

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 3, 2025

CAO File No. 0220-05291-1778

Council File No.

Council District: ALL

To: The Mayor
The Council

From: Matthew W. Szabo, City Administrative Officer 

Reference: Council Files 17-0090, 17-0090-S6, 17-0090-S15, 17-0090-S31, and 21-00112

Subject: **ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, SERIES 2026-A (TAXABLE) (SOCIAL BONDS) FOR PROPOSITION HHH PROJECTS IN AN AGGREGATE AMOUNT NOT TO EXCEED \$86.015 MILLION**

RECOMMENDATIONS

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

1. ADOPT the Authorizing Resolution providing for the issuance and sale of the General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$86.015 million for Proposition HHH Projects (the "Bonds"), and the execution and delivery of various documents in connection with the issuance and sale of the Bonds;
2. ADOPT the Fund Ordinance to create new special funds for the administration of the proceeds of the Bonds and for purposes of payment of principal and interest on the Bonds, as submitted by the City Attorney under separate cover; and
3. AUTHORIZE the City Administrative Officer to receive and open bids on the published sale date and to award the Bonds to the bidder with the lowest true interest cost on behalf of the City as described in the Authorizing Resolution and the Notice Inviting Bids for the Bonds.

SUMMARY

The City Administrative Officer (CAO) requests authority to issue and sell the General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) in an aggregate amount not to exceed \$86.015 million for Proposition HHH projects. This series is the final series of General Obligation Bonds authorized by the \$1.2 billion Proposition HHH authorization approved by voters in 2016. The Bonds are expected to finance 39 housing projects, which are expected to provide 2,394 permanent supportive housing units. The Council and Mayor have approved the projects to be financed in the Proposition HHH Project Expenditure Plans (PEPs) for fiscal years 2017-18 (C.F. 17-0090), 2018-19 (C.F. 17-0090-S15), 2019-20 (C.F. 17-0090-S6), and 2020-21 (C.F. 17-0900-S15 and C.F. 21-

0112) (see Attachment A), and Facilities program, as further detailed in the Proposition HHHH Quarterly Report (C.F. 17-0090-S31).

The City has determined that the projects to be financed with the proceeds of the Bonds are “social projects” based on the social benefits of addressing homelessness. Thus, the City will designate the Bonds as “Social Bonds.” The “Social Bond” designation is generally designed to comport with the Social Bond Principles promulgated by the International Capital Market Association, updated as of June 2025. This designation will help the City attract potential investors with a focus on socially responsible investments.

The CAO will sell the Bonds via a competitive method of sale, which is expected to be held in January 2026. The Bonds will be awarded to the highest ranked responsible bidder, submitting the best price, which results in the lowest true interest cost to the City. The City will pay principal and interest on the Bonds from proceeds of ad valorem taxes levied upon all of the taxable properties within the City.

This report contains the good faith estimates relating to the 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

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

FINANCIAL POLICIES STATEMENT

The recommendations in this report are in compliance with the City’s Financial Policies. The Debt Management Policy requires that the ratio of annual debt service payments on voter-approved and non voter-approved debt to general revenues be no more than 15 percent. After accounting for the issuance of the Bonds, the projected 2026-27 debt ratio is 3.85 percent (see Attachment B). There is no impact to the 2025-26 debt ratio as the first debt service payment on the Bonds is expected to occur in 2026-27.

DEBT IMPACT STATEMENT

The issuance of the Bonds will result in estimated average annual debt service payments of \$6.7 million over 18.5 years, until September 1, 2045. The total debt service, including total principal and interest, over the life of the Bonds is estimated to be approximately \$131.7 million. The actual amount of debt service will be determined at the time of issuance subject to market conditions. The principal and interest on the Bonds will be paid from ad valorem taxes levied upon all of the taxable properties within the City.

FINDINGS

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

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

The City has previously issued five series of bonds under Proposition HHH as detailed in the table below. The Series 2026-A Bonds will be the sixth and final series of bonds authorized by Proposition HHH for the remaining authority of \$86.015 million. The Bonds are expected to cover the remaining projects with funding commitments.

| Series | Issuance Date | Council File No. | Par Amount |
|---------------|----------------------|-------------------------|------------------------|
| Series 2017-A | July 13, 2017 | C.F. 17-0622 | \$86,370,000 |
| Series 2018-A | July 12, 2018 | C.F. 18-0505 | 276,240,000 |
| Series 2021-A | November 10, 2021 | C.F. 21-0883 | 211,940,000 |
| Series 2022-A | September 28, 2022 | C.F. 22-0913 | 389,435,000 |
| Series 2024-A | July 9, 2024 | C.F. 24-0202 | 150,000,000 |
| | | Total | \$1,113,985,000 |

Proposition HHH Permanent Supportive Housing Loan Program

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

This Office expects that the Bonds will provide financing for 39 housing projects, which will provide a total of 2,394 permanent supportive housing units. The Council and Mayor approved these projects in the Proposition HHH PEPs for fiscal years 2017-18 (C.F. 17-0090), 2018-19 (C.F. 17-0090-S6), 2019-20 (C.F. 17-0090-S6), and 2020-21 (C.F. 17-0090-S15 and C.F. 21-0112), and

Facilities program, as further detailed in the Proposition HHHH Quarterly Report (C.F. 17-0090-S31.

Social Bonds Designation

The City has determined that the projects to be financed with the proceeds of the Bonds are "Social Projects" based on the social benefits of addressing the needs attendant to persons experiencing homelessness, chronic homelessness, or who are at risk of homelessness. Thus, the City will designate the Series 2026-A Bonds as "Social Bonds." The designation of the Bonds as "Social Bonds" is designed to generally comport with the Social Bond Principles promulgated by the International Capital Market Association, updated in June 2025. The Social Bond Principles have four core components:

1. Use of proceeds: Expend bond proceeds on Social Projects that address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially for targeted populations. Social Project categories include, but are not limited to, affordable basic infrastructure, access to essential services, affordable housing, and food security.
2. Process for Project Evaluation and Selection: Communicate to investors the social objectives and the process by which the City determines the projects are eligible under the Social Project categories.
3. Management of Proceeds: Track and manage the bond proceeds until all bond proceeds are spent.
4. Reporting: Provide annual reports on the use of proceeds, which includes a project list, a brief description of the projects, and amounts allocated to each project, until all bond proceeds are spent.

The City will voluntarily post the annual reports by December 31 after the end of each fiscal year on the Electronic Municipal Market Access (EMMA) website, the official repository for municipal securities disclosures.

Section 5852.1 of the California Government Code

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

1. True interest cost (TIC) of the bonds;
2. Finance charge of the bonds ("Costs of Issuance");
3. Amount of proceeds received from the sale of the bonds; and
4. Total payment ("Total Debt Service").

The table below provides the required information, and has been obtained from the City's municipal advisor, Omnicap Group LLC. The amounts below are good faith estimates and subject to change

as interest rates are dependent on market conditions at the time of issuance.

| 1) TIC | 2) Costs of Issuance | 3) Amount of Proceeds | 4) Total Debt Service |
|---------------|-----------------------------|------------------------------|------------------------------|
| 4.89% | \$ 537,030 | \$ 86,803,029 | \$131,708,676 |

Required Documents

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

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

- The form of Bonds (Exhibit A), which represents a form of the bonds being issued with such maturity dates and additional terms and amounts;
- Preliminary Official Statement, including Appendix A, the City's Disclosure Information Statement, which is the primary disclosure and marketing document for the Bonds, and Continuing Disclosure Certificate, which provides for the City's continuing disclosure obligations while the Bonds remain outstanding (Exhibit B);
- Notice of Intention to Sell Bonds (Exhibit C) and Notice Inviting Bids (Exhibit D), which are documents describing the procedures, terms, and conditions established by the City, the Issuer, for a competitive bond sale;
- Award Certificate, which is the official acceptance by the City, the Issuer, of a bid submitted by an Underwriter, the bidder, to purchase the Bonds and the rejection of all other bids (Exhibit E);
- Custodial Agreement, which is an agreement between the City and U.S. Bank Trust Company, National Association, as custodian, to provide for the administration of a portion of the bond proceeds to pay costs of issuance (Exhibit F); and
- Good Faith Deposit Agreement, which is an agreement between the City and U.S. Bank Trust Company, National Association, as custodian, to accept and return good faith deposits from bidders for the Bonds (Exhibit G).

