the 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, any Costs of Issuance Fund and any accounts and subaccounts therein shall, solely 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. 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. 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 May 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) interest 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, at no additional cost, 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 premium, 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 Property. Except as provided in the Lease Agreement, the Corporation will not sell or otherwise dispose of the Property, enter into any agreement which impairs the use of the Property or any part thereof necessary to secure adequate Revenues for the payment of the interest on and principal of and redemption premium, 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 Payment of Claims. The City 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 Property or the Revenues or any part thereof or upon any funds under the control of the City, 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 6.05 Payment of Taxes and Compliance with Governmental Regulations. The City 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

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 City will duly observe and conform with all valid applicable regulations and requirements of any governmental authority relative to the use of the Property or any part thereof, but the City 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 6.06 Insurance. The City will maintain or cause to be maintained insurance with respect to the Property as required by the Lease Agreement.

Section 6.07 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 "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 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 4.8 of Lease Agreement.

(c) Proceeds of any policy of insurance, title insurance, condemnation or eminent domain award received by the Trustee in respect of the 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 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) respective Redemption Account and such proceeds shall be applied to cause the redemption of the Outstanding Bonds of the Series relating to the lost, damaged, title defective, or taken Property, in the manner provided in Section 2.03(a), or (ii) the respective Principal Accounts and Interest Accounts for application to the next two successive Basic Lease Payments of the Series of Bonds relating to the lost, damaged, title defective or taken Property;

(2) If any portion of the 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, defect or taking notified the Trustee of its intent to repair or replace the lost, damaged, defective or taken Property, then the Trustee shall immediately deposit such proceeds in the respective Redemption Account, and such proceeds shall be applied to cause the redemption of Outstanding Bonds of the Series relating to the lost, damaged, title defective or taken 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 lost, damaged, defective or taken 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 Property will have a fair rental value at least equal to the fair rental value of the Property prior to the loss, damage, defect or taking, the Trustee shall disburse the proceeds pursuant to Section 6.07(a) above.

Section 6.08 Accounting Records and Reports. The City 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 nine months after the close of each Fiscal Year, the City 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. The City shall also keep or cause to be kept such other information as is required under the Tax Certificate. The Trustee shall not have any responsibility to review such financial statements and shall retain such financial statements solely as a repository for the Owners.

Section 6.09 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 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 respective lessees thereunder.

Section 6.10 Other Liens. The Corporation and the City will keep the Property free from judgments and liens (except those arising from the acquisition of the Property and 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 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 or the City 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 6.11 Prosecution and Defense of Suits. (a) The Corporation and the City 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 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 and expenses, which it may incur by reason of any such defect, cloud, suit, action or proceeding.

(b) The Corporation and the City 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 6.12 Further Assurances. Whenever and so often as requested to do so by the Trustee, the Corporation and the City 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 6.13 Continuing Disclosure. Pursuant to Section 4.14 of the 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 Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. 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, if any, and Sections 4.14 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 expenses, 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 4.14 of the Lease Agreement, respectively, or to cause the Trustee to comply with its obligations under this Section 6.13.

Section 6.14 Tax Covenant. The Corporation and the City hereby covenant and agree that neither the Corporation nor the City will take any action that would cause interest on any Bonds issued on a tax-exempt basis (including, without limitation, the Series 2025-A Bonds) to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause interest on any Bonds issued on a tax-exempt basis (including, without limitation, the Series 2025-A Bonds) to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes.

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 such person's 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 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 and the City 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 retiring Trustee, at the expense of the Corporation, or any Owner (on behalf of itself 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 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, national banking association, corporation or bank 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, national banking association 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, national banking association 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 indemnity reasonably satisfactory to it 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 and expenses, 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, cost, judgment, claim, suit 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 or any other document executed in connection herewith, 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 6.08 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.

Section 7.08 City Provisions. The Standard Provisions for City Contracts attached hereto as Exhibit D are hereby incorporated herein by reference as though fully set forth herein.

ARTICLE VIII

AMENDMENT OF THE INDENTURE

Section 8.01 Amendment of the Indenture. (a) This 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) This 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 which shall become binding upon adoption 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.

Section 8.02 Disqualified Bonds. Bonds owned or held by or for the account of the Corporation or the City, unless 100% of the Outstanding Bonds are so owned, 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 its 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 it, *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 deemed 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; *provided, however*, if the default 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; 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 9.09 hereof, 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 and upon being indemnified to its satisfaction 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.

(c) Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of the Owners thereof, or to authorize the Trustee to vote in respect of the claim of any Owner of Bonds in any such proceeding without the approval of the Owners of the Bonds so affected.

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 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.

(c) Nothing in this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of the Owners thereof, or to authorize the Trustee to vote in respect of the claim of any Owner of Bonds in any such proceeding without the approval of the Owners of the Bonds so affected.

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 the Rebate Fund and 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, 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 premium, 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 premium, if any, on such Bonds.

(b) Subject to the provisions of subsection (a) above, 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, non-presentment 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 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 premium, 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 premium, 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.

(e) Notwithstanding the foregoing, no defeasance of any Series 2025-A Bond shall occur until the Trustee has received an opinion of Bond Counsel to the effect that the provision for such payment and defeasance pursuant to this Section 10.01 shall not adversely affect the Owners of the Series 2025-A Bonds for federal income tax purposes.

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 (during which time the Trustee shall hold such funds without liability for interest), 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

MISCELLANEOUS

Section 11.01 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 premium, 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 (other than amounts on deposit in the Rebate Fund) as provided herein. The 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 Bonds.

Section 11.02 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 11.03 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 11.04 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 its 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 it 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 11.05 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 premium, 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 11.06 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 11.07 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 11.08 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 11.09 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 11.10 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. The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

Section 11.11 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 11.12 Execution in Several Counterparts. This Indenture may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into a portable document format (pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

Section 11.13 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 11.14 Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

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
Attention: MICLA Coordinator
Email: cao.debt@lacity.org

If to the 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
Attention: Assistant Secretary and Assistant Treasurer

If to the Trustee: U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: Global Corporate Trust

Each such approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 11.15 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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 Assistant 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 Trust Company, 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: _____
[_____, Authorized Officer]

CITY OF LOS ANGELES

By signing below, the signatory attests that they have no personal, financial, beneficial or familial interest in this contract

By: _____
[_____, Authorized Officer]

Approved as to form:

HYDEE FELDSTEIN SOTO,
City Attorney

By:_____
[Deputy City Attorney]

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION, as Trustee

By: _____
[Name], [Title]

EXHIBIT A

FORM OF SERIES 2025-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
LEASE REVENUE BOND, SERIES 2025-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
____%	May 1, 20__	_____, 2025	

Registered Owner: Cede & Co.

Principal Sum:

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 fifteenth 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, 2026], and semiannually thereafter on May 1 and November 1 in each year.

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 (as hereinafter defined) in Los Angeles, California 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 immediately 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 of $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 Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center)" (the *"Bonds"*) in the aggregate principal amount of _____ ($_____), 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 _____, 2025 (the *"Indenture"*), by and among the City of Los Angeles (the *"City"*), the Corporation and U.S. Bank Trust Company, 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 for the use of the Property (as defined in the Indenture) as long as the City has such use of the Property, and amounts on deposit in the funds, accounts and subaccounts established under the Indenture with respect to the Bonds (other than amounts on deposit in the Rebate Fund), 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 premium, 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 (other than deposits to the Rebate Fund created by the Indenture) shall be deposited, and the Corporation has allocated such Revenues solely to the payment of the interest on and principal of and redemption premium, 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, in 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, without premium. 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 the Bonds, as directed in writing by the City. Subject to the foregoing, if less than all outstanding Bonds maturing by their terms on any one date are to be so redeemed at any one time, Bonds of such maturity date to be redeemed shall be selected in the manner provided herein and in the Indenture.

The Bonds are subject to optional redemption prior to their stated maturities [and mandatory sinking fund redemption] as more fully described in the Indenture.

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 its 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 its 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 premium, 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 its _____, and attested to by the manual or facsimile signature of _____, and has caused this Bond to be dated _____, 2025.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:_____
[Title]

ATTEST:

By:_____
[Title]

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on _____, 2025.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Officer

[FORM OF ASSIGNMENT TO APPEAR ON SERIES 2025-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: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

EXHIBIT B

FORM OF SERIES 2025-B 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
LEASE REVENUE BOND, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)

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
____%	May 1, 20__	_____, 2025	

Registered Owner: Cede & Co.

Principal Sum:

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 fifteenth 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, 2026], and semiannually thereafter on May 1 and November 1 in each year.

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 (as hereinafter defined) in Los Angeles, California 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 immediately 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 of $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 Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)" (the *"Bonds"*) in the aggregate principal amount of _____ ($_____), 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 _____, 2025 (the *"Indenture"*), by and among the City of Los Angeles (the *"City"*), the Corporation and U.S. Bank Trust Company, 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 for the use of the Property (as defined in the Indenture) as long as the City has such use of the Property, and amounts on deposit in the funds, accounts and subaccounts established under the Indenture with respect to the Bonds, 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 premium, 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 premium, 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, in 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, without premium. 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 the Bonds, as directed in writing by the City. Subject to the foregoing, if less than all outstanding Bonds maturing by their terms on any one date are to be so redeemed at any one time, Bonds of such maturity date to be redeemed shall be selected in the manner provided herein and in the Indenture.

The Bonds are subject to optional redemption prior to their stated maturities [and mandatory sinking fund redemption] as more fully described in the Indenture.

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 its 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 its 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 premium, 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 its _____, and attested to by the manual or facsimile signature of _____, and has caused this Bond to be dated _____, 2025.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:_____
[Title]

ATTEST:

By:_____
[Title]

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture which has been authenticated and registered on _____, 2025.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By:_____
Authorized Officer

[FORM OF ASSIGNMENT TO APPEAR ON SERIES 2025-B 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: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

EXHIBIT C

FORM OF SERIES 2025-[A/B] COSTS OF ISSUANCE FUND REQUISITION

To: U.S. Bank Trust Company, National Association
633 West Fifth Street, 24th Floor
Los Angeles, CA 90071
Attn: Global Corporate Trust

Re: Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-[A/B] (Los Angeles Convention Center)[(Federally Taxable)] 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: _____, 20__

CITY OF LOS ANGELES

By:_____
[Title]

EXHIBIT D

STANDARD PROVISIONS FOR CITY CONTRACTS

The Trustee agrees to be subject to the following provisions unless otherwise exempt from any of such provisions or unless any of such provisions are not applicable as a matter of law.

Section 1. Independent Contractor. The Trustee is an independent contractor and not an agent or employee of the City. The Trustee shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees or agents to be an agent or employee of the City.

Section 2. Retention of Records, Audits and Reports. The Trustee shall maintain all records, including records of financial transactions, pertaining to the performance of this Indenture, in their original form or as otherwise approved by the City. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by MICLA or the City, (2) the expiration of this Indenture or (3) termination of this Indenture. The records will be subject to examination and audit by authorized City personnel or the City's representatives at any time. The Trustee shall provide any reports requested by the City regarding performance of this Indenture. Any subcontract entered into by the Trustee for work to be performed under this Indenture must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, the Trustee may, upon the City's written approval, submit the required information to the City in an electronic format, e.g. USB flash drive, at the expiration or termination of this Indenture.

Section 3. Taxpayer Identification Number ("TIN") and Withholding Taxes. The Trustee declares that it has an authorized TIN which will be provided to the City on Form W-9 or such equivalent form prior to payment under the Indenture. Payments made under the Indenture shall be subject to any federal or state taxes as may be required to be withheld pursuant to any applicable law or regulation, unless otherwise exempted by such applicable law, regulations, or other evidence of exemption.

Section 4. Warranty and Responsibility of the Trustee. The Trustee warrants that the work performed under the Indenture shall be completed in a manner consistent with professional standards practiced among those firms within the Trustee's profession, doing the same or similar work under the same or similar circumstances.

Section 5. Mandatory Provisions Pertaining to Non-Discrimination in Employment.

Unless otherwise exempt, this Indenture is subject to the applicable non-discrimination, equal employment practices, and affirmative action program provisions in the Los Angeles Administrative Code ("LAAC") Section 10.8 et seq., as amended from time to time.

A. The Trustee shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Indenture, the Trustee shall not discriminate in any of its hiring or employment practices against any employee or

applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.

B. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Indenture by reference and will be known as the "Equal Employment Practices" provisions of this Indenture.

C. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Indenture by reference and will be known as the "Affirmative Action Program" provisions of this Indenture.

Any subcontract entered into by the Trustee for work to be performed under this Indenture must include an identical provision.

Section 6. Child Support Assignment Orders. The Trustee shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, the Trustee (and any subcontractor of the Trustee providing services to the City under this Indenture) shall (1) fully comply with all State and Federal employment reporting requirements for the Trustee's or the subcontractor's employees; (2) certify that the principal owner(s) of the Trustee and applicable subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Indenture.

Failure of the Trustee or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of the Trustee or applicable subcontractor to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the Trustee under this Indenture. Failure of the Trustee or applicable subcontractor or principal owner to cure the default within 90 days of the notice of default will subject this Indenture to termination for breach. Any subcontract entered into by the Trustee for work to be performed under this Indenture must include an identical provision.

Section 7. Access and Accommodations.

The Trustee represents and certifies that:

A. The Trustee shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;

B. The Trustee shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;

C. The Trustee shall provide reasonable accommodation upon request to ensure equal access to City-funded programs, services and activities;

D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and

E. The buildings and facilities used to provide services under this Indenture are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

The Trustee understands that the City is relying upon these certifications and representations as a condition to funding this Indenture. Any subcontract entered into by the Trustee for work to be performed under this Indenture must include an identical provision.

Section 8. Contractor Responsibility Ordinance. The Trustee shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

Section 9. Restrictions on Campaign Contributions and Fundraising in City Elections. Unless otherwise exempt, if this Indenture is valued at $100,000 or more and requires approval by an elected City office, the Trustee, the Trustee's principals, and the Trustee's subcontractors expected to receive at least $100,000 for performance under this Indenture, and the principals of those subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and Los Angeles Municipal Code ("LAMC") Section 49.7.35. Failure to comply entitles the City to terminate this Indenture and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected City officials or candidates for elected City office for twelve months after this Indenture is signed. Additionally, a contractor (i.e., the Trustee) subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any contractor (i.e., the Trustee) subject to Charter Section 470(c)(12) shall include the following notice in any contract with any subcontractor to receive at least $100,000 for performance under this Indenture:

"Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections.

You are a subcontractor in connection with the Indenture, dated as of _____, 2025 (the "Indenture"), by and among the Municipal Improvement Corporation of Los Angeles, the City of Los Angeles (the "City") and U.S. Bank Trust Company, National Association, as the Trustee. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles officials and candidates for elected City office for twelve months after the Indenture is signed. You are required to provide the names and contact information of your principals to the Trustee and to amend that information within ten business days if it changes during the twelve

month time period. Failure to comply may result in termination of the Indenture and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960."

Section 10. Contractor's Use of Criminal History for Consideration of Employment Applications. The Trustee shall comply with the City's "Contractor Use of Criminal History for Consideration of Employment Applications" Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by the Trustee for work to be performed under this Indenture must include an identical provision.

Exhibit C – Site Lease

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:	)
	)
NIXON PEABODY LLP	)
300 South Grand Avenue, Suite 4100	)
Los Angeles, California 90071-3151	)
Attention: David Song, Esq.	)

(Space above for Recorder's use)

SITE LEASE

Dated as of _____, 2025

by and between the

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Lessee
AND THE
CITY OF LOS ANGELES, as Lessor

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)

AND

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)

NO DOCUMENTARY TRANSFER TAX DUE. This Site Lease is recorded for the benefit of the City of Los Angeles and the recording is fee-exempt under Section 6103 of the California Government Code 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 _____, 2025 (the "*Site Lease*"), is made by and between the CITY OF LOS ANGELES, a municipal corporation and charter city in the State of California (the *"City"*), and the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, a California nonprofit public benefit corporation (the *"Corporation"*), having an address c/o City Administrative Officer, 200 North Main Street, Room 1500, City Hall East, Los Angeles, California 90012, Attention: Assistant Secretary and Assistant Treasurer.

Section 1. Leased Real 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 and to 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 those portions of the building and related improvements located thereon (the ***"Improvements"*** and collectively with the Land, the ***"Property"***) depicted in the attached *Exhibit B*, which is incorporated herein by this reference, subject to the following terms and conditions. In consideration of such lease by the City to the Corporation, the Corporation shall sublease the Property back to the City pursuant to that certain Lease Agreement, dated as of _____, 2025 (the *"Lease Agreement"*), 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 for the Property on [May 1, 20__], unless such term is extended or sooner terminated as hereinafter provided.

If on [May 1, 20__], any amount remains due and owing with respect to the Bonds, or if the Basic Lease Payments and Additional Payments payable under the Lease Agreement shall have been abated at any time and for any reason, then the term of this Site Lease with respect to such Property then-subject to the Lease Agreement shall be extended until ten (10) days after the Basic Lease Payments and Additional Payments and all other amounts then due under the Lease Agreement with respect to such Property, and all amounts that remain due and owing with respect to the Bonds, shall be fully paid or provision for payment therefor made in accordance with the Indenture, except that the term of this Site Lease as to the Property shall in no event be extended beyond [May 1, 20__].

If prior to [May 1, 20__], all Basic Lease Payments and all Additional Payments and all other amounts then due under the Lease Agreement, and all amounts due and owing with respect to the Bonds, shall be fully paid or provision therefor made, the term of this Site Lease with respect to such Property shall end ten (10) days thereafter or upon written notice by the City to the Corporation, whichever is earlier; provided that with respect to the Bonds and any provision for payment being made whether by defeasance or otherwise, this Site Lease shall remain outstanding for federal tax purposes until the actual payment in full of all principal and interest on the Bonds.

Section 3. *Rental*. The Corporation shall pay to the City as and for rental of the Property hereunder the sum of One Dollar ($1.00), all of which shall be payable on the Closing Date.

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 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, dated as of _____, 2025, by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the *"Trustee"*), the Indenture, dated as of _____, 2025 (the "*Indenture*"), by and among the City, the Corporation and the Trustee, the pledge and assignment to the Trustee pursuant to the Assignment Agreement, and the granting to the Trustee of a security interest in and lien on, certain of the Corporation's rights and interests under the Site Lease and Lease Agreement, 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. Covenants Running with the Land. The Corporation shall not cause the Property to be used for any purpose in violation of a covenant running with the land for such Property, if any, to the extent that such use would materially adversely affect the interests of the Owners of the Bonds.

Section 14. 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 15. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given such terms in the Lease Agreement.

Section 16. Amendments. Except as set forth below, the City and the Corporation shall not alter, modify or cancel, or agree or consent to alter, modify or cancel this Site Lease excepting only such alteration or modification as may be permitted by Article III of the Indenture.

This Site 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 materially 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, release or addition of Property pursuant to the Lease Agreement;

(d) to make any modifications or changes to this Site Lease 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; or

(e) to make any other modification or change to the provisions of this Site Lease which does not materially adversely affect the interests of the Owners of the Bonds.

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 parties hereto and their respective heirs, executors, administrators, successors and assignees.

Section 17. 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 18. Section Headings and References. The headings or titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Sections" and other subdivisions or clauses are to the corresponding sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Site Lease as a whole and not to any particular section, subdivision or clause hereof. The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

Section 19. Governing Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 20. Execution in Counterparts. This Site Lease may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Site Lease as of the date first above written.

CITY OF LOS ANGELES, as Lessor

By signing below, the signatory attests that they have no personal, financial, beneficial or familial interest in this contract

By: _____
[_____
Authorized Officer]

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO,
City Attorney

By: _____
[Deputy City Attorney]

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Lessee

By: _____
[_____
Authorized Officer]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 (Seal)

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Governmental Code, this is to certify that the interest in the Property conveyed under the Site Lease Agreement, dated as of _____, 2025, by and between the City of Los Angeles, a charter city and municipal corporation duly organized and existing under its charter and the laws and Constitution of the State of California, as lessor, and the Municipal Improvement Corporation of Los Angeles (the "Corporation"), a California nonprofit public benefit corporation, as lessee, is hereby accepted by the undersigned officer or agent on behalf of the Corporation, pursuant to authority conferred by resolution of the Board of Directors of the Corporation adopted on [_____, 2025], and the Corporation consents to recordation thereof by its duly authorized officer.

Dated as of [_____, 2025]

MUNICIPAL IMPROVEMENT
CORPORATION OF LOS ANGELES

By: _____
Name: _____
Title: Authorized Officer

EXHIBIT A

DESCRIPTION OF THE LAND

[TO BE UPDATED]

[The Property consists of existing facilities/exhibition halls and related land area of the Los Angeles Convention Center campus which will remain available for the City's use during the construction of the Los Angeles Convention Center Expansion and Modernization Project, as depicted in Exhibit B hereof. The following table contains certain information with respect to various components of the Property.]

Name/Use	Land Area (Acres)	Square Footage	Additional Information
South Hall	22.77	1,745,942 square feet (including 529,435 square feet of parking)	Built in 1993; includes 1,656 parking spaces
Concourse Hall & West Lobby	3.71	379,450 square feet (including 64,290 square feet of parking); includes West Hall lobby of 18,430 square feet and bridge over Pico	Built in _____; ____ parking spaces
Gilbert Lindsay Plaza	3.23	_____ square feet	
Venice Parking Garage	2.74	337,073 square feet	Built in 1993; 1,121 parking spaces
Cherry Parking Garage	3.46	137,420 square feet	Built in 1968; 859 parking spaces
Bond St. Overflow Parking	1.24		241 parking spaces; asphalt lot

EXHIBIT B

DEPICTION OF THE IMPROVEMENTS

[TO COME]

Exhibit D – Lease Agreement

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:	)
	)
NIXON PEABODY LLP	)
300 South Grand Avenue, Suite 4100	)
Los Angeles, California 90071-3151	)
Attention: David Song, Esq.	)

(Space above for Recorder's use)

LEASE AGREEMENT

Dated as of _____, 2025

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
LEASE REVENUE BONDS, SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)

AND

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)

NO DOCUMENTARY TRANSFER TAX DUE. This Lease Agreement is recorded for the benefit of the City of Los Angeles and the recording is fee-exempt under Section 6103 of the California Government Code 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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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of _____, 2025 (this *"Lease Agreement"*), 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"*). The Corporation and the City may hereinafter be collectively referred to as the **"***parties***"** or individually as a **"***party***."**

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, constructing, improving, financing or refinancing, any real or personal property or equipment and leasing such real or personal property or equipment for the use, benefit and enjoyment of the public; and

WHEREAS, 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 those portions of the building and related improvements located thereon (the *"Improvements"* and collectively with the Land, the *"Property"*) depicted in the attached *Exhibit B,* which is incorporated herein by this reference, pursuant to a Site Lease, dated as of the date hereof (the *"Site Lease"*), and sublease the Property to the City pursuant to this Lease Agreement; and

WHEREAS, the City desires to sublease the Property from the Corporation; 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-mentioned premises and of the mutual agreements and covenants hereinafter contained and for other good and valuable consideration, the receipt of which are hereby acknowledged, 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 Section 7.3 of this Lease Agreement and Article III of the Indenture.

"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 _____, 2025, 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 and interests in and to the Site Lease and this Lease Agreement, including the right to receive Basic Lease Payments, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

"Basic Lease Payments" means the Series 2025-A Basic Lease Payments, the Series 2025-B Basic Lease Payments and any additional lease payments in order to enable the execution and delivery of Additional Bonds on a parity with the Bonds pursuant to Section 7.3(e) of this Lease Agreement.

"Board of Directors" means the Board of Directors of the Corporation.

"Bond" or *"Bonds"* means the Series 2025-A Bonds and/or the Series 2025-B Bonds and any Additional Bonds.

"Bond Counsel" means Nixon Peabody LLP or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to: (i) the tax status under federal laws and regulations of interest on obligations issued by or executed on behalf of states and their political subdivisions and (ii) municipal obligations, as designated by the City.

"Bond Fund" means, collectively, the Series 2025-A Bond Fund and the Series 2025-B Bond Fund established and held by the Trustee pursuant to Sections 4.01 and 5.03 of the Indenture.

"Capitalized Interest Period" means the period during which the Bonds are interest-only, as provided for in Section 3.8 hereof.

"Charter" means the Charter of the City of Los Angeles, effective July 1, 2000, as amended from time to time.

"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 or any Assistant City Administrative Officer, or such other employee of the City as the City Administrative Officer or any Assistant City Administrative Officer 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 thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and the rulings and regulations (including temporary and proposed regulations) promulgated thereunder.

"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 any member of the Board of Directors or the President, Vice President, Secretary, Assistant Secretary or Assistant Treasurer of the Corporation, or any other person authorized by resolution of the Board of Directors to act on behalf of the Corporation under or with respect to this Lease Agreement or the Indenture.

"Costs of Issuance" has the meaning given such term in the Indenture.

"Improvements" means, except as otherwise provided herein, those portions of the building and related improvements located on the Land as depicted in *Exhibit B* attached hereto and incorporated herein by reference.

"Indenture" means the Indenture, dated as of _____, 2025, by and among the Trustee, the City and the Corporation, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Indentures executed pursuant to the provisions thereof.

"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 fund with such name established and held by the Trustee pursuant to Section 6.07(a) of the Indenture.

"Land" means that certain Land more particularly described in *Exhibit A* attached hereto and incorporated herein by this reference.

"Lease Agreement" means this Lease Agreement as originally executed and as it may from time to time be amended or supplemented in accordance with the terms hereof.

"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, 2026], 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), condemnation or eminent domain 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 _____, 2025, relating to the Series 2025-A Bonds and Series 2025-B 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 Bond registration books maintained by the Trustee pursuant to Section 2.08 of the Indenture.

"Permitted Encumbrances" means, as of any particular time, [(i) liens for taxes, including 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 (including any amendment thereto), (iii) this Lease Agreement (including any amendment thereto), (iv), the Assignment Agreement (including any amendment thereto), (v) the pledge under the Indenture (including any amendment thereto), (vi) any encumbrance, indebtedness and leases permitted under Sections 7.2 and 7.3 hereof, (vii) 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, (viii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions (A) in existence on the Closing Date and (B) as may come into existence after the Closing Date which the City certifies do not materially impair the use of the Property, (ix) 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, and (x) the leases with tenants of the Property in existence as of the Closing Date and as may come into existence after the Closing Date.]

"Principal Corporate Trust Office" means the corporate trust office of the Trustee, in Los Angeles, California, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

["*Project*" means the expansion and modernization of, and improvements to, the Los Angeles Convention Center, generally consisting of the construction of an expansion that would add up to 190,000 square feet of contiguous space connecting the Convention Center existing South Hall and the West Hall above Pico Blvd.; adding up to 55,000 square feet of meeting room space; and up to 95,000 square feet of multi-purpose space. This design would provide for 750,000 square feet in contiguous hall space and over 1.2 million square feet of total usable space across the Convention Center campus.]

["*Project Costs*" means all costs of constructing a Project, including, but not limited to_____].

"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 subleased pursuant to Section 7.2 hereof, new improvements (other than modifications of existing improvements) subsequently constructed on such subleased 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 May 2 in any year and ending on May 1 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 May 1, 2026.

"Series 2025-A Basic Lease Payments" means the payments required to be made by the City on each Lease Payment Date pursuant to Section 3.4 of this Lease Agreement, as set forth in Exhibit C-2, including any prepayment thereof on any date pursuant to Article IX hereof.

"Series 2025-A Bonds" means the $_____ aggregate principal amount of Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) to be issued pursuant to the Indenture.

"Series 2025-B Basic Lease Payments" means the payments required to be made by the City on each Lease Payment Date pursuant to Section 3.4 of this Lease Agreement, as set forth in Exhibit C-3, including any prepayment thereof on any date pursuant to Article IX hereof.

"Series 2025-B Bonds" means the $_____ aggregate principal amount of Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) to be issued pursuant to the Indenture.

"Site Lease" means the Site Lease, dated as of _____, 2025, by and between the City, as lessor, and the Corporation, as lessee, pursuant to which the City leases the Property to the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance with the terms thereof.

"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 Trust Company, National Association, a national banking association duly organized and validly existing under the laws of the United States of America, 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 Land.

EXHIBIT B: Depiction of the Improvements.

EXHIBIT C-1: Schedule of Aggregate Basic Lease Payments

EXHIBIT C-2: Schedule of Series 2025-A Bonds Basic Lease Payments

EXHIBIT C-3: Schedule of Series 2025-B Bonds Basic Lease Payments

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 empower 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 encumbrance whatsoever upon the Property, except Permitted Encumbrances.

(d) ***Covenants Running with the Land.*** The City shall not cause the Property to be used for any purpose in violation of a covenant running with the land for such Property, if any, to the extent that such use would materially adversely affect the interests of the Owners of the Bonds.

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 the 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 Trustee and the City as provided herein and in the Indenture and the Assignment Agreement and subject to 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, except Permitted Encumbrances.

Section 2.3. Tax Covenants. The City and the Corporation hereby covenant and agree that neither the Corporation nor the City will take any action that would cause interest on the Series 2025-A Bonds to be or to become ineligible for the exclusion from gross income of the Owner or Owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in a timely manner, any action, which omission would cause interest on the Series 2025-A Bonds to be or to become ineligible for the exclusion from gross income of the Owner or Owners thereof for federal income tax purposes.

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 public, municipal and other purposes determined by the City so as to afford the public the benefits 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 shall not abandon the Property during the Term hereof.

Section 3.2. Term of Agreement.

The Term of this Lease Agreement shall commence on the Closing Date hereof, and shall end for the Property on the date specified in Exhibit C hereto, unless such term is extended or sooner terminated as hereinafter provided.

If on such date specified in Exhibit C, any amount remains due and owing with respect to the Bonds, or if the Basic Lease Payments and Additional Payments hereunder shall have been abated at any time and for any reason, then the term of this Lease Agreement with respect to the Property then subject to this Lease Agreement shall be extended until the date which is ten (10) days after the Basic Lease Payments and Additional Payments and all other amounts then due hereunder with respect to such Property, and all amounts that remain due and owing with respect to the Bonds, shall have been fully paid or provision for payment therefor made in accordance with the Indenture, except that the term of this Lease Agreement as to the Property shall in no event be extended beyond [May 1, 20__].

If prior to such date specified in Exhibit C, all Basic Lease Payments and all Additional Payments and all other amounts then due hereunder, and all amounts due and owing with respect to the Bonds, shall be fully paid, or provision therefor made, the term of this Lease Agreement

with respect to such Property shall end ten (10) days thereafter or upon written notice by the City to the Corporation, whichever is earlier; provided that with respect to the Series 2025-A Bonds and any provision for payment being made whether by defeasance or otherwise, this Lease Agreement shall remain outstanding for federal tax purposes until the actual payment in full of all principal of and interest on the Series 2025-A Bonds.