Financing Team

Omnicap Group LLC, as previously approved by the Mayor and Council (C.F. 23-0540), serves as municipal advisor for the financing. Orrick, Herrington & Sutcliffe LLP, serves as bond counsel and Stradling, Yocca, Carlson & Rauth, LLP serves as disclosure counsel. The City Attorney and the CAO selected both law firms from a qualified list approved by the Mayor and Council (C.F. 22-

0248). The costs for these services and all other costs associated with this financing are not expected to exceed \$537,030 and will be paid solely from bond proceeds.

Attachments

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

Attachment B – Voter and Non-Voter Approved Debt Chart

Attachment C – Authorizing Resolution

Exhibit A - Form of Bonds

Exhibit B – Preliminary Official Statement, including Appendix A, the City's Disclosure Information Statement, and Continuing Disclosure Certificate

Exhibit C – Notice of Intention to Sell Bonds

Exhibit D – Notice Inviting Bids

Exhibit E – Award Certificate

Exhibit F – Custodial Agreement

Exhibit G – Good Faith Deposit Agreement

MWS:AG:09260084

Attachment A –

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

Proposition HHH Permanent Supportive Housing Program

2017-18 Project Expenditure Plan

| No. | Project Name | Developer | Address | CD | Leverage Source | Total Units | PSH Units | Non-PSH units | Mgr Units | Total HHH Request | Population Served | Est. Date Applying to CDLAC | CDLAC Allocation Meeting | Est. Construction Loan Closing | Est. Construction Start Date | Est. Ready for Occupancy Date |
|----------------|------------------------------|------------------------|--------------------------|----|-----------------|-------------|------------|---------------|-----------|----------------------|-------------------|-----------------------------|--------------------------|--------------------------------|------------------------------|-------------------------------|
| 1 | 88th & Vermont | WORKS | 8730 S VERNON AVENUE | 8 | 9% | 62 | 46 | 14 | 2 | \$ 9,680,000 | HF, H, Y, I, CH | 9/24/2020 (Actual) | 12/21/2020 (Actual) | 03/28/2018 (Actual) | 04/02/2018 (Actual) | 12/31/2019 (Actual) |
| 2 | PATH Metro Villas II | PATH Ventures | 320 NORTH MADISON AVENUE | 13 | 4% | 122 | 90 | 30 | 2 | \$ 3,513,721 | H, HD, I, CH | 1/17/2020 (Actual) | 2/18/2020 (Actual) | 12/13/2017 (Actual) | 12/20/2017 (Actual) | 05/29/2020 (Actual) |
| 3 | Six Four Nine Lofts | Skid Row Housing Trust | 649 S WALL ST | 14 | 4% | 55 | 28 | 26 | 1 | \$ 5,500,000 | H, I, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 12/19/2017 (Actual) | 04/18/2018 (Actual) | 12/24/2020 (Actual) |
| 4 | McCadden Plaza Youth Housing | Thomas Safran | 1136 N MCCADDEN PL | 4 | 4% | 26 | 25 | 0 | 1 | \$ 5,018,298 | Y,CH | 1/17/2020 (Actual) | 2/18/2020 (Actual) | 09/24/2018 (Actual) | 11/30/2020 (Actual) | 12/30/2022 (Actual) |
| 5 | RISE Apartments | SRO Housing | 4060 S FIGUEROA ST | 9 | 4% | 57 | 56 | 0 | 1 | \$ 9,500,000 | H, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 10/30/2018 (Actual) | 12/07/2018 (Actual) | 04/21/2021 (Actual) |
| 6 | Casa del Sol | A Community of Friends | 10966 W RATNER ST | 6 | 4% | 44 | 43 | 0 | 1 | \$ 8,065,143 | HS, M, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 09/27/2018 (Actual) | 09/27/2018 (Actual) | 04/30/2020 (Actual) |
| 7 | SP7 Apartments RECAP | Skid Row Housing Trust | 519 E 7TH ST | 14 | 4% | 100 | 55 | 44 | 1 | \$ 12,000,000 | HV, IHA, I, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 09/28/2018 (Actual) | 10/03/2018 (Actual) | 03/02/2021 (Actual) |
| 8 | FLOR 401 Lofts | Skid Row Housing Trust | 401 E 7TH ST | 14 | 4% | 99 | 49 | 49 | 1 | \$ 11,980,000 | HV, I, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 12/04/2018 (Actual) | 12/07/2018 (Actual) | 09/30/2020 (Actual) |
| 9 | The Pointe on Vermont | EAH Inc. | 7600 S VERNON AVE | 8 | 4% | 50 | 25 | 24 | 1 | \$ 7,900,000 | H, I, CH | 6/11/2020 (Actual) | 9/16/2020 (Actual) | 06/27/2019 (Actual) | 07/31/2019 (Actual) | 03/22/2021 (Actual) |
| <i>Average</i> | | | | | | 68 | 46 | 21 | 1 | \$ 118,955 | | | | | | |
| TOTAL | | | | | | 615 | 417 | 187 | 11 | \$ 73,157,162 | | | | | | |

Notes:

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

Bold dates denote actuals.

Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

F = Non-homeless Families

V = Non-homeless Veterans

HV = Homeless Veterans

M = Homeless Mental Illness

S = Non-homeless Seniors

H = Homeless Individuals

HS = Homeless Senior

O = Other Homeless

I = Non-homeless Individuals

CH = Chronically Homeless

Y = Homeless Youth

IHA = Homeless individuals with HIV/AIDS

D = Non-homeless disabled

HF = Homeless Families

HD = Homeless Disabled

DV = Homeless survivors of domestic violence & sex trafficking

Proposition HHH Permanent Supportive Housing Program

2018-19 Project Expenditure Plan

| No. | Project Name | Developer | Address | CD | Leverage Source | Total Units | PSH Units | Non-PSH units | Mgr Units | Total HHH Request | Population Served | Est. Date Applying to CDLAC | CDLAC Allocation Meeting | Est. Construction Loan Closing | Est. Construction Start Date | Est. Ready for Occupancy Date |
|----------------|--|--|--------------------------|----|-----------------|-------------|-------------|---------------|-----------|-----------------------|-------------------|-----------------------------|--------------------------|--------------------------------|------------------------------|-------------------------------|
| 1 | Depot at Hyde Park | WORKS (Women Organizing Resources, Knowledge and Services) | 652 S CRENSHAW BLVD | 8 | 9% | 43 | 33 | 9 | 1 | \$ 6,840,000 | HF, H, F, CH | 7/1/2020 (Actual) | 10/14/2020 (Actual) | 04/26/2021 (Actual) | 04/29/2021 (Actual) | 4/10/2023 (Actual) |
| 2 | Adams Terrace | Abode Communities | 4347 W ADAMS BLVD | 10 | 4% | 86 | 43 | 41 | 2 | \$ 12,000,000 | H, I, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 11/25/2020 (Actual) | 12/09/2020 (Actual) | 9/21/22 (Actual) |
| 3 | McCadden Campus Senior Housing | Step Up on Second | 1118 N MCCADDEN PL | 4 | 4% | 98 | 25 | 72 | 1 | \$ 5,500,000 | HS, S, CH | 9/19/2018 (Actual) | 11/14/2018 (Actual) | 12/20/2018 (Actual) | 02/13/2019 (Actual) | 7/30/2021 (Actual) |
| 4 | PATH Villas Hollywood | PATH Ventures | 5627 W FERNWOOD AVE | 13 | 4% | 60 | 59 | 0 | 1 | \$ 12,320,000 | H, CH | 5/17/2019 (Actual) | 07/17/2019 (Actual) | 02/12/2021 (Actual) | 03/25/2021 (Actual) | 6/2/2023 (Actual) |
| 5 | Gramercy Place Apts | Hollywood Community Housing Corp | 2375 W WASHINGTON BLVD | 10 | 4% | 64 | 31 | 31 | 2 | \$ 9,920,000 | HS, S, CH | 8/17/2018 (Actual) | 10/17/2018 (Actual) | 04/30/2019 (Actual) | 05/16/2019 (Actual) | 05/18/2021 (Actual) |
| 6 | Casa de Rosas Campus | WARD Economic Devt Corp | 2600 S HOOVER ST | 9 | 4% | 37 | 36 | 0 | 1 | \$ 7,920,000 | HV, CH | 7/18/2018 (Actual) | 9/18/2018 (Actual) | 03/13/2019 (Actual) | 05/02/2019 (Actual) | 04/23/2021 (Actual) |
| 7 | Aria Apartments (formerly known as Cambria Apts) | Affirmed Housing | 1532 W CAMBRIA ST | 1 | 4% | 57 | 56 | 0 | 1 | \$ 12,000,000 | O, CH | 7/18/2018 (Actual) | 9/18/2018 (Actual) | 12/05/2018 (Actual) | 02/07/2019 (Actual) | 10/09/2020 (Actual) |
| 8 | Missouri Place Apartments (formerly known as Missouri & Bundy Housing) | Thomas Safran & Associates Devt | 11950 W MISSOURI AVE | 11 | 4% | 74 | 44 | 29 | 1 | \$ 11,520,000 | HF, F, CH | 9/19/2018 (Actual) | 11/14/2018 (Actual) | 10/22/2019 (Actual) | 11/04/2019 (Actual) | 3/8/2022 (Actual) |
| 9 | Isla de Los Angeles | Clifford Beers Housing | 283 W IMPERIAL HWY | 8 | 4% | 54 | 53 | 0 | 1 | \$ 11,660,000 | O, CH | 5/15/2019 (Actual) | 07/17/2019 (Actual) | 03/26/2020 (Actual) | 05/15/2020 (Actual) | 3/7/2024 (Actual) |
| 10 | Firmin Court | Decro Corp | 418 N FIRMIN ST | 1 | 4% | 64 | 45 | 18 | 1 | \$ 11,700,000 | H, F, I, CH | 05/17/2019 (Actual) | 07/17/2019 (Actual) | 06/29/2020 (Actual) | 07/13/2020 (Actual) | 12/16/2022 (Actual) |
| 11 | Hartford Villa Apts | SRO Housing | 445 S HARTFORD AVE | 1 | 9% | 101 | 100 | 0 | 1 | \$ 12,000,000 | H, HV, IHA, CH | 2/28/2018 (Actual) | 12/07/2018 (Actual) | 11/08/2018 (Actual) | 01/24/2019 (Actual) | 11/21/2021 (Actual) |
| 12 | PATH Villas Montclair | PATH Ventures | 4220 W MONTCLAIR ST | 10 | 4% | 46 | 45 | 0 | 1 | \$ 9,900,000 | H, M, CH | 3/15/2019 (Actual) | 05/15/2019 (Actual) | 12/26/2019 (Actual) | 02/04/2020 (Actual) | 2/16/2022 (Actual) |
| 13 | Vermont Corridor Apartments (formerly known as 433 Vermont Apts) | Meta Housing Corporation | 433 S VERMONT AVE | 10 | 9% | 72 | 36 | 35 | 1 | \$ 7,200,000 | HS, S, CH | 9/19/2018 (Actual) | 11/14/2018 (Actual) | 03/27/2019 (Actual) | 07/02/2019 (Actual) | 3/31/2023 (Actual) |
| 14 | Residences on Main | Coalition for Responsible Community Devt | 6901 S MAIN ST | 9 | 4% | 50 | 49 | 0 | 1 | \$ 10,780,000 | HF, Y, CH | 09/19/2018 (Actual) | 11/14/2018 (Actual) | 04/02/2019 (Actual) | 04/30/2019 (Actual) | 11/17/2020 (Actual) |
| 15 | Summit View Apts | LA Family Housing | 11681 W FOOTHILL BLVD | 7 | 4% | 49 | 48 | 0 | 1 | \$ 10,560,000 | HV, CH | 3/15/2019 (Actual) | 05/15/2019 (Actual) | 12/19/2019 (Actual) | 01/22/2020 (Actual) | 1/6/2023 (Actual) |
| 16 | Western Ave Apts | Veterans Housing Partnership, LLC | 5501 S WESTERN AVE | 8 | 4% | 33 | 32 | 0 | 1 | \$ 4,660,033 | HV, CH | 7/18/2018 (Actual) | 9/18/2018 (Actual) | 11/29/2018 (Actual) | 05/02/2019 (Actual) | 4/16/2021 (Actual) |
| 17 | Building 205 | Step Up on Second | 11301 WILSHIRE BLVD #205 | 11 | 4% | 68 | 67 | 0 | 1 | \$ 11,622,000 | HV, CH | 10/12/2018 (Actual) | 12/12/2018 (Actual) | 06/09/2020 (Actual) | 08/28/2020 (Actual) | 2/15/2023 (Actual) |
| 18 | Building 208 | Step Up on Second | 11301 WILSHIRE BLVD #208 | 11 | 4% | 54 | 53 | 0 | 1 | \$ 11,660,000 | HV, CH | 10/12/2018 (Actual) | 12/12/2018 (Actual) | 06/09/2020 (Actual) | 08/28/2020 (Actual) | 2/16/2023 (Actual) |
| 19 | Broadway Apts | Veterans Housing Partnership, LLC | 301 W 49TH ST | 9 | 4% | 35 | 34 | 0 | 1 | \$ 4,443,480 | HV, CH | 10/17/2018 (Actual) | 12/12/2018 (Actual) | 06/06/2019 (Actual) | 03/02/2020 (Actual) | 3/21/2023 (Actual) |
| 20 | Marcella Gardens (68th & Main St) | Coalition for Responsible Community Devt | 6714 S MAIN ST | 9 | 4% | 60 | 59 | 0 | 1 | \$ 12,000,000 | H, HV, Y, CH | 1/17/2020 (Actual) | 04/14/2020 (Actual) | 11/24/2020 (Actual) | 1/6/2021 (Actual) | 2/20/2024 (Actual) |
| 21 | Metamorphosis on Foothill | Clifford Beers Housing | 13574 W FOOTHILL BLVD | 7 | 4% | 48 | 47 | 0 | 1 | \$ 10,340,000 | H, O, CH | 10/17/2018 (Actual) | 12/12/2018 (Actual) | 02/27/2019 (Actual) | 04/04/2019 (Actual) | 03/25/2021 (Actual) |
| 22 | Emerson Apts (Melrose Apts) | Affirmed Housing | 4766 W MELROSE AVE | 13 | 4% | 39 | 38 | 0 | 1 | \$ 8,360,000 | HV, O, CH | 3/15/2019 (Actual) | 05/15/2019 (Actual) | 11/15/2019 (Actual) | 11/20/2019 (Actual) | 9/15/2021 (Actual) |
| 23 | Rosa De Castilla Apts | East LA Community Corp | 4208 E HUNTINGTON DR | 14 | 9% | 85 | 63 | 20 | 2 | \$ 12,000,000 | HS, HV, F, CH | 7/2/2018 (Actual) | 11/14/2018 (Actual) | 05/02/2019 (Actual) | 06/03/2019 (Actual) | 01/07/2022 (Actual) |
| <i>Average</i> | | | | | | 60 | 48 | 11 | 1 | \$ 164,783 | | | | | | |
| TOTAL | | | | | | 1377 | 1096 | 255 | 26 | \$ 226,905,513 | | | | | | |

Notes:

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

Bold dates denote actuals.

Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

F = Non-homeless Families

V = Non-homeless Veterans

HV = Homeless Veterans

S = Non-homeless Seniors

H = Homeless Individuals

HS = Homeless Senior

I = Non-homeless Individuals

CH = Chronically Homeless

Y = Homeless Youth

D = Non-homeless disabled

HF = Homeless Families

HD = Homeless Disabled

M = Homeless Mental Illness

O = Other Homeless

IHA = Homeless individuals with HIV/AIDS

DV = Homeless survivors of domestic violence & sex trafficking

Proposition HHH Permanent Supportive Housing Program

2019-20 Project Expenditure Plan

| No. | Project Name | Developer | Address | CD | Leverage Source | Total Units | PSH Units | Non-PSH units | Mgr Units | Total HHH Request | Population Served | Est. Date Applying to CDLAC | CDLAC Allocation Meeting | Est. Construction Loan Closing | Est. Construction Start Date | Est. Ready for Occupancy Date |
|-----|---|--|------------------------|----|-----------------|-------------|-------------|---------------|-----------|-----------------------|------------------------|-----------------------------|--------------------------|--------------------------------|------------------------------|-------------------------------|
| 1 | Florence Towne (formerly known as 410 E. Florence Avenue) | Unique Construction & Development, Inc. | 410 E. FLORENCE AVE | 9 | N/A | 51 | 50 | 0 | 1 | \$ 7,000,000 | H, CH | 11/19/2018 (Actual) | | 3/13/2020 (Actual) | 3/31/2020 (Actual) | 4/6/2022 (Actual) |
| 2 | Watts Works | Decro Corporation | 9502 S COMPTON AVE | 15 | 4% | 25 | 24 | 0 | 1 | \$ 2,400,000 | M, O, CH | 11/19/2018 (Actual) | | 7/30/2020 (Actual) | 8/26/2020 (Actual) | 1/27/2023 (Actual) |
| 3 | Colorado East | DDCM Incorporated | 2453 W COLORADO BLVD | 14 | 4% | 41 | 20 | 20 | 1 | \$ 8,800,000 | O, CH | 7/17/2019 (Actual) | 7/18/2019 | 8/28/2020 (Actual) | 9/14/2020 (Actual) | 11/1/2023 (Actual) |
| 4 | Bryson II | Los Angeles Housing Partnership; The Richman Group of California Development Company | 2701 W WILSHIRE BLVD | 1 | 9% | 64 | 47 | 16 | 1 | \$ 10,060,000 | F, H, CH | 7/1/2020 (Actual) | 10/14/2020 (Actual) | 4/16/2021 (Actual) | 5/21/2021 (Actual) | 05/24/2024 (Actual) |
| 5 | 803 E. 5th Street | Coalition for Responsible Community Development | 803 E 5TH ST | 14 | 4% | 95 | 94 | 0 | 1 | \$ 15,120,000 | H, HV, Y, CH | 2/4/2021 (Actual) | 04/28/2021 | 10/29/2021 (Actual) | 12/22/2021 (Actual) | 03/18/2026 (Estimated) |
| 6 | Washington View Apartments | Meta Housing Corporation | 4615 W WASHINGTON BLVD | 10 | 9% | 56 | 20 | 35 | 1 | \$ 12,000,000 | HF, F, CH | 7/1/2019 (Actual) | 01/16/2020 (Actual) | 6/25/2020 (Actual) | 7/10/2020 (Actual) | 6/30/2022 (Actual) |
| 7 | Asante Apartments | Affirmed Housing Group, Inc. | 11001 S BROADWAY | 8 | 4% | 55 | 54 | 0 | 1 | \$ 10,816,454 | H, CH | 9/24/2020 (Actual) | 12/09/2020 | 6/28/2021 (Actual) | 6/30/2021 (Actual) | 5/18/2023 (Actual) |
| 8 | Berendo Sage | West Hollywood Community Housing Corporation | 1035 S BERENDO ST | 1 | 4% | 42 | 21 | 20 | 1 | \$ 6,620,000 | F, M, CH, O | 1/17/2020 (Actual) | 4/14/2020 | 10/8/2020 (Actual) | 10/16/2020 (Actual) | 10/14/2022 (Actual) |
| 9 | Rose Apartments | Venice Community Housing Corporation | 720 E ROSE AVE | 11 | 4% | 35 | 34 | 0 | 1 | \$ 6,888,468 | H, Y, CH | 8/16/2019 (Actual) | 10/16/2019 | 4/29/2020 (Actual) | 5/8/2020 (Actual) | 3/18/2022 (Actual) |
| 10 | HiFi Collective (formerly known as Temple View) | LINC Housing Corporation | 3200 W TEMPLE ST | 13 | 4% | 64 | 58 | 5 | 1 | \$ 12,760,000 | H, I, CH | 8/15/2019 (Actual) | 10/16/2019 | 6/30/2020 (Actual) | 7/7/2020 (Actual) | 08/17/2022 (Actual) |
| 11 | Reseda Theater Senior Housing (Canby Woods West) | Thomas Safran & Associates Development, Inc. | 7221 N CANBY AVE | 3 | 4% | 26 | 13 | 12 | 1 | \$ 4,060,000 | S, HS, CH | 1/17/2020 (Actual) | 4/14/2020 | 10/30/2020 (Actual) | 11/30/2020 (Actual) | 12/30/2022 (Actual) |
| 12 | Montecito II Senior Housing | Thomas Safran & Associates Development, Inc. | 6668 W FRANKLIN AVE | 13 | 4% | 64 | 32 | 31 | 1 | \$ 10,140,000 | HS, S, CH | 9/9/2021 (Actual) | 12/08/2021 | 2/10/2022 (Actual) | 9/27/2022 (Actual) | 4/29/2025 (Actual) |