Upon the expiration of the Term of this Lease Agreement with respect to the Property pursuant to the preceding paragraph, the Property shall be released from this Lease Agreement without compliance with the release requirements set forth in Section 4.12 below; provided that no Property shall be released from this Lease Agreement (i) if, after giving effect to the release of such Property, a Default or Event of Default would occur hereunder or under the Indenture, and (ii) unless the City has delivered a certificate to the Trustee stating that (a) no event giving rise to an abatement under Section 5.3 has occurred and is continuing on any of the Property then-subject to this Lease Agreement or (b) the total of all remaining Lease Payments in each Rental Period for all Property is at least equal to the total fair rental value of all Property in each such Rental Period.

Section 3.3. Possession. The City agrees to accept possession and use of the Property as the owner of the subleasehold interest thereof on the Closing Date.

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 assignees, 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 *Exhibits C-2 and C-3*, to be due and payable on the respective Lease Payment Dates specified in *Exhibits C-2 and C-3*, plus the Additional Payments required under Section 3.7 hereof. Any amount held in the Series 2025-A Interest Account, the Series 2025-A Principal Account, the Series 2025-B Interest Account or the Series 2025-B Principal Account 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 respective 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 Series 2025-A Capitalized Interest Fund, the Series 2025-A Interest Account, the Series 2025-A Principal Account, the Series 2025-B Capitalized Interest Fund, the Series 2025-B Interest Account and the Series 2025-B Principal Account 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. Failure of the City to comply with the provisions of this Section shall constitute an event of default under this Lease Agreement. The interest components of the Basic Lease Payments shall be paid by the City as and constitute interest paid on the principal components of the Basic Lease Payments to be paid by the City hereunder. Notwithstanding the foregoing, each Basic Lease Payment shall be paid by wire transfer to the Corporation or its assignee not later than one Business Day preceding its due date.

(b) ***Effect of Prepayment***. If the City pays or provides for the payment of 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 payment by application of a security deposit. If the City prepays the Lease Payments in part but not in whole pursuant to Section 9.2 as an optional prepayment or Section 9.3 as a result of any insurance, condemnation or eminent domain 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 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) or (b) of the Indenture. Notwithstanding the foregoing, prior to the termination of the City's obligations under this Lease Agreement, the Trustee must have received an opinion of Bond Counsel to the effect that the provision for such prepayment and release of this Lease Agreement pursuant to this Section shall not adversely affect the Owners of the Bonds that are issued on a tax-exempt basis for federal income tax purposes as provided by Section 10.01 of the Indenture.

(c) ***Overdue Payments***. If the City should fail to make any of the Basic Lease Payments required in this Section, 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 value of the Property, the insured value of the Property, the cost of improvements made [or to be made] to the Property, 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, and any other reasonable factor the City considers is relevant in its fair rental value determination.

(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 certain of the Corporation's rights hereunder, including the right to receive all Basic Lease Payments under this Lease Agreement, 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 all payments payable by the City pursuant to this Section 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 shall, 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 and to the Property shall be transferred to and vested in the City and the Site Lease and this Lease Agreement shall terminate with respect to the 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, (iv) any other fees, 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, and (v) any amounts required to be paid to the United States government pursuant to Section 148 of the Code, if applicable.

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.

Section 3.8. Application of Capitalized Interest. The Corporation and the City acknowledge that the Bonds are interest-only for the first [thirty-six (36)] months (*i.e.*, through _____, 2028, being the "Capitalized Interest Period"), and that during the Capitalized Interest Period interest payments on the Bonds shall be made from the proceeds of the Bonds received by the Trustee upon issuance of the Bonds.

ARTICLE IV

MAINTENANCE; TAXES; INSURANCE AND OTHER MATTERS

Section 4.1. Maintenance; Utilities, Taxes and Assessments. 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 lease the Property to the City. The City shall, at its own expense, 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 lost, stolen or destroyed, as applicable; *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 Net Proceeds or other available budgeted or appropriated 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 shall 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 mechanical, security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Property, as applicable. 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. 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 pay, or cause to be paid, for the furnishing of all utilities which may be used in or upon the Property. Such payment shall be made or directed by the City to be made 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, fees 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 shall 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.

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 4.10 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, after giving effect to such change or alteration, the Property does not have a fair rental value in each Rental Period less than the Basic Lease Payments in each such Rental Period. 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 shall not permit any mechanic's lien 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 shall cooperate fully in any such contest, upon the request and at the expense of the City.

Section 4.3. Reserved.

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 or 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 all or a portion of such Property and the redemption of all or a portion of the Bonds from the Net Proceeds of such insurance, that the remaining Property shall have a fair rental value equal to or exceeding the remaining Lease Payments). Such insurance may be subject to commercially reasonable deductible clauses. 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, other available budgeted or appropriated 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 repair diligently the affected portion of the Property or acquire or construct replacement Property (in each case, at the City's cost) having a useful life not less than the remaining 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 rental value of all 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;

(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 6.07 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 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. Reserved.

Section 4.6. Rental Interruption Insurance. The City shall procure and maintain, commencing upon the Closing Date 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; provided however, such insurance may be satisfied by a time element loss endorsement to the City's existing insurance policy subject to a per-occurrence sublimit in an amount that the City reasonably calculates would provide such coverage for 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 4.7. Title Insurance. The City shall obtain, at its own expense, on or before commencement of the Term of this Lease Agreement, a California Land Title Association ("CLTA") title insurance policy, or policies, in the amount equal to the aggregate principal amount of the Bonds, insuring the Corporation's leasehold estate in the Property, subject only to Permitted Encumbrances. All Net Proceeds received under the policy, or policies, 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 4.8. Insurance Net Proceeds; Form of Policies; Certificates of Effectiveness. Each policy of insurance required by Article IV 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 4.4 and 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.

Section 4.9. 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, with interest at the maximum rate permitted by law from the date of the advance to the date of repayment.

Section 4.10. 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 4.11. 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 4.12. Addition, Substitution, Release of Property. The City shall, at any time, have the right to add, release or substitute all or a portion of the Property currently constituting the Property (in such case the substitute Property shall mean the former Property less any portion released pursuant to this Section) for other property of an annual fair rental value such that the aggregate annual fair rental value of the Property after such substitution or release equals or exceeds the highest annual Basic Lease Payments due in any remaining Rental Period, of a comparable (or superior) essential nature to the City, but only by providing the Trustee with (a) a written certificate of the City describing both the new Property and the Property for which it is to be substituted, and stating that such portion of Property is of an annual fair rental value such that the aggregate annual fair rental value of all of the Property after giving effect to such substitution or release equals or exceeds the highest annual Basic Lease Payments due in any remaining Rental Period, and is of a comparable (or superior) essential nature to the City, and (b) an executed amendment to this Lease Agreement and, if the amendment itself is not to be recorded in the county registry, an executed and acknowledged memorandum of lease for the new Property. All costs and expenses incurred in connection with such substitution or release 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 or release of Property pursuant to this

Section, there shall be no reduction in the Basic Lease Payments due from the City hereunder and no such substitution or release of Property shall occur if the Property being leased under this Lease Agreement after giving effect to such substitution or release would have a fair rental value in any Rental Period of less than the Lease Payments in each such Rental Period.

Section 4.13. 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, and (B) in accordance with the orders and directives of all federal, State and local governmental authorities, and (ii) defend, indemnify, and hold harmless the Trustee 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. 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 4.14. 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 expenses, 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.

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 shall 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 Sections 6.07 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 or possession of the remaining usable portion of the Property. Notwithstanding the foregoing, the City may substitute all or a portion of the lost, damaged, destroyed or taken Property for other property in accordance with Section 4.12 hereof, and remain obligated under this Lease Agreement until its termination pursuant to Section 3.2 hereof.

Section 5.2. Application of Net Proceeds.

(a) ***From Insurance Proceeds***. The Net Proceeds of any insurance award resulting from any loss of, damage to or destruction of the Property by fire or other casualty shall be deposited in the Insurance Proceeds and Condemnation Awards Fund held by the Trustee promptly upon receipt thereof and applied as set forth in Section 4.4 hereof and Section 6.07 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 6.07 of the Indenture.

Section 5.3. Abatement of Rent. Lease Payments shall be abated during any period in which by reason of loss, damage, destruction, title defect 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 May 2 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 May 2 and ending on the immediately following May 1, the total amount of Lease Payment payable within such twelve-month period shall be divided by 365 days (except for leap years, 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 or replacement. 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 to the extent that the proceeds of rental interruption insurance pursuant to Section 4.6 or amounts otherwise in the Bond Fund are available to pay Lease Payments which would otherwise be abated under this Section, 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 assignees 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 assignees be liable for any actual, incidental, indirect, special or consequential or other damages, in connection with or arising out of the Lease Agreement or the 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 assignees, 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 assignees, 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 assignees shall have any obligation to cause or fund the costs of such proper maintenance.

Section 6.3. Contractor's Warranties. The Corporation hereby assigns to the City for and during the Lease Agreement Term all of its interest in all manufacturer's or vendor's warranties and guarantees, express or implied, issued on or applicable to the Property, if any, and the Corporation hereby authorizes the City to obtain the customary services furnished in connection with such warranties and guarantees at the City's expense. The City expressly acknowledges that the Corporation does not make, and has not made, any representation or warranty whatsoever as to the existence or availability of such contractor warranties or guarantees.

Section 6.4. Reserved.

Section 6.5. Reserved.

Section 6.6. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Corporation and its officers, agents, directors, employees and their successors and assignees, harmless from and against all claims, losses, liabilities, costs, expenses 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, 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.

The City shall and hereby agrees to indemnify and save the Trustee and its officers, agents, directors, employees and their successors and assignees, harmless from and against all claims, losses, liabilities, costs, expenses and damages, including legal fees and expenses, arising out of the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party.

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 or the Trustee or their respective officers, agents, directors, employees, successors or assignees.

ARTICLE VII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 7.1. Assignment by the Corporation. Certain of 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 Agreement may not be assigned by the City. The City may sublease the Property or any portion thereof, subject to all of the following conditions:

(i) This Lease Agreement 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 sublease;

(iii) No such sublease by the City or any further sublease or use of such Property shall cause the Property to be used for any unlawful purpose or in violation of any covenant running with the Land, if any;

(iv) The City shall furnish the Corporation and the Trustee with a written opinion of Bond Counsel, stating that such sublease and any use related to such sublease does not cause a change in the tax status of the Series 2025-A Bonds and that such sublease complies with the requirements of this Section 7.2;

(v) Each sublease and all further subleases 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;

(vi) Each sublease and subsequent sublease shall contain such provisions for the maintenance of insurance on any improvements constructed on the subleased 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;

(vii) Each sublease and subsequent sublease shall contain provisions securing the timely payment of all taxes, fees, charges and assessments arising from or related to the subleased 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;

(viii) Improvements existing on any subleased Property at the time of the sublease may be modified by a sublessee only in accordance with the provisions of Section 4.2 hereof; and

(ix) Prior to any sublease of the portion of the Property, 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 sublease.

Section 7.3. Amendment of this Lease Agreement. Except as set forth below, the City and the Corporation shall 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 III of the Indenture.

This Lease Agreement 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 materially 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, release or addition of Property pursuant to Section 4.12 of this Lease Agreement;

(d) to make any modifications or changes to Exhibits C-1, C-2, or C-3 of this Lease Agreement to decrease Basic Lease Payments in connection with any prepayment under Article IX hereof;

(e) 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; 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.

No change, modification or waiver of any provisions hereof will be valid unless in writing, signed by the parties to be bound.

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 sixty (60) 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 in aggregate principal amount of Bonds then Outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within such 60-day 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 such period and is then being diligently pursued to correct the default; or

(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 parties or their respective assignees must thereafter maintain this Lease Agreement in full force and effect and may only recover Lease Payments and other monetary charges as they become due, all without terminating the City's right to possession of the Property, regardless of whether or not the City has abandoned the Property; **THIS SHALL BE THE SOLE AND EXCLUSIVE REMEDY AVAILABLE AGAINST THE CITY UNDER THIS LEASE AGREEMENT OR OTHERWISE.** In such event, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, to pay the Lease Payments to the end of the term of this Lease Agreement and further agrees to pay said Lease Payments punctually at the same time and in the same manner as hereinabove provided for the payment of the Lease Payments hereunder; *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.

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. 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 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. To the extent that this Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of this Lease Agreement, the Trustee is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder**.**

ARTICLE IX

PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Security Deposit. The obligations of the City to make Basic Lease Payments under this Lease Agreement in accordance with the Lease Payment Schedule set forth in *Exhibit C-1* hereto may be discharged and extinguished by the City's deposit with the Trustee of: (i) cash in an amount which, together with amounts on deposit in the applicable Bond Fund and the Insurance Proceeds and Condemnation Awards 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 C-1* and any Additional Payments to become due pursuant to Section 3.7 hereof, or the earlier prepayment in accordance with Section 9.2, if the conditions to the defeasance of the Bonds under Article X of the Indenture are satisfied, or (ii) Defeasance 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 Defeasance Securities then on deposit in the Bond Fund and the Insurance Proceeds and Condemnation Awards 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 the earlier prepayment in accordance with Section 9.2, if the conditions to the defeasance of the Bonds under Article X of the Indenture are satisfied, 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 or a portion 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. Optional Prepayment. The City may exercise its option to prepay the Basic Lease Payments for all or a portion 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 or a portion

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(b) 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(b) of the Indenture. The City shall give the Trustee written notice of its intention to exercise its option not less than twenty (20) 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 Payments 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 Sections 2.03(a) and 6.07 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 lost, damaged or taken Property, shall be credited towards the City's obligations under this Section.

Section 9.4. Credit for Amounts on Deposit. In the event of payment or prepayment, or provision for payment or prepayment, of the principal components of the Lease Payments in full for all or a portion of the Property under this Article IX, such that the Indenture shall be discharged by its terms with respect to the Bonds or a Series of Bonds as a result of such prepayment, all monies then on deposit in the respective Bond Fund and the Insurance Proceeds and Condemnation Awards Fund with respect to such Series of Bonds 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 given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

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
Attention: MICLA Coordinator
Email: cao.debt@lacity.org

If to the 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 Attention: Assistant Secretary and Assistant Treasurer
If to the Trustee:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, CA 90071 Attention: Global Corporate Trust

Each such notice, certificate or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 10.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the City and their respective successors and assignees.

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 Agreement 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 and the Corporation 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. 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 Lease Agreement as a whole and not to any particular article, section, subdivision or clause hereof. The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

Section 10.7. Governing Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.8. Execution in Counterparts. This Lease Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation has caused this Lease Agreement to be executed in its corporate name by its duly authorized officer; and the City has caused this Lease Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, as Lessor

By: _____
[_____
Authorized Officer]

CITY OF LOS ANGELES, as Lessee

By signing below, the signatory attests that they have no personal, financial, beneficial or familial interest in this contract

By: _____
[_____
Authorized Officer]

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO,
City Attorney

By: _____
[Deputy City Attorney]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 (Seal)

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Governmental Code, this is to certify that the interest in the Property conveyed under the Lease Agreement, dated as of _____, 2025, by and between the Municipal Improvement Corporation of Los Angeles, a California nonprofit public benefit corporation, 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, as sublessee, is hereby accepted by the undersigned officer or agent on behalf of the City, pursuant to authority conferred by resolution of the City Council of the City adopted on _____, 2025, and the City consents to recordation thereof by its duly authorized officer.

Dated as of [_____, 2025]

CITY OF LOS ANGELES

By: _____
Name: [_____
Title: Authorized Officer]

EXHIBIT A

DESCRIPTION OF THE LAND

[TO BE UPDATED]

[The Property consists of existing facilities/exhibition halls and related land area of the Los Angeles Convention Center campus which will remain available for the City's use during the construction of the Los Angeles Convention Center Expansion and Modernization Project, as depicted in Exhibit B hereof. The following table contains certain information with respect to various components of the Property.]

Name/Use	Land Area (Acres)	Square Footage	Additional Information
South Hall	22.77	1,745,942 square feet (including 529,435 square feet of parking)	Built in 1993; includes 1,656 parking spaces
Concourse Hall & West Lobby	3.71	379,450 square feet (including 64,290 square feet of parking); includes West Hall lobby of 18,430 square feet and bridge over Pico	Built in _____; ____ parking spaces
Gilbert Lindsay Plaza	3.23	_____ square feet	
Venice Parking Garage	2.74	337,073 square feet	Built in 1993; 1,121 parking spaces
Cherry Parking Garage	3.46	137,420 square feet	Built in 1968; 859 parking spaces
Bond St. Overflow Parking	1.24		241 parking spaces; asphalt lot

EXHIBIT B

DEPICTION OF THE IMPROVEMENTS

[TO COME]

EXHIBIT C-1

SCHEDULE OF AGGREGATE BASIC LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total	Annual FY Total
Total				

EXHIBIT C-2

SCHEDULE OF SERIES 2025-A BONDS BASIC LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total	Annual FY Total
Total				

EXHIBIT C-3

SCHEDULE OF SERIES 2025-B BONDS BASIC LEASE PAYMENTS

Lease Payment Date	Principal Component	Interest Component	Total	Annual FY Total
Total				

Exhibit E – Assignment Agreement

RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
NIXON PEABODY LLP)
300 South Grand Avenue, Suite 4100)
Los Angeles, California 90071-3151)
Attention: David Song, Esq.)

(Space above for Recorder's use)

ASSIGNMENT AGREEMENT

Dated as of _____, 2025

by and between the

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)

AND

$_____
MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES
LEASE REVENUE BONDS, SERIES 2025-B
(LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)

NO DOCUMENTARY TRANSFER TAX DUE. This Assignment Agreement is recorded for the benefit of the City of Los Angeles and the recording is fee-exempt under Section 6103 of the California Government Code 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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ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, dated as of _____, 2025 (this *"Assignment Agreement"*), by and between the MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES, a California nonprofit public benefit corporation (the *"Corporation"*), and U.S. BANK TRUST COMPANY, 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 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 certain land (the *"Land"*) owned by the City and more particularly described in *Exhibit A* attached hereto, which is incorporated herein by this reference, and those portions of the building and related improvements located thereon (the *"Improvements"* and collectively with the Land, the *"Property"*) depicted in *Exhibit B* attached hereto, which is incorporated herein by this reference, to the Corporation; and

WHEREAS, the City and the Corporation have entered into a Lease Agreement, dated as of the date hereof (the *"Lease Agreement"*), pursuant to which the Corporation agrees, among other things, to sublease the Property to the City, and in consideration for which the City has agreed to pay basic lease payments (the *"Basic Lease Payments"*) and additional rental payments, all as more particularly described in the Lease Agreement; and

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 Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the *"Series 2025-A Bonds"*) and its $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the *"Series 2025-B Bonds"* and together with the Series 2025-A Bonds, the "*Bonds*"); and

WHEREAS, the Corporation desires to assign and transfer certain of its rights and interests in and to the Site Lease and the Lease Agreement 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 receipt of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definition. 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 right to receive Basic Lease Payments scheduled to be paid by

the City under and pursuant to the Lease Agreement for the benefit of the Owners of the Bonds, 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 Lease Agreement, in accordance with the respective 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 Lease Agreement. This Assignment constitutes a collateral assignment of the Site Lease and the Lease Agreement 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 described in Section 2 hereof for the benefit of the Owners of the Bonds pursuant to the Indenture.

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 Lease Agreement and the Indenture or as otherwise set forth herein. 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 Lease Agreement and the Indenture or as otherwise set forth herein.

Section 5. Further Assurances. The Corporation shall 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. Headings and References. The headings or titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Sections" and other subdivisions or clauses are to the corresponding sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Assignment Agreement as a whole and not to any particular section, subdivision or clause hereof. The use herein of the words "including" and "includes," and words of similar import, shall be deemed to be followed by the phrase "without limitation."

Section 7. Governing Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 8. Counterparts. This Assignment Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

Section 9. *Amendment.* This Assignment Agreement may be amended by the parties hereto in writing, but only to the extent and under the circumstances the Indenture may be amended in accordance with and as permitted by its terms.

[Remainder of page intentionally left blank]

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: _____
[_____
Authorized Officer]

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee and Assignee

By: _____
[_____
Authorized Officer]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) 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 (Seal)

EXHIBIT A

DESCRIPTION OF THE LAND

[TO BE UPDATED]

[The Property consists of existing facilities/exhibition halls and related land area of the Los Angeles Convention Center campus which will remain available for the City's use during the construction of the Los Angeles Convention Center Expansion and Modernization Project, as depicted in Exhibit B hereof. The following table contains certain information with respect to various components of the Property.]

Name/Use	Land Area (Acres)	Square Footage	Additional Information
South Hall	22.77	1,745,942 square feet (including 529,435 square feet of parking)	Built in 1993; includes 1,656 parking spaces
Concourse Hall & West Lobby	3.71	379,450 square feet (including 64,290 square feet of parking); includes West Hall lobby of 18,430 square feet and bridge over Pico	Built in _____; ____ parking spaces
Gilbert Lindsay Plaza	3.23	_____ square feet	
Venice Parking Garage	2.74	337,073 square feet	Built in 1993; 1,121 parking spaces
Cherry Parking Garage	3.46	137,420 square feet	Built in 1968; 859 parking spaces
Bond St. Overflow Parking	1.24		241 parking spaces; asphalt lot

EXHIBIT B

DEPICTION OF THE IMPROVEMENTS

[TO COME]

Exhibit F – Contract of Purchase

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

$_____	**$_____**
LEASE REVENUE BONDS, SERIES 2025-A (LOS ANGELES CONVENTION CENTER)	**LEASE REVENUE BONDS, SERIES 2025-B (LOS ANGELES CONVENTION CENTER) (FEDERALLY TAXABLE)**

CONTRACT OF PURCHASE

[PRICING DATE]

Municipal Improvement Corporation of Los Angeles
c/o City of Los Angeles
City Administrative Officer
200 North Main Street
City Hall East, Room 1500
Los Angeles, California 90012

City of Los Angeles
Office of the City Administrative Officer
200 North Main Street
City Hall East, Room 1500
Los Angeles, California 90012

Ladies and Gentlemen:

The undersigned on behalf of itself and as representative of the underwriters named on the signature page hereto (hereinafter called the "Underwriters") offers to enter into this agreement with the City of Los Angeles (the "City") and the Municipal Improvement Corporation of Los Angeles ("MICLA"), which, upon acceptance of this offer by the City and MICLA, will be binding upon the City, MICLA and the Underwriters. This offer is made subject to the written acceptance hereof by the City and MICLA on or before 11:59 p.m., Los Angeles Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice (by telecopy, electronic mail or otherwise) given to the City and MICLA at any time prior to the acceptance hereof by the City. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Official Statement (defined herein) or, if not defined therein, in the Indenture (defined herein).

1. Purchase and Sale.

(a) Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase, and the City and MICLA hereby agree to sell all (but not less than all) of $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) (the "Series 2025-A Bonds") and $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (the "Series 2025-B Bonds" and, together with the Series 2025-A Bonds, the "Bonds").

The Bonds shall be dated the date of delivery thereof and shall be payable in the years and the amounts, and bear interest at the rates, set forth in Schedule I hereto, such interest being payable on May 1 and November 1 of each year, commencing May 1, 2026.

The purchase price for the Bonds shall be $_____, which is equal to the aggregate principal amount of the Bonds, plus [net] original issue premium of $_____, less the Underwriters' discount of $_____.

The Bonds shall be subject to redemption prior to their stated maturities, as set forth in Schedule I hereto.

(b) The City and MICLA have delivered or caused to be delivered to the Underwriters the preliminary official statement dated _____, 2025 relating to the Bonds (said preliminary official statement, together with the cover page and any and all appendices thereto and including any amendments or supplements thereto being herein referred to as the "Preliminary Official Statement"). The City confirms that the Preliminary Official Statement was "deemed final" as of the date thereof, for purposes of Securities and Exchange Commission Rule 15c2-12, as amended ("Rule 15c2-12"), except for certain information permitted to be omitted by said Rule. The Bonds are being offered pursuant to the final official statement relating to the Bonds, dated [PRICING DATE] (said final official statement, together with the cover page and any and all appendices thereto and including any amendments or supplements thereto prior to the Closing (as defined herein), being herein referred to as the "Official Statement"). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City and MICLA shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative (as defined herein).

(c) The City and MICLA acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Contract of Purchase is an arm's-length commercial transaction among the City, MICLA and the Underwriters and the Underwriters have financial and other interests that differ from those of the City and MICLA, (ii) the Underwriters are acting solely as principals and are not acting as the agents, financial advisors, municipal advisors or fiduciaries of the City or MICLA, (iii) the Underwriters have not assumed (individually or collectively) 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 contractual 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, financial and other advisors to the extent they have deemed appropriate.

2. The Bonds. The Bonds are being issued pursuant to the authority of MICLA's Articles of Incorporation, California law and the Indenture, dated as of [October 1, 2025] (the "Indenture"), by and among the City, MICLA and U.S. Bank Trust Company, National Association (the "Trustee"), as trustee, and resolutions adopted by the Council of the City (the "City Council") on _____, 2025 (the "City Resolution") and adopted by MICLA's Board of Directors on _____, 2025 (the "MICLA Resolution," and together with the City Resolution, the "Resolutions"). The Bonds will have such other terms as are provided in the Indenture.

The proceeds of the Bonds will be used to (i) finance the expansion and modernization of the Los Angeles Convention Center, (ii) finance a deposit to the Capitalized Interest Funds established for the Bonds, and (iii) pay the costs of issuance of the Bonds.

The Bonds are secured by a pledge of Revenues and such other moneys, funds and accounts pledged to the payment of the Bonds under the Indenture. The Revenues consist of the Basic Lease

Payments to be made by the City to MICLA under the Lease Agreement, dated as of [October 1, 2025] (the "Lease Agreement"), by and between the City and MICLA.

MICLA will pledge and assign Basic Lease Payments received from the City under the Lease Agreement to the Trustee pursuant to the Assignment Agreement, dated as of [October 1, 2025] (the "Assignment Agreement"), by and between MICLA and the Trustee, for the benefit of the owners of the Bonds.

The Resolutions, the Indenture, the Lease Agreement, the Site Lease, the Continuing Disclosure Certificate (as defined herein), the Bonds, this Contract of Purchase, and the Assignment Agreement are collectively referred to herein as the "Legal Documents."

3. Authority. The Underwriters represent and warrant to the City and MICLA that they are duly authorized to take any action under this Contract of Purchase required to be taken by them, that Morgan Stanley & Co. LLC (the "Representative") is duly authorized to execute this Contract of Purchase on behalf of the Underwriters and 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, and that this Contract of Purchase is a binding contract of the Underwriters enforceable in accordance with its terms.

4. Offering; Issue Price.

(a) The Underwriters agree to make a bona fide public offering of the Series 2025-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.

(b) The Representative, on behalf of the Underwriters, agrees to assist the City and MICLA in establishing the issue price of the Series 2025-A Bonds and shall execute and deliver to the City and MICLA at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City, MICLA and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2025-A Bonds.

(c) [Except as otherwise set forth in Schedule I attached hereto, the] City and MICLA will treat the first price at which 10% of each maturity of the Series 2025-A Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Representative shall report to the City and MICLA the price or prices at which the Underwriters have sold to the public each maturity of Series 2025-A Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Series 2025-A Bonds, the Representative agrees to promptly report to the City and MICLA the prices at which Series 2025-A Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined herein) has occurred, until either (i) all Series 2025-A Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Series 2025-A Bonds of that maturity, provided that, the Underwriters' reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, the City, MICLA or Bond Counsel.] For purposes of this Section, if Series 2025-A Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2025-A Bonds. [Schedule I attached hereto sets forth the maturities of

the Series 2025-A Bonds for which the 10% test has been satisfied as of the date of this Contract of Purchase (the "10% Test Maturities") and the prices at which the Underwriters have sold such 10% Test Maturities to the public. As shown in Schedule I, all of the maturities are 10% Test Maturities.]

(d) The Representative confirms that the Underwriters have offered the Series 2025-A Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Series 2025-A Bonds for which the 10% test has not been satisfied and for which the City, MICLA and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City and MICLA to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2025-A Bonds, the Underwriters will neither offer nor sell unsold Series 2025-A Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Series 2025-A Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the City and MICLA promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Series 2025-A Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2025-A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2025-A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2025-A Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2025-A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative of any sales of Series 2025-A Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2025-A Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by an underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2025-A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2025-A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2025-A Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2025-A Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Series 2025-A Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(f) The City and MICLA acknowledge that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Series 2025-A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2025-A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2025-A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2025-A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2025-A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City and MICLA further acknowledge that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Series 2025-A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2025-A Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025-A Bonds.

(g) The Underwriters acknowledge that sales of any Series 2025-A Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2025-A Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City and MICLA (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025-A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025-A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025-A Bonds to the public),

(iii) a purchaser of any of the Series 2025-A Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Contract of Purchase by all parties.

5. Official Statement, Delivery of Other Documents. The City and MICLA shall deliver to the Underwriters, within seven business days of the date hereof, and in any event, at least three business days prior to the Closing, the Official Statement, in such quantity as the Underwriters may reasonably request in order for the Underwriters to comply with the rules of the Municipal Securities Rulemaking Board ("MSRB") and subsection (b)(4) of Rule 15c2-12. The City and MICLA shall deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission. In order to assist the Underwriters in complying with Rule 15c2-12, the City will undertake, pursuant to the Continuing Disclosure Certificate, dated as of the Closing Date (the "Continuing Disclosure Certificate"), to provide annual financial information and notices of the occurrence of specified events. A description of the Continuing Disclosure Certificate is set forth in, and a form of such undertaking is attached as an appendix to, the Preliminary Official Statement and the Official Statement.

6. Use of Documents.

(a) The City and MICLA authorize the use by the Underwriters of Official Statement (including any supplements or amendments thereto and including in electronic format), and the information therein contained, in connection with the public offering and sale of the Bonds. The City and MICLA also confirm their consent to the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement (including in electronic format) in connection with the public offering of the Bonds.

(b) The Representative shall file the Official Statement, and any supplement or amendment thereto, with the MSRB via its EMMA system in accordance with the rules of the MSRB.

7. Representations, Warranties and Agreements of the City. The City hereby represents and warrants as of the date hereof 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 and the Charter of the City (the "Charter").

(b) The City has the full legal power and authority to (i) execute and deliver the Indenture, the Lease Agreement, the Site Lease, the Continuing Disclosure Certificate, and this Contract of Purchase (collectively, the "City Documents"); and (ii) to carry out and consummate the transactions on its part contemplated by the City Documents.

(c) (i) The City Resolution was duly adopted by the Council of the City at a meeting which was 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 the City Resolution; (ii) an ordinance (the "Lease Ordinance") authorizing, among other things, the leasing and subleasing of real property was duly adopted by the Council of the City at a meeting which was 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 the Lease Ordinance; and (iii) an ordinance (the "Fund Ordinance" and, together with the Lease Ordinance, the "Ordinances"), establishing, among other things, a fund for the purpose of recording accounting transactions relating to the Bonds was duly adopted by the Council of the City at a meeting which was 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 the Fund Ordinance.

(d) By all necessary official action, the City has or, as of the Closing Date, will have duly authorized and approved (i) the execution and delivery of the City Documents; (ii) the Preliminary Official Statement and the Official Statement; (iii) the execution and delivery of, and the performance by the City of its obligations to provide the information described in, the Continuing Disclosure Certificate and its obligations contained in this Contract of Purchase; (iv) the execution of all certificates and other instruments necessary to effectuate the issuance and delivery of the Bonds; and (v) the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the City Documents in connection with the issuance of the Bonds.