| 13 | Serenity | Domus GP LLC | 923 S KENMORE AVE | 10 | 4% | 75 | 74 | 0 | 1 | \$ 10,562,521 | HS, CH | 6/11/2020 (Actual) | 09/16/2020 | 3/17/2021 (Actual) | 4/27/2021 (Actual) | 10/30/2023 (Actual) |
| 14 | Main Street Apartments | Highridge Costa Development Company, LLC | 5501 S MAIN ST | 9 | 4% | 57 | 56 | 0 | 1 | \$ 8,512,000 | HF, HV, CH | 6/11/2020 (Actual) | 09/16/2020 | 6/17/2021 (Actual) | 6/30/2021 (Actual) | 06/07/2024 (Actual) |
| 15 | Pointe on La Brea | EAH Inc | 843 N LA BREA AVE | 5 | 9% | 50 | 49 | 0 | 1 | \$ 7,567,686 | H, CH | 2/4/2021 (Actual) | 04/28/2021 | 11/3/2021 (Actual) | 11/9/2021 (Actual) | 8/3/2023 (Actual) |
| 16 | Southside Seniors | John Stanley, Inc. | 1655 W MANCHESTER AVE | 8 | 4% | 50 | 36 | 13 | 1 | \$ 9,220,000 | S, HS, CH | 9/9/2021 (Actual) | 12/08/2021 | 6/2/2022 (Actual) | 7/7/2022 (Actual) | 2/28/2025 (Actual) |
| 17 | Solaris Apartments (fka 1141-1145 Crenshaw Blvd) | Domus GP LLC | 1141 S CRENSHAW BLVD | 10 | 4% | 43 | 42 | 0 | 1 | \$ 9,240,000 | DV, CH | 9/24/2020 (Actual) | 12/21/2020 | 9/24/2021 (Actual) | 10/27/2021 | 5/9/2024 (Actual) |
| 18 | Talisa | Domus GP LLC | 9502 N VAN NUYS BLVD | 6 | 4% | 49 | 48 | 0 | 1 | \$ 8,780,043 | DV, CH | 6/11/2020 (Actual) | 09/16/2020 | 3/31/2021 (Actual) | 4/27/2021 (Actual) | 4/19/2023 (Actual) |
| 19 | SagePointe (fka Deepwater)(LINC-Wilmington Apts LP) | LINC Community Development Corporation | 1424 N DEEPWATER AVE | 15 | 4% | 56 | 55 | 0 | 1 | \$ 10,952,000 | H, CH | 9/24/2020 (Actual) | 12/21/2020 | 12/8/2021 (Actual) | 1/3/2022 (Actual) | 9/13/2023 (Actual) |
| 20 | The Brine Residential | Decro Corporation | 1829 N HANCOCK ST | 1 | 4% | 97 | 49 | 47 | 1 | \$ 11,560,000 | HS, HV, Y, DV, F, S, V | 2/4/2021 (Actual) | 04/28/2021 | 10/29/2021 (Actual) | 11/4/2021 (Actual) | 12/19/2024 (Actual) |
| 21 | The Dahlia (formerly known as South Main Street Apartments) | Affirmed Housing Group, Inc. | 12003 S MAIN ST | 15 | 4% | 56 | 55 | 0 | 1 | \$ 12,000,000 | CH, O | 3/16/2019 (Actual) | 05/15/2019 | 6/1/2020 (Actual) | 6/8/2020 (Actual) | 1/19/2022 (Actual) |
| 22 | Sun Commons | Abbey Road, Inc. | 6329 N CLYBURN AVE | 2 | 9% | 103 | 51 | 50 | 2 | \$ 12,000,000 | F, I, H, HF, CH | 3/9/2020 (Actual) | 06/17/2020 | 12/23/2020 (Actual) | 2/5/2021 (Actual) | 8/1/2023 (Actual) |
| 23 | Ruth Teague Homes (formerly known as 67th & Main Street) | Coalition for Responsible Community Development | 6706 S MAIN ST | 9 | 9% | 52 | 26 | 25 | 1 | \$ 7,180,000 | F, HV, Y, CH | 3/9/2020 (Actual) | 06/17/2020 | 12/14/2020 (Actual) | 1/13/2021 (Actual) | 7/22/2024 (Actual) |
| 24 | Weingart Tower A-144 (fka Weingart Tower II 1A) | Chelsea Investment Corporation | 555 1/2 S CROCKER ST | 14 | 4% | 144 | 142 | 0 | 2 | \$ 16,000,000 | H, I, CH | 9/24/2020 (Actual) | 12/21/2020 | 9/2/2021 (Actual) | 9/16/2021 (Actual) | 5/30/2024 (Actual) |
| 25 | Weingart Tower A-134 (fka Weingart Tower HHH PSH 1A) | Chelsea Investment Corporation | 555 1/2 S CROCKER ST | 14 | 4% | 134 | 133 | 0 | 1 | \$ 16,000,000 | H, I, CH | 9/24/2020 (Actual) | 12/21/2020 | 9/2/2021 (Actual) | 9/16/2021 (Actual) | 5/30/2024 (Actual) |
| 26 | Ingraham Villa Apartments | Ingraham Apartments, L.P. | 1218 W INGRAHAM ST | 1 | 4% | 121 | 90 | 30 | 1 | \$ 12,000,000 | HV, M, I, CH | 11/15/2019 (Actual) | 02/18/2020 | 8/28/2020 (Actual) | 9/22/2020 (Actual) | 4/19/2023 (Actual) |
| 27 | Mariposa Lily | West Hollywood Community Housing Corporation | 1055 S MARIPOSA AVE | 1 | 4% | 41 | 20 | 20 | 1 | \$ 4,584,828 | F, I, H, HF, CH | 6/11/2020 (Actual) | 09/16/2020 | 3/31/2021 (Actual) | 4/19/2021 (Actual) | 7/31/2023 (Actual) |
| 28 | 11604 Vanowen (aka The Mahalia) | Daylight | 11604-11616 VANOWEN | 2 | 9% | 49 | 48 | 0 | 1 | \$ 4,900,000 | H, CH | 03/09/2020 (Actual) | 06/17/2020 | 1/26/2021 (Actual) | 2/5/2021 (Actual) | 8/13/2024 (Actual) |
| 29 | Oatsie's Place (formerly known as Sherman Way) | Daylight | 16015 W SHERMAN WAY | 6 | 4% | 46 | 45 | 0 | 1 | \$ 6,300,000 | DV | 6/11/2020 (Actual) | 09/16/2020 | 5/20/2021 (Actual) | 8/20/2021 (Actual) | 2/26/2026 (Estimated) |
| | Average | | | | | 63 | 51 | 11 | 1 | \$ 148,845 | | | | | | |
| | TOTAL | | | | | 1841 | 1486 | 324 | 31 | \$ 274,024,000 | | | | | | |