(e) The Bonds, the Indenture, the Lease Agreement, the Site Lease and the Continuing Disclosure Certificate will conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(f) At or prior to the Closing, the Indenture, the Lease Agreement, the Site Lease, this Contract of Purchase, the Bonds and the Continuing Disclosure Certificate shall have been duly executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, shall be legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject, as to enforceability, to the general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California.

(g) Between the date of this Contract of Purchase and the Closing Date, except as contemplated by the Preliminary Official Statement and the Official Statement, the City will not incur or issue any material notes, bonds or obligations for borrowed money payable from its General Fund other than in the ordinary course of business (which ordinary course of business includes the issuance

by MICLA of commercial paper notes from time to time), and, except as contemplated by the Preliminary Official Statement and the Official Statement, there shall not have been any material adverse change to the City's ability to perform its obligations under the City Documents other than changes in the ordinary course of business.

(h) The City is not in breach of or default under any applicable existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment or court decree binding on the City or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which would materially adversely affect the ability of the City to perform its obligations under the City 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 an event of default which would have such effect under any such instrument; and the execution and delivery of the City Documents and the performance by the City of its obligations under the City Documents will not conflict with or constitute a breach of or default under any existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment or court decree binding on the City, or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party, which conflict, breach or default would materially adversely affect the ability of the City to perform its obligations under the City Documents.

(i) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against the City (service of process against the City having been made) or, to the knowledge of the officer of the City executing this Contract of Purchase, after due inquiry, overtly threatened in writing (i) in any way questioning the existence of the City or the titles of the officers executing the City Documents to their respective offices; (ii) seeking to prohibit, restrain or enjoin the execution or delivery of the City Documents, the issuance or delivery of the Bonds, or application of the proceeds of sale of the Bonds, or in any way contesting the validity of the City Documents, the City Resolution, the Ordinances, the Bonds, or the tax-exempt status of interest due with respect to the Series 2025-A Bonds or any authority for the execution and delivery by the City of the City Documents; (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; or (iv) which would result in any material adverse change to the City's ability to perform its obligations under the City Documents.

(j) The City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as necessary (i) to qualify the 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 Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the 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 any costs in connection with City's action under this paragraph.

(k) All approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, 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 sale and delivery of the Bonds under this Contract of Purchase have been obtained or will be obtained as of the Closing Date, except for 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 Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, 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 City Documents have been obtained or will be obtained as of the Closing Date.

(l) The Preliminary Official Statement (other than the information contained in the Preliminary Official Statement with respect to The Depository Trust Company ("DTC") and the book-entry system, under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, and information permitted to be omitted pursuant to Rule 15c2-12, as to which no representation is made) did not, on the date thereof, and through the period up to and including the execution of this Contract of Purchase, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(m) At the time of the City's acceptance hereof and up to and including the time of Closing (unless an event occurs of the nature described in paragraph (o) of this Section 7), the Official Statement (other than the information therein relating to DTC and the book-entry system and under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, as to which no representation is made) 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 made therein, in the light of the circumstances under which they were made, not misleading.

(n) If the Official Statement is supplemented or amended pursuant to subsection (o) of this Section 7, the City agrees that, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such section) at all times during the period from the date of this Contract of Purchase to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with Section 18 hereof), the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading (other than the information relating to DTC and the book-entry system, under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, as to which no representation is made).

(o) If between the date of this Contract of Purchase and that date which is 25 days after the "end of the underwriting period" (as determined in accordance with Section 18 hereof) any event shall occur or be discovered that would cause the Official Statement, as then 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 made therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriters of any such event of which it has knowledge and, if in the reasonable opinion of the Underwriters such event requires the preparation and publication of a supplement or amendment the Official Statement, the City shall, at its expense, prepare and furnish to the Underwriters a reasonable number of copies of a supplement or amendment to the Official Statement in form and substance reasonably acceptable to the Underwriters.

(p) 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 2025-A Bonds.

(q) Any certificate signed by any authorized officer of the City and delivered to the Underwriters pursuant to the City 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.

(r) The City is not in payment default and at no time in the past ten years has been in payment default with respect to any lease obligations incurred by it supporting any bonds issued, or any certificates of participation delivered, by MICLA.

(s) The City's Audited Financial Statements for the Fiscal Year ended June 30, 2024, fairly and accurately present the financial condition of the City's General Fund as of that date, and, except as referred to in or contemplated by the Official Statement, there has not been, nor does the City reasonably anticipate that there will be, any adverse change of a material nature in the financial position, assets, properties, results of operations, or condition (financial or otherwise) of the City's General Fund.

(t) During the last five years, the City has not failed to materially comply with any previous undertakings relating to continuing disclosure of information pursuant to Rule 15c2-12, except as noted in the Preliminary Official Statement and the Official Statement.

8. 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 the full legal power and authority to (i) execute and deliver the Indenture, the Lease Agreement, the Site Lease, the Bonds, the Assignment Agreement and this Contract of Purchase (collectively, the "MICLA Documents"); (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein and (iii) to carry out and consummate the transactions on its part contemplated by the MICLA Documents.

(c) The MICLA Resolution was duly adopted by MICLA's Board of Directors at a meeting which was held pursuant to applicable law and with all required notice and at which a quorum was present at the time of adoption of the MICLA Resolution.

(d) By all necessary official action, MICLA has duly authorized and approved (i) the execution and delivery of the MICLA Documents; (ii) the Preliminary Official Statement and the Official Statement; (iii) the execution and delivery of, and the performance by MICLA of its obligations contained in this Contract of Purchase; (iv) the execution of all certificates and other instruments necessary to effectuate the issuance and delivery of the Bonds; and (v) the performance by MICLA of the obligations on its part contained in the MICLA Documents and the consummation by it of all other transactions contemplated by the MICLA Documents in connection with the issuance of the Bonds.

(e) The MICLA Documents will conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(f) At or prior to the Closing, the MICLA Documents shall have been duly executed and delivered by MICLA and, assuming due authorization, execution and delivery by the other parties thereto, shall be legal, valid and binding obligations of MICLA, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject, as to enforceability, to the general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and to the exercise of judicial discretion in appropriate cases.

(g) MICLA is not in breach of or default under any applicable existing constitutional provision, law or administrative regulation of the State of California or the United States binding on MICLA or any existing applicable judgment or court decree binding on MICLA or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which MICLA is a party which would materially adversely affect the ability of MICLA to perform its obligations under the MICLA 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 an event of default which would have such effect under any such instrument; and the execution and delivery of the MICLA Documents and the performance by MICLA of its obligations under the MICLA Documents will not conflict with or constitute a breach of or default under any existing constitutional provision, law or administrative regulation of the State of California or the United States binding on MICLA or any existing applicable judgment or court decree binding on MICLA, or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which MICLA is a party, which conflict, breach or default would materially adversely affect the ability of MICLA to perform its obligations under the MICLA Documents.

(h) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against MICLA (service of process against MICLA having been made) or, to the knowledge of the officer of MICLA executing this Contract of Purchase, after due inquiry, overtly threatened in writing (i) in any way questioning the existence of MICLA or the titles of the officers executing the MICLA Documents to their respective offices; (ii) seeking to prohibit, restrain or enjoin the execution or delivery of the MICLA Documents, the issuance or delivery of the Bonds, or application of the proceeds of sale of the Bonds, or in any way contesting the validity of the MICLA Documents, the MICLA Resolution, or the tax-exempt status of interest due with respect to the Series 2025-A Bonds or any authority for the execution and delivery by MICLA of the MICLA Documents; (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; or (iv) which would result in any material adverse change to MICLA's ability to perform its obligations under the MICLA Documents.

(i) MICLA will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as necessary (i) to qualify the 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 Underwriters may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that MICLA 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 any costs in connection with MICLA's action under this paragraph.

(j) All approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, 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 execution, sale and delivery of the Bonds under this Contract of Purchase have been obtained, except for 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 Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, 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 MICLA Documents have been obtained.

(k) The Preliminary Official Statement (other than the information contained in the Preliminary Official Statement with respect to The Depository Trust Company ("DTC") and the book-entry system, under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, and information permitted to be omitted pursuant to Rule 15c2-12, as to which no representation is made) did not, on the date thereof, and through the period up to and including the execution of this Contract of Purchase, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(l) At the time of MICLA's acceptance hereof and up to and including the time of Closing (unless an event occurs of the nature described in paragraph (n) of this Section 8), the Official Statement (other than the information therein relating to DTC and the book-entry system and under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, as to which no representation is made) 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 made therein, in the light of the circumstances under which they were made, not misleading.

(m) If the Official Statement is supplemented or amended pursuant to subsection (n) of this Section 8, MICLA agrees that, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such section) at all times during the period from the date of this Contract of Purchase to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with Section 18 hereof), the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading (other than the information relating to DTC and the book-entry system, under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, as to which no representation is made).

(n) If between the date of this Contract of Purchase and that date which is 25 days after the "end of the underwriting period" (as determined in accordance with Section 18 hereof) any event shall occur or be discovered that would cause the Official Statement, as then 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 made therein, in the light of the circumstances under which they were made, not misleading, MICLA shall notify the Underwriters of any such event of which it has knowledge and, if in the reasonable opinion of the Underwriters such event requires the preparation and publication of a supplement or amendment the Official Statement, MICLA shall, at its expense, prepare and furnish to the Underwriters a reasonable number of copies of a supplement or amendment to the Official Statement in form and substance reasonably acceptable to the Underwriters.

(o) 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 2025-A Bonds.

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

(q) MICLA is not in payment default and at no time in the past ten years has been in payment default with respect to any obligations incurred by it of a character similar to the Bonds.

9. Closing. At 9:00 a.m., Los Angeles time, on [October ___, 2025], or at such other time or on such later date as shall have been mutually agreed upon by the City and the Representative (the "Closing Date"), the City shall cause to be delivered to DTC in New York, New York, on behalf of the Underwriters, the Bonds, in definitive form duly executed by MICLA, and the Underwriters shall accept such delivery to DTC and shall pay the purchase price of the Bonds as set forth in section 1(a) hereof, by delivering federal or other immediately available funds in the amount of $_____ to MICLA. The City and MICLA shall deliver to the Underwriters the other documents hereinafter mentioned at the offices of Nixon Peabody LLP, in Los Angeles, California, or such other place as shall have been mutually agreed upon by the City and the Representative. Such payment and delivery is herein called the "Closing." The Bonds shall be prepared in fully registered form without coupons, in Authorized Denominations shall bear CUSIP numbers and shall be registered in the name of "Cede & Co.," as nominee of DTC; there shall be one (1) bond for each maturity of the Bonds (and, if Bonds of the same maturity bear interest at different rates, for each Series 2025-A Bond of such maturity bearing interest at a different rate) and the Bonds shall be made available for inspection by the Underwriters at least one business day prior to the Closing.

10. Closing Conditions. The Underwriters have entered into this Contract of Purchase in reliance upon the representations of the City and MICLA contained herein and the performance by the City and MICLA of their respective obligations hereunder both as of the date hereof and as of the Closing Date. The Underwriters' obligations under this Contract of Purchase shall be conditioned upon the performance by the City and MICLA of its obligations to be performed hereunder and under the other documents and instruments delivered in connection with the execution and delivery of the Bonds and shall also be subject to the following further conditions:

(a) The representations of the City and MICLA contained herein shall be true, complete and correct in all material respects (except to the extent already qualified by materiality, in which case such representations and warranties shall be true in all respects) on the date hereof and true, complete and correct in all material respects on the date of the Closing.

(b) At the time of the Closing 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 Preliminary Official Statement and the Official Statement shall not have been supplemented or amended, except in each case as may have been agreed to by the Representative.

(c) At or prior to the Closing, the Underwriters shall receive the following documents:

(1) The Preliminary Official Statement and the Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the City by an authorized City representative;

(2) Certified copies of the Resolutions, the Ordinances, and executed copies of the Indenture, the Lease Agreement, the Site Lease, the Continuing Disclosure Certificate and the Assignment Agreement and a certificate as to arbitrage in connection with the issuance of the Bonds, in form and substance reasonably satisfactory to Bond Counsel and the City, executed on behalf of the City by an authorized City representative;

(3) An opinion of Nixon Peabody, LLP ("Bond Counsel"), dated the Closing Date, in substantially the form attached to the Official Statement as Appendix C, together with a letter, dated the Closing Date, from such Bond Counsel addressed to the Underwriters stating that the Underwriters may rely on such opinions as though they were addressed to them;

(4) An opinion of Bond Counsel, dated the Closing Date and addressed to the Representative, in substantially the form set forth in Exhibit A hereto;

(5) An opinion of the City Attorney, dated the date of the Closing and addressed to the Representative, in substantially the form set forth in Exhibit C hereto;

(6) An opinion of counsel to MICLA, dated the Closing Date and addressed to the Underwriters, in substantially the form set forth in Exhibit D hereto;

(7) A certificate of an authorized City representative, dated the Closing Date, to the effect that each of the representations set forth in Section 7 of this Contract of Purchase is true, accurate and complete in all material respects as of the Closing and each of the agreements of the City, as set forth in this Contract of Purchase to be complied with at or prior to the Closing, has been complied with in all material respects;

(8) A certificate of an authorized MICLA representative, dated the Closing Date, to the effect that each of the representations set forth in Section 8 of this Contract of Purchase is true, accurate and complete in all material respects as of the Closing and each of the agreements of MICLA, as set forth in this Contract of Purchase to be complied with at or prior to the Closing, has been complied with in all material respects;

(9) Evidence reasonably satisfactory to the Underwriters that, as of the Closing Date, the rating on the Bonds are "___" by S&P Global Ratings and "____" by Fitch Ratings;

(10) The opinion of Stradling Yocca Carlson & Rauth, LLP, Disclosure Counsel, dated the Closing Date in substantially the form attached hereto as Exhibit B addressed to the City and MICLA and accompanied by a reliance letter from Disclosure Counsel to the effect that such opinion may be relied upon by the Underwriters to the same effect as if such opinion were addressed to them;

(11) The opinion of Norton Rose Fulbright US LLP, Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, in form and substance satisfactory to the Underwriters;

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

(A) 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;

(B) 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 as the Trustee under the Indenture;

(C) Due Authorization, Execution and Delivery - assuming due authorization, execution and delivery by the other parties thereto, each of the Indenture and the Assignment Agreement are the valid, legal and binding agreements of the Trustee, enforceable in accordance with their 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

(D) 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, and the performance of its obligations under, the Indenture or the authentication and delivery of the Bonds.

(13) A certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, to the effect that:

(A) 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 Bonds to the Underwriters pursuant to the terms of the Indenture;

(B) Due Authorization; Valid and Binding Obligations - it is duly authorized to authenticate and deliver the Bonds; and

(C) 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 Bonds, and compliance with and performance of 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, the articles of association, bylaws or applicable resolutions of the Trustee, 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.

(14) 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, the Assignment Agreement, and the authentication and delivery of the Bonds by the Trustee;

(15) Evidence of such insurance as is required under the Lease Agreement in form and substance reasonably acceptable to Bond Counsel, Underwriters' Counsel and the Representative;

(16) Evidence of the fair rental value of and useful life of the real property to be leased under the Lease Agreement;

(17) 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;

(18) 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, the City deems the Preliminary Official Statement to be final as of its date;

(19) Copies of the preliminary and final notices to the California Debt and Investment Advisory Commission relating to the Bonds; and

(20) Such additional legal opinions, certificates, instruments and other documents as the Underwriters, Disclosure or Bond Counsel may reasonably deem necessary to evidence the due execution and delivery of the Bonds, the truth and accuracy as of the time of the Closing of the City's representations contained in Section 7 hereof and of MICLA's representations contained in Section 8 hereof, and performance in all material respects by the City and MICLA at or prior to the time of the Closing of all agreements then to be performed and all conditions then to be satisfied by the City or MICLA pursuant to the Legal Documents.