Notes:

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

Bold dates denote actuals.

Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

F = Non-homeless Families

V = Non-homeless Veterans

HV = Homeless Veterans

S = Non-homeless Seniors

H = Homeless Individuals

HS = Homeless Senior

I = Non-homeless Individuals

CH = Chronically Homeless

Y = Homeless Youth

D = Non-homeless disabled

HF = Homeless Families

HD = Homeless Disabled

M = Homeless Mental Illness

O = Other Homeless

IHA = Homeless individuals with HIV/AIDS

DV = Homeless survivors of domestic violence & sex trafficking

Proposition HHH Permanent Supportive Housing Program

2020-21 Project Expenditure Plan

| No. | Project Name | Developer | Address | CD | Leverage Source | Total Units | PSH Units | Non-PSH units | Mgr Units | Total HHH Request | Population Served | Est. Date Applying to CDLAC | CDLAC Allocation Meeting | Est. Construction Loan Closing | Est. Construction Start Date | Est. Ready for Occupancy Date |
|-----|--|---|----------------------------|----|-----------------|-------------|-----------|---------------|-----------|-------------------|-------------------|-----------------------------|--------------------------|--------------------------------|------------------------------|-------------------------------|
| 1 | 11010 Santa Monica | Weingart Center Association; Values Housing II, LLC | 11010 W SANTA MONICA BLVD | 5 | 4% | 51 | 50 | 0 | 1 | \$ 7,000,000 | HS, HV | 9/24/2020 (Actual) | 12/21/2020 (Actual) | 6/18/2021 (Actual) | 7/20/2021 (Actual) | 2/10/2023 (Actual) |
| 2 | Amani Apartments (fka PICO) | Wakeland Housing and Development Corporation | 4200 W PICO BLVD | 10 | 4% | 54 | 53 | 0 | 1 | \$ 11,410,000 | HS, CH | 1/17/2020 (Actual) | 2/18/2020 (Actual) | 11/5/2020 (Actual) | 11/24/2020 (Actual) | 10/17/2022 (Actual) |
| 3 | Bell Creek Apartments | Western Community Housing, Inc.; Meta Housing Corporation | 6940 N OWENSMOUTH AVE | 3 | 4% | 80 | 41 | 38 | 1 | \$ 6,226,546 | H, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 11/17/2020 (Actual) | 11/23/2020 (Actual) | 9/23/2022 (Actual) |
| 4 | Chesterfield (fka 4719 Normandie) | Wakeland Housing and Development Corporation | 4719 S NORMANDIE AVE | 8 | 4% | 43 | 42 | 0 | 1 | \$ 7,484,199 | HS, CH | 1/17/2020 (Actual) | 2/18/2020 (Actual) | 11/13/2020 (Actual) | 11/30/2020 (Actual) | 8/3/2022 (Actual) |
| 5 | Hope on Broadway | AEDIS | 5138 S BROADWAY | 9 | 4% | 49 | 48 | 0 | 1 | \$ 6,720,000 | H, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 1/29/2021 (Actual) | 3/4/2021 (Actual) | 11/1/2022 (Actual) |
| 6 | Hope on Hyde Park | AEDIS | 6501 S CRENSHAW BLVD | 8 | 4% | 98 | 97 | 0 | 1 | \$ 9,280,000 | H, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 1/29/2021 (Actual) | 4/7/2021 (Actual) | 7/7/2023 (Actual) |
| 7 | Silva Crossing (fka Link at Sylmar) | Sylmar II, LP; Meta Housing Corporation | 12667 N SAN FERNANDO ROAD | 7 | 4% | 56 | 55 | 0 | 1 | \$ 9,100,000 | H, I, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 10/16/2020 (Actual) | 12/1/2020 (Actual) | 10/11/2022 (Actual) |
| 8 | NoHo 5050 | Decro Corporation; Daylight Community Development, LLC | 5050 N BAKMAN AVE | 2 | 4% | 40 | 32 | 7 | 1 | \$ 3,493,523 | DV, F, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 10/21/2021 (Actual) | 12/1/2021 (Actual) | 4/16/2024 (Actual) |
| 9 | Sherman Oaks Senior | Mercy Housing California | 14536 W BURBANK BLVD | 4 | 4% | 55 | 54 | 0 | 1 | \$ 10,505,254 | HS, M, CH | 6/11/2020 (Actual) | 9/16/2020 (Actual) | 5/13/2021 (Actual) | 5/21/2021 (Actual) | 9/8/2023 (Actual) |
| 10 | Sun King Apartments | MANY MANSIONS | 12128 SHELDON ST | 6 | 4% | 26 | 25 | 0 | 1 | \$ 5,500,000 | HF, CH | 6/11/2020 (Actual) | 9/16/2020 (Actual) | 6/18/2021 (Actual) | 7/22/2021 (Actual) | 12/15/2023 (Actual) |
| 11 | VA Building 207 (12th Amendment Decrease) | Thomas Safran & Associates Development, Inc. | 11301 WILSHIRE BLVD | 11 | 4% | 60 | 59 | 0 | 1 | \$ 8,260,000 | HS, CH | 1/17/2020 (Actual) | 4/14/2020 (Actual) | 11/13/2020 (Actual) | 11/30/2020 (Actual) | 12/22/2022 (Actual) |
| 12 | West Terrace (fka Silver Star II) | A Community of Friends | 6576 S WEST BLVD | 8 | 4% | 64 | 56 | 7 | 1 | \$ 5,710,309 | HF, H, I, CH | 6/11/2020 (Actual) | 9/16/2020 (Actual) | 3/24/2021 (Actual) | 4/5/2021 (Actual) | 5/30/2023 (Actual) |
| 13 | Cadence (fka 11408 S. Central) | LINC Housing Corporation | 11408 S CENTRAL AVE | 15 | 4% | 64 | 63 | 0 | 1 | \$ 10,112,000 | H, CH | 8/15/2019 (Actual) | 10/16/2019 (Actual) | 4/29/2020 (Actual) | 5/15/2020 (Actual) | 3/4/2022 (Actual) |
| 14 | First Amendment Increase: Ambrose (fka 1615 Montana St.) | Domus | 1615 W MONTANA ST | 13 | 9% | 64 | 63 | 0 | 1 | \$ 6,300,000 | HS, CH | 7/1/2020 (Actual) | 10/14/2020 (Actual) | 4/16/2021 (Actual) | 5/19/2021 (Actual) | 3/22/2023 (Actual) |
| 15 | First Amendment Increase: 6th and San Julian | Mercy Housing | 401 E 6TH ST | 14 | 4% | 94 | 93 | 0 | 1 | \$ 12,918,436 | O, I, CH | 9/24/2020 (Actual) | 12/21/2020 (Actual) | 7/30/2021 (Actual) | 9/2/2021 (Actual) | 7/5/2023 (Actual) |
| 16 | First Amendment Increase: La Guadalupe (fka First and Boyle) | Many Mansions | 100 S BOYLE AVE | 14 | 4% | 44 | 43 | 0 | 1 | \$ 8,982,843 | HF, H, CH | 9/24/2020 (Actual) | 12/21/2020 (Actual) | 10/27/2021 (Actual) | 12/16/2021 (Actual) | 12/1/2025 (Estimated) |
| 17 | First Amendment Increase: The Lake House fka Westlake Housing) | Community Development Partners | 437 and 503 S WESTLAKE AVE | 1 | 4% | 63 | 62 | 0 | 1 | \$ 6,510,000 | H, M, CH | 9/24/2020 (Actual) | 12/21/2020 (Actual) | 6/9/2021 (Actual) | 7/15/2021 (Actual) | 12/28/2023 (Actual) |
| 18 | Second Amendment Increase: The Wilcox (fka 4906-4926 Santa Monica) | Wakeland Housing and Development Corporation | 4912 W SANTA MONICA BLVD | 13 | 4% | 62 | 61 | 0 | 1 | \$ 5,225,000 | HS, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 10/21/2021 (Actual) | 11/4/2021 (Actual) | 9/15/2023 (Actual) |
| 19 | Second Amendment Increase: The Quincy (fka 2652 Pico) | Wakeland Housing and Development Corporation | 2652 W PICO BLVD | 1 | 4% | 54 | 53 | 0 | 1 | \$ 3,550,000 | HS, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 10/21/2021 (Actual) | 11/4/2021 (Actual) | 10/31/2023 (Actual) |
| 20 | Second Amendment Increase: La Veranda | Abode Communities | 2420 E CESAR E CHAVEZ AVE | 14 | 4% | 77 | 38 | 38 | 1 | \$ 9,120,000 | HF, M, F, CH | 6/11/2020 (Actual) | 9/16/2020 (Actual) | 7/1/2021 (Actual) | 8/3/2021 (Actual) | 12/28/2023 (Actual) |
| 21 | Second Amendment Increase: Los Lirios Apartments | BRIDGE Housing Corporation | 119 S SOTO ST | 14 | 9% | 64 | 20 | 43 | 1 | \$ 2,000,000 | HF, H, F, CH | 3/8/2021 (Actual) | 6/16/2021 (Actual) | 12/8/2021 (Actual) | 12/22/2021 (Actual) | 7/1/2024 (Actual) |
| 22 | Second Amendment Increase: McDaniel House (fka South Harvard) | Daylight Community Development | 1049 1/2 S HARVARD BLVD | 10 | 4% | 47 | 46 | 0 | 1 | \$ 6,440,000 | HS, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 10/29/2021 (Actual) | 12/16/2021 (Actual) | 4/24/2026 (Estimated) |
| 23 | Third Amendment Increase: Thatcher Yard Housing | Thomas Safran & Associates Development, Inc. | 3233 S THATCHER AVE | 11 | 4% | 98 | 49 | 48 | 1 | \$ 11,660,000 | HF, HS, F, S, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 11/4/2021 (Actual) | 11/29/2021 (Actual) | 10/04/2024 (Actual) |
| 24 | Third Amendment Increase: Washington Arts Collective | Meta Housing Corporation | 4615 W WASHINGTON BLVD | 10 | 4% | 56 | 20 | 35 | 1 | \$ 2,097,200 | HF, F, CH | 2/4/2021 (Actual) | 4/28/2021 (Actual) | 10/25/2021 (Actual) | 11/10/2021 (Actual) | 4/29/2024 (Actual) |