The opinions and certificates and other material referred to above shall be in form and substance reasonably satisfactory to the Representative.

11. Termination. The Representative shall have the right to terminate the Underwriters' obligations under this Contract of Purchase to purchase, to accept delivery of and to pay for the Bonds by notifying the City and MICLA of the Underwriters' election to do so if, after the execution hereof and prior to the Closing:

(a) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Representative (after consultation with the City and MICLA), has been materially adversely affected by (i) an amendment to the Constitution of the United States, (ii) any legislation (A) enacted by the United States or the State of California, (B) recommended to the Congress or, except as disclosed in the Preliminary Official Statement and the Official Statement, otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or (C) presented as an option for consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration, or (iii) any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States or any comparable legislative, judicial or administrative development affecting the federal or state tax status of the City, its property or income, or the federal or state income tax treatment of interest on its obligations, including the Series 2025-A Bonds;

(b) there shall have occurred the outbreak or escalation of hostilities involving the United States or a national calamity or crisis, or the declaration by the United States of a national emergency or war, or any other calamity or crisis in the financial markets of the United States or elsewhere, which in the reasonable judgment of the Representative (after consultation with the City and MICLA) have had a materially adverse effect on the marketability of the Bonds or the market price thereof;

(c) 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 and MICLA), materially adversely affects the marketability of the Bonds or the market price thereof;

(d) there shall have been any downgrading, suspension or withdrawal, or any official statement as to a possible downgrading, suspension or withdrawal of any underlying rating on the Bonds or any bonds or notes payable from the City's General Fund by any rating service which has rated the Bonds, which in the reasonable judgment of the Representative, would materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(e) 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;

(f) an event described in subsection (o) of Section 7 or subsection (n) of Section 8 shall have occurred or be discovered which in the reasonable opinion of the Representative (after consultation with the City and MICLA) requires the preparation and publication of a supplement or amendment to the Official Statement, and, in such event, (i) the City refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Representative or (ii) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Representative (after consultation with the City and MICLA), to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds;

(g) 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 (including a stop order) 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 (i) the Bonds are not, or may not be, exempt from the registration, qualification or other similar requirements of the Securities Act of 1933, as amended (the "Securities Act"); (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 (the "Trust Indenture Act"); or (iii) the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities law as amended and then in effect;

(h) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds, or issued a stop order or similar ruling relating thereto; or

(i) the marketability of the Bonds or the market price thereof, in the reasonable opinion of the Representative (after consultation with the City and MICLA), has been materially adversely affected by the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed additional material restrictions not in force as of the date hereof upon trading in securities generally or shall have imposed, as to any 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 the charge to the net capital requirements of, the Underwriters.

12. Expenses.

(a) The City shall pay any expenses incident to the performance of the City's obligations hereunder, including but not limited to the following: (i) the cost of the preparation, printing and delivery of the Bonds; (ii) the fees for bond ratings; (iii) the cost of printing and distribution of the Preliminary Official Statement and the Official Statement; (iv) the fees and disbursements of Bond Counsel; (v) the fees and disbursements of Disclosure Counsel; (vi) the fees and disbursements of any other engineers, accountants, attorneys, verification agent and other experts or consultants or advisors retained by the City; and (vii) any other costs and disbursements incurred by the City in connection with the transaction. The City shall reimburse the Underwriters for expenses (included in the expense component of the Underwriters' spread) incurred on behalf of the City's employees which are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation and lodging of those employees.

(b) The Underwriters shall pay their own expenses including but not limited to the fees and disbursements of any attorneys retained by the Underwriters. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the sale of the Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the City agrees to reimburse the Underwriters for such fees through inclusion in the Underwriters' discount.

(c) The City and MICLA each acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

13. Notices. Any notice or other communication to be given to the City or MICLA under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) may be given by giving the same in writing:

To the City:	City of Los Angeles City Administrative Officer 200 North Main Street City Hall East, Room 1500 Los Angeles, California 90012 Attention: Debt Management Group
To MICLA:	MICLA c/o City of Los Angeles City Administrative Officer 200 North Main Street City Hall East, Room 1500 Los Angeles, California 90012 Attention: MICLA Coordinator
With a copy to:	Office of the City Attorney 200 North Main Street City Hall East, 9th Floor Los Angeles, California 90012
To the Representative:	Morgan Stanley & Co. LLC 1999 Avenue of the Stars, Suite 2400 Los Angeles, California 90067 Attention: Alex Zaman

14. Governing Law; Venue. This Contract of Purchase was made and entered into in the City and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City, including any applicable statute of limitation, without regard to conflict of law principles. All litigation arising out of, or relating to this Contract of Purchase, shall be brought in a State or Federal court in the County of Los Angeles in the State of California. The parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of *forum non conveniens*.

15. Parties in Interest. This Contract of Purchase when executed by the City and MICLA shall constitute the entire agreement among the City, MICLA and the Underwriters and is made solely for the benefit of the City, MICLA and the Underwriters (including the successors or permitted assigns of any of the Underwriters but does not include any purchasers of the Bonds from the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations (as of the date such representations were made) of the City or MICLA contained in this Contract of Purchase shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriters. This Contract of Purchase may not be assigned by any party without the written consent of the other party.

16. Effective Date. This Contract of Purchase shall be effective upon the execution hereof by the Representative, on behalf of the Underwriters, the City and MICLA.

17. Headings. The headings of the sections of this Contract of Purchase are inserted for convenience only and shall not be deemed to be a part hereof.

18. End of Underwriting Period. The term "end of the underwriting period" referred to in sections 7 and 8 of this Contract of Purchase shall mean the later of such time as (i) the City delivers the Bonds to the Underwriters or (ii) the Underwriters do not retain an unsold balance of the Bonds for sale to the public. Unless the Underwriters give notice to the contrary, the end of the underwriting period shall be deemed to be the Closing Date. Any notice delivered pursuant to this Section 18 shall be delivered in writing to the City at or prior to the Closing Date, and shall specify a date, other than the Closing Date (or such other date specified by notice delivered pursuant to this Section 18), to be deemed the end of the underwriting period. In no event shall the "end of the underwriting period" extend beyond the date sixty (60) days from the Closing.

19. Representation by Counsel. Each party hereto represents and acknowledges that it has been represented by competent counsel in connection with the negotiation and execution of this Contract of Purchase, and has been fully advised by said counsel with respect to its rights and obligations hereunder.

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

21. Counterparts. This Contract of Purchase may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The parties further agree that

facsimile signatures or signatures scanned into PDF format (or signatures in another electronic format designated by the City and MICLA) and sent by e-mail shall be deemed original signatures.

22. City Standard Provisions. Each of the Underwriters agrees that it will comply with the Standard Provisions for City Contracts attached hereto as Exhibit F.

23. Iran Contracting Act of 2010. In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at $1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit." Each of the Underwriters shall complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit" prior to the date of the execution of this Contract of Purchase.

[Signatures appear on next page.]

Very truly yours,

MORGAN STANLEY & CO. LLC
BofA Securities, Inc.
Samuel A. Ramirez & Company, Inc.
American Veterans Group, PBC
Cabrera Capital Markets, LLC
Stern Brothers & Co.
Raymond James & Associates, Inc.

By: _____
MORGAN STANLEY & CO. LLC,
as Representative of the Underwriters

Agreed and Accepted:

This ___th day of _____, 2025,
at _____ a.m./p.m. Los Angeles Time

CITY OF LOS ANGELES

By:_____
Name: Benjamin Ceja
Title: Assistant City Administrative Officer

APPROVED AS TO FORM

HYDEE FELDSTEIN SOTO
City Attorney

By: _____
Deputy City Attorney

Agreed and Accepted:

This ___th day of _____, 2025,
at _____ a.m./p.m. Los Angeles Time

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

By:_____
Name:
Title:

SCHEDULE I

Maturity Schedule

$_____
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, Series 2025-A
(Los Angeles Convention Center)

Maturity (May 1)	Principal Amount	Interest Rate	Yield	Price
	$	%	%	

[C] Priced to par call on May 1, 20__.
* All of the maturities are 10% Test Maturities.

$_____
Municipal Improvement Corporation of Los Angeles
Lease Revenue Bonds, Series 2025-B
(Los Angeles Convention Center)
(Federally Taxable)

Maturity (May 1)	Principal Amount	Interest Rate	Yield	Price
	$	%	%	

[C] Priced to par call on May 1, 20__.
* All of the maturities are 10% Test Maturities.

Redemption Provisions

Redemption of the Bonds

Optional Redemption of Series 2025-A Bonds. The Series 2025-A Bonds maturing on or before [May 1, 20__] are not subject to optional redemption prior to their stated maturity dates. The Series 2025-A Bonds maturing on or after [May 1, 20__] are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any date on or after [_____ 1, 20__], at a redemption price equal to the principal amount of the Series 2025-A Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of Series 2025-B Bonds. [The Series 2025-B Bonds are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any business day before [_____ 1, 20__], at the Make-Whole Redemption Price (defined below), plus accrued and unpaid interest up to, but not including, the redemption date, on the Series 2025-B Bonds to be redeemed on the date fixed for redemption.

The Series 2025-B Bonds maturing on or after [May 1, 20__] are subject to redemption, in whole or in part, of such maturities designated by the City, prior to their respective maturity dates, at the option of the Corporation (at the direction of the City), on any date on or after [_____ 1, 20__], at a redemption price equal to the principal amount of the Series 2025-B Bonds to be redeemed plus accrued interest thereon to the date of redemption, without premium.

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2025-B Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2025-B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2025-B Bonds are to be redeemed, discounted to the date on which the Series 2025-B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ____ (__) basis points, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ___ (__) basis points, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, ___ (__) basis points, with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, _____ (__) basis points and with respect to the Series 2025-B Bonds maturing on [_____ 1, 20__] through [_____ 1, 20__], inclusive, _____ (__) basis points.

"Treasury Rate" means, as of any redemption date for a particular Series 2025-B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2025-B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the Corporation (at the direction of the City), the Make-Whole Redemption Price of the Series 2025-B Bonds to be redeemed shall be determined by an independent accounting firm, investment banking firm or financial advisor retained by City at the City's expense to calculate such Make-Whole Redemption Price. The City may conclusively rely on the determination of such Make-Whole Redemption price by such independent accounting firm, investment banking firm or financial advisor and shall not be liable for such reliance.]

[Mandatory Sinking Fund Redemption. The Series 2025-A Bonds maturing on May 1, 20__ are also subject to mandatory redemption prior to their stated maturity, in part, from sinking account payments deposited in the Series 2025-A Bonds Sinking Account, on each May 1, commencing May 1, 20__, at the principal amount thereof and interest accrued thereon to the dates fixed for mandatory redemption, without premium, according to the following schedule:

Year May 1	***Principal Amount***

[The Series 2025-B Bonds maturing on May 1, 20__ are also subject to mandatory redemption prior to their stated maturity, in part, from sinking account payments deposited in the Series 2025-B Bonds Sinking Account, on each May 1, commencing May 1, 20__, at the principal amount thereof and interest accrued thereon to the dates fixed for mandatory redemption, without premium, according to the following schedule:]

Year May 1	***Principal Amount***

Extraordinary Mandatory Redemption. The Bonds are subject to redemption prior to their respective maturity dates, in Authorized Denominations, upon notice as provided in the Indenture, on any date, in whole or in part, from Net Proceeds as provided in the Indenture and the Lease Agreement, at a redemption price equal to 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. Notwithstanding the foregoing, the Net Proceeds arising from the damage, destruction, taking or other loss of or to the Property may be invested in a yield restricted account pursuant to the Tax Certificate and applied to the pro rata payment of principal of the Series 2025-A Bonds, or such other selection of Bonds approved in an Opinion of Counsel, so long as the Bonds are Outstanding.

If less than all Outstanding Bonds are to be redeemed pursuant to the preceding paragraph, 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 Bonds 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, Bonds of such Series and maturity date to be redeemed shall be selected in accordance with the Indenture. 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 the Indenture.

EXHIBIT A

FORM OF SUPPLEMENTAL OPINION

[Closing Date]

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

City of Los Angeles
Los Angeles, California

Morgan Stanley & Co. LLC,
as representative of the Underwriters
Los Angeles, California

Re: $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center)

$_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the sale and issuance by the Municipal Improvement Corporation of Los Angeles (the "Corporation") of $_____ aggregate principal amount of its Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) and the $_____ aggregate principal amount of its Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (together, the "Bonds"). The Bonds are authorized under the Articles of Incorporation of the Corporation and the laws of the State of California (the "State"). The Bonds are being issued pursuant to an Indenture, dated as of [October 1, 2025] (the "Indenture"), by and among the Corporation, the City of Los Angeles, California (the "City") and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). This supplemental opinion is rendered pursuant to Section 10(c)(4) of the Contract of Purchase, dated [PRICING DATE] ("Contract of Purchase"), executed by Morgan Stanley & Co. LLC, as Representative of itself and of the Underwriters named therein (collectively, the "Underwriters") and accepted and agreed to by the Corporation and the City. All terms used in this supplemental opinion and not defined herein shall have the same meaning as assigned in the Contract of Purchase.

In arriving at the opinions and conclusions hereinafter expressed, we have examined: the Indenture, the Lease Agreement, dated as of [October 1, 2025] (the "Lease Agreement"), by and between the City and the Corporation, the Site Lease, dated as of [October 1, 2025] (the "Site Lease"), by and between the City and the Corporation, the Assignment Agreement, dated as of [October 1, 2025] (the "Assignment Agreement"), by and between the Corporation and the Trustee and the Continuing Disclosure Certificate dated [October ___, 2025] executed and delivered by the City in connection with the issuance of the Bonds (the "Continuing Disclosure Certificate"). In addition, we have relied upon and examined opinions of counsel to the Corporation, the City

and the Trustee, certificates of the Corporation, the City, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have also examined the Preliminary Official Statement, dated _____, 2025 (the "Preliminary Official Statement") and the Official Statement, dated [PRICING DATE], (the "Official Statement") relating to the Bonds.

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 whether 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 and the Corporation. 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 second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. The rights and obligations under the Bonds, the Indenture, the Lease Agreement, the Site Lease, the Assignment Agreement and other documents, 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, to the limitations on legal remedies against municipal corporations in the State, and to the application of laws of the State relating to conflicts of interest to which public agencies are subject.

Based upon and subject to the foregoing, as of the date hereof and under existing law, we are of the following opinions or conclusions:

1. The statements in the Preliminary Official Statement and the Official Statement under the captions "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX MATTERS" and in Appendix B—"SUMMARY OF LEGAL DOCUMENTS," and in Appendix C—"PROPOSED FORM OF APPROVING OPINIONS OF BOND COUNSEL," and insofar as such statements expressly summarize provisions of the Indenture, the Lease Agreement, the Site Lease, the Assignment Agreement and our final opinion concerning certain federal and state tax matters relating to the Series 2025-A Bonds, are accurate in all material respects for the Preliminary Official Statement as of the date of the Preliminary Official Statement and as of [PRICING DATE], and for the Official Statement as of the date of the Official Statement and as of the date hereof. 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 Preliminary Official Statement or the Official Statement.

2. The Continuing Disclosure Certificate has been duly authorized, executed and delivered by the City, and is the valid, legal and binding agreement of the City, enforceable in accordance with its terms.

3. The Contract of Purchase has been duly authorized, executed and delivered by the City and the Corporation and is the valid, legal and binding agreement of the City and the Corporation, enforceable in accordance with its terms, except that the rights and obligations under the Contract of Purchase are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases, to limitations on legal remedies against public agencies in the State, and to the application of laws of the State relating to conflicts of interest to which public agencies are subject, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

4. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

This opinion is furnished by us as Bond Counsel to the City and the Corporation. No attorney client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this supplemental opinion. This supplemental opinion is furnished to the Underwriters solely for your benefit in your capacity as Underwriters in connection with the original issuance and delivery of the Bonds, and may not be provided, quoted or otherwise referred to, or relied upon by you for any other purpose or by any other person. This supplemental opinion is not intended to be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed. We do not undertake to advise you of any subsequent events or developments which might affect the statements contained herein. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this opinion.

Respectfully submitted,

EXHIBIT B

FORM OF OPINION OF DISCLOSURE COUNSEL [*to be confirmed or updated by Stradling*]

[Closing Date]

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

City of Los Angeles, California
Los Angeles, California

Morgan Stanley & Co. LLC,
as Representative of the Underwriters
Los Angeles, California

Re: *$_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center)*

$_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the Municipal Improvement Corporation of Los Angeles (the "Corporation") and the City of Los Angeles (the "City") in connection with the issuance of $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) and $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) (together, the "Bonds"). The Bonds are being issued under an Indenture, dated as of [October 1, 2025] (the "Indenture"), by and among the Corporation, the City, and U.S. Bank Trust Company, National Association, as trustee thereunder (the "Trustee"). The Bonds are being sold to the Underwriters pursuant to a Contract of Purchase dated as of [PRICING DATE], by and among the Corporation, the City, and Morgan Stanley & Co. LLC, as Representative of the Underwriters listed therein. Capitalized terms not otherwise defined in this letter shall have the meanings ascribed thereto in the Official Statement relating to the Bonds dated [PRICING DATE] (the "Official Statement").

We have examined the record of proceedings submitted to us relative to the sale and issuance of the Bonds and originals or copies certified or otherwise identified to our satisfaction of (i) the Indenture, (ii) the Site Lease, dated as of [October 1, 2025], by and between the City and the Corporation, (iii) the Lease Agreement, dated as of [October 1, 2025], between the City and the Corporation, (iv) the City's Continuing Disclosure Certificate dated [October ___, 2025], (v) the Preliminary Official Statement for the Bonds dated _____, 2025 (the "Preliminary Official Statement"), (vi) the Official Statement, and (vii) certain documents, certificates, opinions of counsel, instructions and records delivered in connection with the issuance of the Bonds.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions, certificates and instructions which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made and opinions expressed in the documents that we have reviewed are true and accurate.

We are not passing upon and have not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement and are, therefore, unable to make any representation to you in that regard. Based on our participation in conferences with the City, members of the City Attorney's office, Bond Counsel, the City's Municipal Advisor, the Underwriters, counsel to the Underwriters, and others, during which conferences the content of the Preliminary Official Statement, the Official Statement, and related matters were discussed, our reliance on the oral and written statements of the City and others, our review of and reliance upon the documents, certificates, instructions and records and the opinions of counsel described above and our understanding of applicable law, and subject to the limitations on our role as Disclosure Counsel to the City, we advise you as a matter of fact but not opinion that no information has come to the attention of the attorneys in the firm representing the City as Disclosure Counsel on this matter which caused us to believe that: (i) the Preliminary Official Statement as of its date and as of [PRICING DATE] (or through the period up to and including the execution of the Contract of Purchase), contained any untrue statement of a material fact, or as of its date omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that we express no view with respect to any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices B, C, or D to the Preliminary Official Statement, information concerning DTC and its book-entry system, the City's compliance with its prior continuing disclosure undertakings, or information permitted to be omitted from the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12), or (ii) the Official Statement as of its date contained, or as of the date hereof contains, any untrue statement of a material fact, or as of its date omitted, or as of the date hereof omits, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that we express no view with respect to any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices B, C, or D to the Official Statement, information concerning DTC and its book-entry system, or the City's compliance with its prior continuing disclosure undertakings).

By acceptance of this letter, you acknowledge that the preceding paragraph is neither a legal opinion nor a guarantee regarding the Preliminary Official Statement or the Official Statement; rather it is a statement of negative assurance regarding factual information that did not come to the attention of attorneys in our firm working on this matter during the limited activities that we performed as Disclosure Counsel to the City. Further, in accepting this letter the City and the Corporation recognize and acknowledge that (i) the scope of those activities performed by us were inherently limited and do not encompass all activities that the City and Corporation may be responsible to undertake in preparing the Preliminary Official Statement and the Official

Statement, (ii) those activities performed by us relied substantially on representations, warranties, certifications and opinions made by representatives of the City and the Corporation, and others, and are otherwise subject to the matters set forth in this letter, and (iii) while such statements of negative assurance are customarily given to an underwriter of municipal bonds to assist them in discharging their responsibilities under federal securities laws, the responsibilities of the City and the Corporation under those laws may differ from those of the Underwriters in material respects, and the preceding paragraph may not serve the same purpose or provide the same utility to them as it would to the Underwriters. Our services did not include financial or other non-legal advice.

We advise you that, other than reviewing the various certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered in connection with the issuance of the Bonds, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Preliminary Official Statement as of its date or the Official Statement as of its date and as of the date hereof.

We call attention to the fact that the foregoing conclusions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or occur (or do not occur), and we expressly disclaim any responsibility to advise you as to events occurring after the date hereof with respect to the Bonds or other matters discussed in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as Disclosure Counsel to the City. 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 delivered to the Corporation and the City (as the issuer and obligated party, respectively, with respect to the Bonds) and the Underwriters (in their capacities as underwriters of the Bonds), solely for the benefit of the Corporation, the City, and the Underwriters, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. We express no opinion herein with respect to the validity of the Bonds or the tax treatment of the interest with respect thereto or the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the offer or sale of the Bonds. This letter is not intended to be relied upon by holders of the Bonds. Our engagement with respect to the Bonds terminates as of the date hereof.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF
THE CITY ATTORNEY OF THE CITY OF LOS ANGELES

[Closing Date]

City of Los Angeles
Los Angeles, California

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

Morgan Stanley & Co. LLC,
as representative of the Underwriters
Los Angeles, California

$_____	$_____
Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center)	Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)

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 of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) in an aggregate principal amount of $_____ and Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) in an aggregate principal amount of $_____ (together, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of [October 1, 2025] (the "Indenture"), by and among the Municipal Improvement Corporation of Los Angeles ("MICLA"), the City and U.S. Bank Trust Company, National Association, as trustee (the "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 Bonds and in connection with the delivery of the opinions stated in this letter, we have examined originals or copies of the following:

(a) The Charter of the City of Los Angeles (the "Charter");

(b) The resolution, adopted by the City Council of the City (the "City Council") on _____, authorizing the issuance of the Bonds and other related matters (the "Resolution");

(c) Ordinance No. _____, adopted by the City Council on _____ (the "Lease Ordinance");

(d) Ordinance No. _____, adopted by the City Council on _____ (the "Fund Ordinance" and, together with the Lease Ordinance, the "Ordinances");

(e) The Site Lease;

(f) The Lease Agreement;

(g) The Assignment Agreement;

(h) The Indenture;

(i) The Continuing Disclosure Certificate;

(j) The Contract of Purchase, dated [PRICING DATE] (the "Contract of Purchase"), by and among the City, MICLA and Morgan Stanley & Co. LLC, on behalf of itself and as representative of BofA Securities, Inc., Samuel A. Ramirez & Company, Inc., American Veterans Group, PBC, Cabrera Capital Markets, LLC, Stern Brothers & Co. and Raymond James & Associates, Inc.;

(k) The Official Statement dated [PRICING DATE], relating to the Bonds (the "Official Statement");

(l) The Incumbency and Signature and Certificate of the City, dated of even date herewith;

(m) The City Closing Certificate, dated of even date herewith; and

(n) Such other records, documents, agreements, instruments, opinions, certificates and other matters as we deemed relevant, necessary or appropriate to render the opinions set forth below.

As to relevant factual matters, we have relied upon without undertaking to verify independently, among other things, the City's factual representations contained in the records, documents, agreements, instruments, certificates, including the certified proceedings and certifications of City officials and others furnished to us in connection with the Bonds and related matters, and other matters described above. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity with originals of all documents submitted to us as copies. The Indenture, the Lease Agreement, the Site Lease, the Continuing Disclosure Certificate and the Contract of Purchase are collectively referred to herein as the "City Documents."

From such examination, on the basis of our reliance upon the assumptions in this letter and our consideration of those questions of existing law we considered relevant, and subject to the limitations and qualifications in this letter, as of the date hereof, we are of the following opinions:

1. The City is a 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.

2. The Resolution and the Ordinances were each duly adopted by the City Council at a meeting which was held pursuant to the terms of the Charter and all other applicable law and with all required notice having been given and at which a quorum was present at the time of adoption of such Resolution and Ordinances. The Resolution and Ordinances have not been modified, amended or rescinded and are in full force and effect on and as of the date hereof.

3. The City Documents and the Official Statement have been duly authorized, executed and delivered by the City.

4. To the best of our knowledge, the execution and delivery of the City Documents and the Official Statement by the City, and compliance with the provisions of the City Documents under the circumstances contemplated thereby, do not, in any material respect (a) violate any applicable judgment, order or regulation applicable to the City or any Charter provision, law or ordinance of the City, and (b) conflict with or result in a 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, and with respect to which, where such violation, conflict, breach or default would materially and adversely affect the ability of the City to perform its obligations under the City Documents.

5. 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 those that have been obtained) is required for the valid authorization, execution and delivery by the City of the City Documents and the Official Statement.

6. To the best of our knowledge, except as may otherwise be set forth in the Official Statement, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been given to the City) or threatened against the City wherein an unfavorable decision, ruling or finding would (a) question the creation, organization, existence or powers of the City or the titles of the City Representatives to their respective offices, (b) contest the validity of the Resolution, the Ordinances, the Bonds or the City Documents, (c) contest the power of the City to enter into or perform its obligations under any of the City Documents, or (d) restrain or enjoin the payment by the City of Basic Lease Payments pursuant to the Lease Agreement or other amounts due under the Lease Agreement or the Indenture.

We express no opinion on the enforceability of the Bonds or the City Documents against the City.

The law covered by the opinions expressed herein is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction, and we express no opinion as to any Blue Sky laws, federal and state securities laws and tax laws.

We express no opinion about the financial ability of the City to make Basic Lease Payments in amounts sufficient to pay debt service on the Bonds, or to pay other amounts due under the Lease Agreement or the Indenture, and accordingly, our office offers no opinion whatsoever regarding such financial ability of the City or its ability to repay the Bonds.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, severability or waiver provisions contained in the City Documents.

For purposes of the matters set forth in paragraph 4, we have assumed that the City will not in the future take any discretionary action (including a decision not to act) permitted by the City Documents that would cause the execution and delivery of the City Documents and compliance with provisions of the City Documents under the circumstances contemplated thereby to violate any applicable judgment, order or regulation applicable to the City or any Charter provision, law or ordinance of the City, or that would conflict with or result in a 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.

The matters set forth in paragraph 6 are factual confirmations and not legal opinions.

The opinions set forth herein may be affected by actions taken or omitted by the City or other parties, or by events, facts or circumstances occurring after the date hereof. This letter speaks only as of the date hereof and we do not undertake, and expressly disclaim, any obligation to amend or supplement this letter as events, facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect the opinions set forth herein.

The opinions expressed herein are matters of professional judgment and are not a guarantee of result. The opinions are expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter is given in an official capacity only and not personally, and no personal liability shall derive herefrom.

This letter is for the sole benefit of the addressees hereof and is not to be used, circulated, quoted or otherwise referred to for any purpose; provided, however, that it may be included in the transcript of record of proceedings relating to the Bonds. No other person may rely on this letter without our prior written consent. Other than the City and MICLA, no attorney-client relationship has existed or exists between our office and the addressees of this letter in connection with the Bonds or by virtue of this letter.

Very truly yours,

HYDEE FELDSTEIN SOTO,
City Attorney

By:_____
Deputy City Attorney

EXHIBIT D

FORM OF OPINION OF COUNSEL TO MICLA

[Closing Date]

City of Los Angeles
Los Angeles, California

Municipal Improvement Corporation of Los Angeles
Los Angeles, California

Morgan Stanley & Co. LLC,
as representative of the Underwriters
Los Angeles, California

$_____	$_____
Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center)	Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable)

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 of the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (Los Angeles Convention Center) in an aggregate principal amount of $_____ and Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-B (Los Angeles Convention Center) (Federally Taxable) in an aggregate principal amount of $_____ (together, the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of [October 1, 2025] (the "Indenture"), by and among MICLA, the City of Los Angeles (the "City") and U.S. Bank Trust Company, National Association, as trustee (the "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 Bonds and in connection with the delivery of the opinions stated in this letter, we have examined originals or copies of the following:

(a) The Articles of Incorporation of MICLA (the "Articles") and the Amended and Restated Bylaws of MICLA (the "Bylaws");

(b) A good standing certificate of MICLA, executed _____, issued by the Secretary of State of the State of California;

(c) The resolution, adopted by the Board of Directors of MICLA (the "Board") on _____, authorizing the issuance of the Bonds and other related matters (the "Resolution");

(d) The Site Lease;

(e) The Lease Agreement;

(f) The Assignment Agreement;

(g) The Indenture;

(h) The Official Statement dated [PRICING DATE], relating to the Bonds (the "Official Statement");

(i) The Contract of Purchase, dated [PRICING DATE] (the "Contract of Purchase"), by and among the City, MICLA and Morgan Stanley & Co. LLC, on behalf of itself and as representative of BofA Securities, Inc., Samuel A. Ramirez & Company, Inc., American Veterans Group, PBC, Cabrera Capital Markets, LLC, Stern Brothers & Co. and Raymond James & Associates, Inc.;

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

(k) Such other records, documents, agreements, instruments, opinions, certificates and other matters as we deemed relevant, necessary or appropriate to render the opinions set forth below.

As to relevant factual matters, we have relied upon without undertaking to verify independently, among other things, MICLA's factual representations contained in the records, documents, agreements, instruments, certificates, including the certified proceedings and certifications of MICLA officials and others furnished to us in connection with the Bonds and related matters, and other matters described above. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity with originals of all documents submitted to us as copies. The Bonds, the Indenture, the Lease Agreement, the Site Lease, the Assignment Agreement and the Contract of Purchase are collectively referred to herein as the "MICLA Documents."

From such examination, on the basis of our reliance upon the assumptions in this letter and our consideration of those questions of existing law we considered relevant, and subject to the limitations and qualifications in this letter, as of the date hereof, we are of the following opinions:

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

2. The Resolution was duly adopted by the Board at a meeting which was held pursuant to the terms of the Articles, the Bylaws and all other applicable law and with all required notice having been given and at which a quorum was present at the time of adoption of such

Resolution. The Resolution has not been modified, amended or rescinded and is in full force and effect on and as of the date hereof.

3. The MICLA Documents have been duly authorized, executed and delivered by MICLA.

4. To the best of our knowledge, the execution and delivery of the MICLA Documents by MICLA, and compliance with the provisions of the MICLA Documents under the circumstances contemplated thereby, do not, in any material respect (a) violate any applicable judgment, order or regulation applicable to MICLA or the Articles or Bylaws of MICLA, and (b) conflict with or result in a breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which MICLA is a party or by which it is bound, and with respect to which, where such violation, conflict, breach or default would materially and adversely affect the ability of MICLA to perform its obligations under the MICLA Documents.