| 25 | Fourth Amendment Increase: The Iris (fka Barry Apartments) | Affirmed Housing Group, Inc. | 2454 S BARRY AVE | 11 | 4% | 61 | 34 | 26 | 1 | \$ | 6,918,400 | H, F, I, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/2/2022 (Actual) | 2/10/2022 (Actual) | 12/22/2023 (Actual) |
|----|--|---|-----------------------------|----|-----|-----|-----|----|---|----|------------|----------------|--------------------|---------------------|---------------------|---------------------|------------------------|
| 26 | Fourth Amendment Increase: Central Apartments | Highridge Costa Development Company | 2106 S CENTRAL AVE | 9 | 4% | 57 | 56 | 0 | 1 | \$ | 7,840,000 | H, HV, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 02/24/2022 (Actual) | 07/19/2022 (Actual) | 1/2/2025 (Actual) |
| 27 | Fourth Amendment Increase: Lorena Plaza | A Community of Friends | 3401 E 1ST ST | 14 | 9% | 49 | 32 | 16 | 1 | \$ | 2,903,202 | HF, H, F, CH | 3/8/2021 (Actual) | 6/16/2021 (Actual) | 11/30/2021 (Actual) | 12/08/2021 (Actual) | 3/7/2025 (Actual) |
| 28 | Fourth Amendment Increase: Lumina (fka Topanga Apartments) | Affirmed Housing Group, Inc. | 10243 N TOPANGA CANYON BLVD | 12 | 4% | 55 | 54 | 0 | 1 | \$ | 7,560,000 | H, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 12/16/2021 (Actual) | 1/3/2022 (Actual) | 3/5/2024 (Actual) |
| 29 | Fourth Amendment Increase: My Angel (fka The Angel) | Los Angeles Family Housing | 8547 N SEPULVEDA BLVD | 6 | 4% | 54 | 53 | 0 | 1 | \$ | 5,565,000 | H, HV, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/16/2022 (Actual) | 3/2/2022 (Actual) | 11/14/2023 (Actual) |
| 30 | Fifth Amendment Increase: Avalon 1355 | Brilliant Corners | 1355 N AVALON BLVD | 15 | 4% | 54 | 53 | 0 | 1 | \$ | 7,000,000 | H, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/9/2022 (Actual) | 2/10/2022 (Actual) | 8/17/2024 (Actual) |
| 31 | Fifth Amendment Increase: Beacon Landing (fka Beacon PSH) | Abode/Mercy/LA Family Housing | 319 N BEACON STREET | 15 | 4% | 89 | 88 | 0 | 1 | \$ | 8,555,556 | H, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/3/2022 (Actual) | 3/16/2022 (Actual) | 10/25/2023 (Actual) |
| 32 | Fifth Amendment Increase: The Journey (fKA Lincoln Apartments) | Venice Community Housing Corporation | 2467 S LINCOLN BLVD | 11 | 4% | 40 | 39 | 0 | 1 | \$ | 5,460,000 | Y,O, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/25/2022 (Actual) | 3/14/2022 (Actual) | 7/19/2024 (Actual) |
| 33 | Montesquieu Manor (fka Rousseau & Enlightenment Plaza - Phase I) | Flexible PSH Solutions | 316 N JUANITA AVE | 13 | 4% | 53 | 52 | 0 | 1 | \$ | 4,747,000 | H, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/10/2022 (Actual) | 5/25/2022 (Actual) | 12/31/2025 (Estimated) |
| 34 | Fifth Amendment Increase: Rousseau Residences (fka Enlightenment Plaza - Phase I) | Flexible PSH Solutions | 316 N JUANITA AVE | 13 | 4% | 52 | 51 | 0 | 1 | \$ | 4,058,000 | H, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/10/2022 (Actual) | 5/25/2022 (Actual) | 10/17/2025 (Actual) |
| 35 | Fifth Amendment Increase: Santa Monica & Vermont Apartments Phase I & II | LTSC (Little Tokyo Service Center) Community Development Corporation | 4718 W SANTA MONICA BLVD | 13 | 4% | 187 | 94 | 91 | 2 | \$ | 24,000,000 | M, O, F, I, CH | 5/25/2021 (Actual) | 8/11/2021 (Actual) | 2/23/2022 (Actual) | 3/1/2022 (Actual) | 2/20/2025 (Actual) |
| 36 | Sixth Amendment Increase: The Azalea (fka 4507 Main St.) | EAH Inc. | 4507 MAIN ST | 9 | 9% | 61 | 31 | 29 | 1 | \$ | 6,000,000 | H, I, CH | 7/1/2021 (Actual) | 10/20/2021 (Actual) | 4/29/2022 (Actual) | 5/12/2022 (Actual) | 12/13/2024 (Actual) |
| 37 | Sixth Amendment Increase: Vermont Manchester Senior (fka Vermont/Manchester) | BRIDGE Housing Corporation; Coalition for Responsible Community Development | 8400 S VERMONT AVE | 8 | 4% | 62 | 60 | 0 | 2 | \$ | 12,400,000 | HF, HS, F, CH | 9/9/2021 (Actual) | 12/8/2021 (Actual) | 6/3/2022 (Actual) | 6/17/2022 (Actual) | 2/17/2025 (Actual) |
| 38 | Seventh Amendment Increase: Whittier HHH (fka Whittier PSH) | Mercy Housing | 3554 WHITTIER BLVD | 14 | 4% | 64 | 63 | 0 | 1 | \$ | 6,125,000 | H, CH | 9/9/2021 (Actual) | 12/8/2021 (Actual) | 6/16/2022 (Actual) | 7/13/2022 (Actual) | 10/9/2024 (Actual) |
| 39 | Seventh Amendment Increase: Oak Apartments (fka 2745-2759 Francis Ave) | Koreatown Youth and Community Center | 2745 W FRANCIS AVE | 1 | 4% | 64 | 63 | 0 | 1 | \$ | 6,610,000 | HS, CH | 9/9/2021 (Actual) | 12/8/2021 (Actual) | 6/24/2022 (Actual) | 7/25/2022 (Actual) | 09/30/2024 (Actual) |
| 40 | Seventh Amendment Increase: The Banning (fka 841 N Banning) | Century Affordable Development, Inc. | 841 N BANNING BLVD | 15 | 4% | 64 | 63 | 0 | 1 | \$ | 8,000,000 | H, CH | 9/9/2021 (Actual) | 12/8/2021 (Actual) | 6/2/2022 (Actual) | 6/17/2022 (Actual) | 6/7/2024 (Actual) |
| 41 | Seventh Amendment Increase: Voltaire Villas (fka Montesquieu Manor/Enlightenment Plaza-Phase II) | Flexible PSH Solutions; The Pacific Companies | 316 N JUANITA AVE | 13 | 4% | 72 | 71 | 0 | 1 | \$ | 9,940,000 | H, CH | 9/9/2021 (Actual) | 12/8/2021 (Actual) | 6/30/2022 (Actual) | 8/12/2022 (Actual) | 12/31/2025 (Estimated) |
| 42 | PHK Amendment Increase: The Argent (fka 7639 Van Nuys) | HACLA | 7639 VAN NUYS | 6 | N/A | 35 | 34 | 0 | 1 | \$ | 1,579,226 | H, CH | N/A | N/A | 5/23/2024 (Actual) | 7/23/2025 (Actual) | 1/22/2026 (Estimated) |
| 43 | PHK Amendment Increase: 1654 Florence | LINC Housing Corporation | 1654 W FLORENCE | 8 | N/A | 128 | 126 | 0 | 2 | \$ | 5,427,080 | H, CH | N/A | N/A | 12/21/2023 (Actual) | 3/28/2024 (Actual) | 6/11/2025 (Actual) |
| 44 | PHK Amendment Increase: Temple/Alvarado | Brilliant Corners | 2812 TEMPLE / 916 ALVARADO | 13 | N/A | 66 | 64 | 0 | 2 | \$ | 11,355,756 | H, CH | N/A | N/A | 12/22/2023 (Actual) | 2/29/2024 (Actual) | 2/1/2026 (Estimated) |
| 45 | PHK Amendment Increase: 6531 Sepulveda | American Family Housing | 6531 S SEPULVEDA | 11 | N/A | 120 | 118 | 0 | 2 | \$ | 16,141,905 | H, CH | N/A | N/A | 11/29/2023 (Actual) | 9/3/2024 (Actual) | 3/13/2026 (Estimated) |
| 46 | PHK Amendment Increase: 18602 Vermont | Coalition for Responsible Community Development | 18602 S VERNONT | 15 | N/A | 136 | 134 | 0 | 2 | \$ | 4,123,078 | H, CH | N/A | N/A | 1/24/2024 (Actual) | 1/31/2025 (Actual) | 1/31/2026 (Estimated) |
| 47 | PHK Amendment Increase: Elderberry (fka 20205 Ventura) | Volunteers of America of Los Angeles | 20205 VENTURA | 3 | N/A | 146 | 144 | 0 | 2 | \$ | 4,922,043 | H, CH | N/A | N/A | 2/1/2024 (Actual) | 9/15/2025 (Actual) | 3/1/2026 (Estimated) |
| 48 | PHK Amendment Increase: The Londie (fka 19325 Lodelius) | Volunteers of America of Los Angeles | 19325 LONDELIOUS | 12 | N/A | 116 | 115 | 0 | 2 | \$ | 14,332,424 | H, CH | N/A | N/A | 2/1/2024 (Actual) | 7/16/2025 (Actual) | 1/12/2026 (Estimated) |
| 49 | PHK Amendment Increase: 2010 Highland | Highland PSH, LLC | 2010 HIGHLAND | 4 | N/A | 62 | 61 | 0 | 1 | \$ | 6,910,602 | H, CH | N/A | N/A | 1/25/2024 (Actual) | 2/25/2024 (Actual) | 10/10/2025 (Actual) |
| 50 | PHK Amendment Increase: 21121 Vanowen | Vanowen CP PSH, LLC | 21121 VANOWEN | 3 | N/A | 101 | 99 | 0 | 2 | \$ | 23,309,756 | H, CH | N/A | N/A | 1/25/2024 (Actual) | 10/10/2024 (Actual) | 9/15/2025 (Actual) |
| 51 | PHK Amendment Increase: 10150 Hillhaven | HACLA | 10150 HILLHAVEN | 7 | N/A | 34 | 33 | 0 | 1 | \$ | 1,850,000 | H, CH | N/A | N/A | 2/16/2024 (Actual) | 2/17/2024 (Actual) | 12/1/2022 (Actual) |
| 52 | PHK Amendment Increase: 1044 Soto | HACLA | 1044 SOTO | 10 | N/A | 85 | 84 | 0 | 1 | \$ | 4,625,000 | H, CH | N/A | N/A | 2/16/2024 (Actual) | 2/17/2024 (Actual) | 9/20/2023 (Actual) |
| 53 | Eighth Amendment Increase: Ambrosia | Domus Development, LLC | 823 W MANCHESTER AVE | 8 | 4% | 90 | 80 | 9 | 1 | \$ | 11,200,000 | H, I, CH | 8/9/2022 (Actual) | 11/30/2022 (Actual) | 6/1/2023 (Actual) | 7/6/2023 (Actual) | 11/10/2025 (Actual) |
| 54 | Eighth Amendment Increase: Villa Vanowen (fka Confianza) | Century Affordable Development, Inc. | 14142 W VANOWEN ST | 2 | 4% | 64 | 63 | 0 | 1 | \$ | 10,000,000 | H, CH | 8/9/2022 (Actual) | 11/30/2022 (Actual) | 6/2/2023 (Actual) | 6/5/2023 (Actual) | 7/31/2025 (Actual) |