5. 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 those that have been obtained) is required for the valid authorization, execution and delivery by MICLA of the MICLA Documents.

6. To the best of our knowledge, except as may otherwise be set forth in the Official Statement, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been given to MICLA) or threatened against MICLA wherein an unfavorable decision, ruling or finding would (a) question the creation, organization, existence or powers of MICLA or the titles of the Corporation Representatives to their respective offices, (b) contest the validity of the Resolution or the MICLA Documents, (c) contest the power of MICLA to enter into or perform its obligations under any of the MICLA Documents, or (d) restrain or enjoin the repayment of the Bonds by MICLA.

We express no opinion on the enforceability of the MICLA Documents against MICLA.

The law covered by the opinions expressed herein is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction, and we express no opinion as to any Blue Sky laws, federal and state securities laws and tax laws.

We express no opinion about the financial ability of MICLA to pay debt service on the Bonds, or to pay other amounts due under the Indenture, and accordingly, our office offers no opinion whatsoever regarding such financial ability of MICLA or its ability to repay the Bonds.

We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, severability or waiver provisions contained in the MICLA Documents.

For purposes of the matters set forth in paragraph 4, we have assumed that MICLA will not in the future take any discretionary action (including a decision not to act) permitted by the MICLA Documents that would cause the execution and delivery of the MICLA Documents and compliance with provisions of the MICLA Documents under the circumstances contemplated thereby to violate any applicable judgment, order or regulation applicable to MICLA or the

Articles or Bylaws of MICLA, or that would conflict with or result in a breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which MICLA is a party or by which it is bound.

The matters set forth in paragraph 6 are factual confirmations and not legal opinions.

The opinions set forth herein may be affected by actions taken or omitted by MICLA or other parties, or by events, facts or circumstances occurring after the date hereof. This letter speaks only as of the date hereof and we do not undertake, and expressly disclaim, any obligation to amend or supplement this letter as events, facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect the opinions set forth herein.

The opinions expressed herein are matters of professional judgment and are not a guarantee of result. The opinions are expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter is given in an official capacity only and not personally, and no personal liability shall derive herefrom.

This letter is for the sole benefit of the addressees hereof and is not to be used, circulated, quoted or otherwise referred to for any purpose; provided, however, that it may be included in the transcript of record of proceedings relating to the Bonds. No other person may rely on this letter without our prior written consent. Other than the City and MICLA, no attorney-client relationship has existed or exists between our office and the addressees of this letter in connection with the Bonds or by virtue of this letter.

Very truly yours,

HYDEE FELDSTEIN SOTO,
City Attorney

By:_____
Deputy City Attorney

EXHIBIT E

MUNICIPAL IMPROVEMENT CORPORATION OF LOS ANGELES

**$_____*
LEASE REVENUE BONDS,
SERIES 2025-A
(LOS ANGELES CONVENTION CENTER)**

FORM OF ISSUE PRICE CERTIFICATE OF THE REPRESENTATIVE

The undersigned, on behalf of Morgan Stanley & Co. LLC (the "Representative"), on behalf of themselves, BofA Securities, Inc., Samuel A. Ramirez & Company, Inc., American Veterans Group, PBC, Cabrera Capital Markets, LLC, Stern Brothers & Co. and Raymond James & Associates, Inc. (together, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the $_____ Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2025-A (the "Series 2025-A Bonds"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Tax and Nonarbitrage Certificate relating to the Series 2025-A Bonds, to which this certificate is attached.

1. ***Sale of the 10% Maturities***. As of the date of this certificate, for each Maturity of the Series 2025-A Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A. All of the maturities are 10% Test Maturities.

2. ***Defined Terms***.

(a) *10% Test Maturities* means those Maturities of the Series 2025-A Bonds listed in Schedule A hereto as the "10% Test Maturities."

(b) *Issuer* means the Municipal Improvement Corporation of Los Angeles.

(c) *Maturity* means Series 2025-A Bonds with the same credit and payment terms. Series 2025-A Bonds with different maturity dates, or Series 2025-A Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

* Preliminary; subject to change.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2025-A Bonds. The Sale Date of the Series 2025-A Bonds is [PRICING DATE].

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025-A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025-A Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025-A Bonds to the Public).

3. ***Other Certifications***.

(a) The aggregate of the Initial Offering Prices of the Series 2025-A Bonds is $_____.

(b) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the arbitrage yield with respect to the Series 2025-A Bonds.

(c) We have provided the attached schedules, at the direction of Bond Counsel, relating to the calculation of the weighted average maturity of the Series 2025-A Bonds.

We express no view regarding the legal sufficiency of any of the above computations or the correctness of any legal interpretation made by Bond Counsel. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax and Nonarbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Series 2025-A Bonds, and by Nixon Peabody, LLP in connection with rendering their opinions that the interest on the Series 2025-A Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2025-A Bonds. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

MORGAN STANLEY & CO. LLC, on behalf of itself and as Representative of the Underwriting Group

By:_____
Authorized Representative

Dated: [October __], 2025

SCHEDULE A
SALE PRICES OF THE 10% TEST MATURITIES

SCHEDULE B TO ISSUE PRICE CERTIFICATE

[ATTACH PRICING WIRE OR EQUIVALENT COMMUNICATION]

EXHIBIT F

Standard Provisions for City Contracts

Each Underwriter, on its own behalf and not on behalf of any other Underwriter, agrees to comply with the following requirements of the City of Los Angeles (the "City") in connection with the Contract of Purchase by and among the City, the Municipal Improvement Corporation of Los Angeles and Morgan Stanley & Co. LLC, as the Representative, dated [PRICING DATE] (referred to in this Exhibit as the "Contract of Purchase") (capitalized undefined terms used herein have the meanings ascribed thereto in the Contract of Purchase):

Section 1. Independent Contractor. Each Underwriter is an independent contractor and not an agent or employee of the City. Each Underwriter shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees or agents to be an agent or employee of the City.

Section 2. Retention of Records, Audits and Reports. The Underwriters shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract of Purchase, in their original form or as otherwise approved by the City. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by the City or (2) the expiration or termination of this Contract of Purchase. The records will be subject to examination and audit by authorized City personnel or the City's representatives at any time. The Underwriters shall provide any reports requested by the City regarding performance of this Contract of Purchase. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, the Underwriters may, upon the City's written approval, submit the required information to the City in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract of Purchase.

Section 3. Taxpayer Identification Number ("TIN") and Withholding Taxes. The Representative declares that it has an authorized TIN which will be provided to the City on Form W-9 or such equivalent form prior to payment under the Contract of Purchase. Payments made under the Contract of Purchase shall be subject to any federal or state taxes as may be required to be withheld pursuant to any applicable law or regulation, unless otherwise exempted by such applicable law, regulations, or other evidence of exemption.

Section 4. Indemnification. The Underwriters shall defend, indemnify and hold harmless the City and the City's boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to attorneys' fees and costs of litigation, to the extent such suits and causes of action, claims, losses, demands and expenses arise out of or are based upon information provided by the Underwriters to the City for use in the Preliminary Official Statement and the Official Statement under the heading "UNDERWRITING."

Section 5. Insurance. During the term of this Contract of Purchase, each Underwriter shall provide and maintain at its own expense professional liability insurance in the amount of One

Million Dollars ($1,000,000) which covers the services performed pursuant to this Contract of Purchase, and that it will expend every reasonable effort to keep such insurance or its equivalent in effect at all times during performance of the Contract of Purchase and for one (1) year after the termination of the Contract of Purchase. The insurance must: (1) conform to the City's requirements; (2) comply with the Insurance Contractual Requirements attached to the Request for Qualifications, and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management.

Section 6. Warranty and Responsibility of the Underwriters. The Underwriters warrant that the work performed under this Contract of Purchase shall be completed in a manner consistent with professional standards practiced among those firms within the Underwriters' profession, doing the same or similar work under the same or similar circumstances.

Section 7. Mandatory Provisions Pertaining to Non-Discrimination in Employment.

Unless otherwise exempt, this Contract of Purchase is subject to the applicable non-discrimination, equal employment practices, and affirmative action program provisions in the Los Angeles Administrative Code ("LAAC") Section 10.8 et seq., as amended from time to time.

A. Each Underwriter shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Contract of Purchase, each Underwriter shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.

B. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract of Purchase by reference and will be known as the "Equal Employment Practices" provisions of this Contract of Purchase.

C. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract of Purchase by reference and will be known as the "Affirmative Action Program" provisions of this Contract of Purchase.

Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 8. Child Support Assignment Orders. Each Underwriter shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, each Underwriter (and any subcontractor providing services to the City under this Contract of Purchase) shall (1) fully comply with all State and Federal employment reporting requirements for each Underwriter's or the subcontractor's employees; (2) certify that the principal owner(s) of each Underwriter and applicable subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family

Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Contract of Purchase.

Failure of any Underwriter or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of any Underwriter or applicable subcontractor to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by such Underwriter under this Contract of Purchase. Failure of any Underwriter or applicable subcontractor or principal owner to cure the default within 90 days of the notice of default will subject this Contract of Purchase to termination for breach. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 9. Access and Accommodations.

Each Underwriter represents and certifies that:

A. Each Underwriter shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;

B. Each Underwriter shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;

C. Each Underwriter shall provide reasonable accommodation upon request to ensure equal access to City-funded programs, services and activities;

D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and

E. The buildings and facilities used to provide services under this Contract of Purchase are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

Each Underwriter understands that the City is relying upon these certifications and representations as a condition to funding this Contract of Purchase. Any subcontract entered into by each Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

Section 10. Contractor Responsibility Ordinance. Each Underwriter shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

Section 11. Restrictions on Campaign Contributions and Fundraising in City Elections. Unless otherwise exempt, if this Contract of Purchase is valued at $100,000 or more and requires

approval by an elected City office, each Underwriter, their principals, and any subcontractors expected to receive at least $100,000 for performance under this Contract of Purchase, and the principals of those subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and Los Angeles Municipal Code ("LAMC") Section 49.7.35. Failure to comply entitles the City to terminate this Contract of Purchase and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected City officials or candidates for elected City office for twelve months after this Contract of Purchase is signed. Additionally, any Underwriter subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any Underwriter subject to Charter Section 470(c)(12) shall include the following notice in any contract with any subcontractor to receive at least $100,000 for performance under this Contract of Purchase:

> "Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections.
>
> You are a subcontractor in connection with the Contract of Purchase, dated _____, 2025 (the "Contract of Purchase"), by and among the City of Los Angeles (the "City"), Municipal Improvement Corporation of Los Angeles and Morgan Stanley & Co. LLC, as the Representative. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles officials and candidates for elected City office for twelve months after the Contract of Purchase is signed. You are required to provide the names and contact information of your principals to the underwriting firm and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of the Contract of Purchase and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960."

Section 12. Contractor's Use of Criminal History for Consideration of Employment Applications. Each Underwriter shall comply with the City's "Contractor Use of Criminal History for Consideration of Employment Applications" Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by any Underwriter for work to be performed under this Contract of Purchase must include an identical provision.

As to Exhibit F of this Contract of Purchase:

[UNDERWRITER]

By:_____

Title:_____

Attachment B

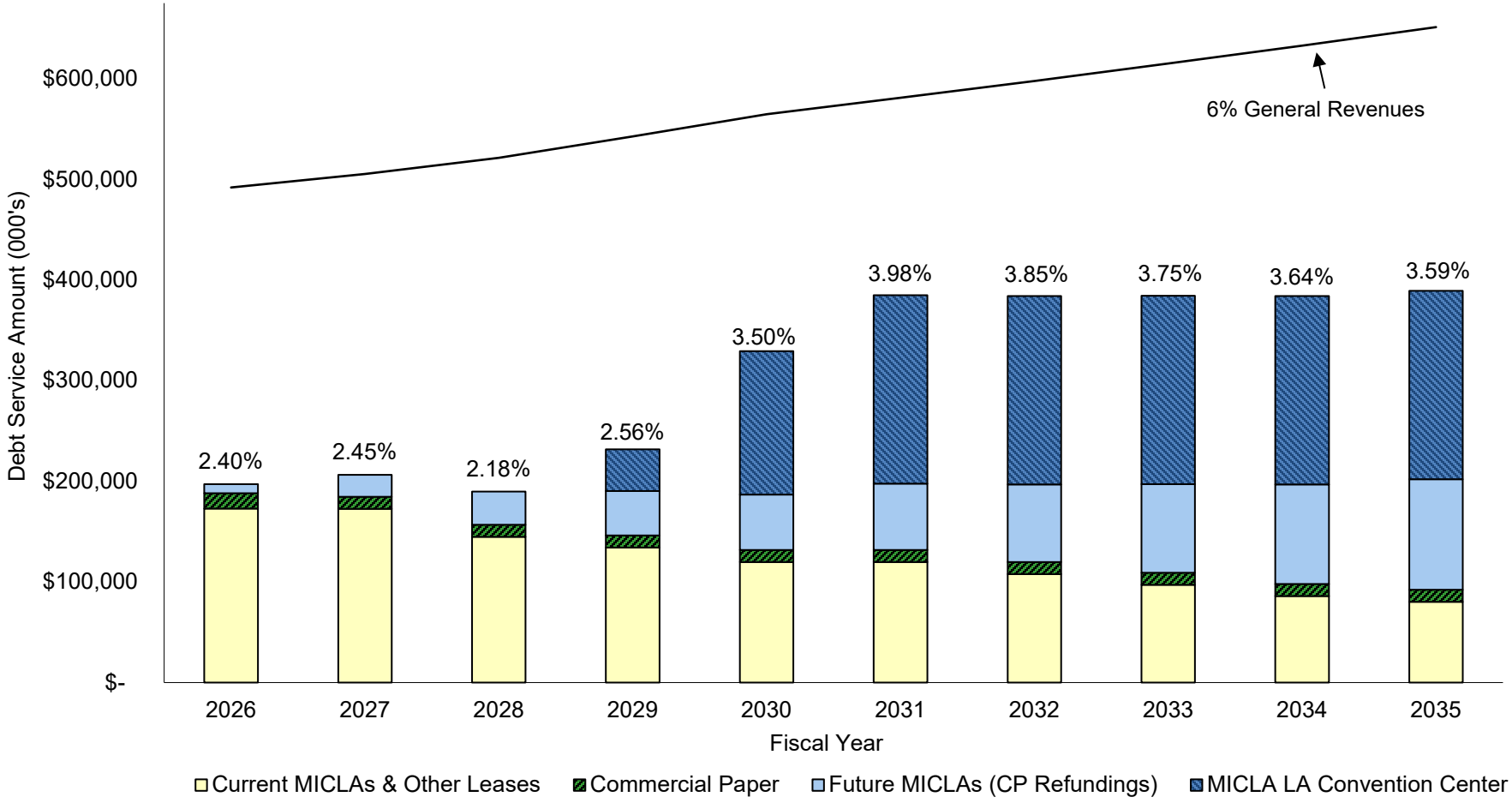
Non-Voter Approved Debt Chart

2025-26 ADOPTED BUDGET
NON VOTER-APPROVED DEBT
August 2025

Debt Service to General Revenues*

DEBT MANAGEMENT POLICY

Pursuant to the Debt Management Policy, the Debt Affordability Ceiling for debt service on non voter-approved debt shall be no more than 6 percent of General Revenues. The 6 percent ceiling may be exceeded only in the following situations: (1) 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 percent or, (2) if there is not a generated revenue stream but the 6 percent ceiling will only be exceeded for one year.



*Projected revenue growth in Fiscal Years 2025-26 to 2029-30 is 1.8%, 2.7%, 3.3%, 4.1%, and 4.1%, respectively. Projected revenue growth in 2030-31 through 2034-35 is 2.9%.