| 55 | Ninth Amendment Increase: Western Landing | Abode/Mercy/LA Family Housing | 25820-25896 S WESTERN AVE | 15 | 4% | 81 | 80 | 0 | 1 | \$ 8,289,109 | H, CH | 8/9/2022 (Actual) | 11/30/2022 (Actual) | 5/25/2023 (Actual) | 5/31/2023 (Actual) | 12/31/2024 (Actual) |
|----|--|--|--|----|-----|------|------|-----|----|----------------|--------------|---------------------|------------------------|------------------------|------------------------|------------------------|
| 56 | Tenth Amendment Increase: Grandview Apartments | Abode Communities | 714 S GRAND VIEW ST | 1 | 4% | 100 | 54 | 45 | 1 | \$ 12,000,000 | HF, H, F, CH | 2/7/2023 (Actual) | 5/10/2023 (Actual) | 11/15/2023 (Actual) | 12/1/2023 (Actual) | 6/9/2026 (Estimated) |
| 57 | Tenth Amendment Increase: The Cielo (fka 21300 Devonshire) | LA Family Housing Corporation | 21300 W DEVONSHIRE ST | 15 | 4% | 100 | 99 | 0 | 1 | \$ 10,407,427 | HF, CH | 2/7/2023 (Actual) | 5/10/2023 (Actual) | 11/14/2023 (Actual) | 12/19/2023 (Actual) | 9/19/2025 (Actual) |
| 58 | Eleventh Amendment Increase: Safe Harbor I (fka Anaheim West/PSH 3) | FlyawayHomes | 828 W ANAHEIM ST | 15 | N/A | 50 | 49 | 0 | 1 | \$ 4,900,000 | HF, CH | 03/18/2025 (Actual) | 06/18/2025 (Estimated) | 1/15/2026 (Estimated) | 2/1/2026 (Estimated) | 12/1/2027 (Estimate) |
| 59 | Eleventh Amendment Increase: Safe Harbor II (fka Lagoon/PSH 5) | FlyawayHomes | 728 N LAGOON AVE | 15 | N/A | 40 | 39 | 0 | 1 | \$ 3,900,000 | HF, CH | 03/18/2025 (Actual) | 06/18/2025 (Estimated) | 1/15/2026 (Estimated) | 2/1/2026 (Estimated) | 12/1/2027 (Estimate) |
| 60 | Loma Verde (fka RETHINK Housing Westlake) | Holos Communities; Restore Neighborhoods | 405 N WESTLAKE AVE | 13 | 9% | 19 | 18 | 0 | 1 | \$ 2,660,000 | HF, CH | 4/25/2023 (Actual) | 7/26/2023 (Actual) | 1/18/2024 (Actual) | 3/8/2024 (Actual) | 11/14/2025 (Estimated) |
| 61 | Fourteenth Amendment Increase: 18722 Sherman Way | LA Family Housing | 18722 SHERMAN WAY | 3 | 9% | 64 | 63 | 0 | 1 | \$ 6,622,908 | H, CH | 8/8/2023 (Actual) | 11/1/2023 (Actual) | 11/21/2024 (Actual) | 12/11/2024 (Actual) | 6/30/2026 (Estimated) |
| 62 | Fourteenth Amendment Increase: Sunnyside (fka RETHINK Housing 62nd/1408 W. 62nd Street) | Clifford Beers Housing (aka Holos Communities) | 1408 W 62ND ST | 8 | 9% | 27 | 26 | 0 | 1 | \$ 3,780,000 | H, CH | 8/8/2023 (Actual) | 11/8/2023 (Actual) | 4/30/2024 (Actual) | 5/30/2024 (Actual) | 12/1/2025 (Estimated) |
| 63 | Fourteenth Amendment Increase: New Hampshire PSH | BRIDGE Housing Corporation | 701 S NEW HAMPSHIRE AVE | 10 | 9% | 95 | 93 | 0 | 2 | \$ 12,980,000 | O | 9/6/2023 (Actual) | 8/7/2024 (Actual) | 11/20/2024 (Actual) | 2/10/2025 (Actual) | 5/29/2026 (Estimated) |
| 64 | Fifteenth Amendment Increase: Weingart Tower 1B - HHH PSH | Chelsea Investment Corporation | 554-562 S SAN PEDRO ST | 14 | 4% | 104 | 83 | 20 | 1 | \$ 16,000,000 | H, HV, F, CH | 8/27/2024 (Actual) | 12/11/2024 (Actual) | 7/31/2025 (Actual) | 9/8/2025 (Actual) | 3/15/2027 (Estimated) |
| 65 | Fifteenth Amendment Increase: Chavez Gardens (fka Chavez and Fickett) | Abode Communities | 335-349 N FICKETT ST & 334-344 MATTHEWS ST | 14 | 4% | 110 | 30 | 79 | 1 | \$ 6,300,000 | HF, H, F, CH | 5/20/2025 (Actual) | 8/8/2025 (Actual) | 1/15/2026 (Estimated) | 2/1/2026 (Estimated) | 5/30/2028 (Estimated) |
| 66 | Fifteenth Amendment Increase: The Main | Abbey Road, Inc. | 15314 RAYEN ST | 6 | 4% | 64 | 33 | 29 | 2 | \$ 6,795,000 | HF, Y, F, CH | 3/18/2025 (Actual) | 12/10/2025 (Estimated) | 04/15/2026 (Estimated) | 05/01/2026 (Estimated) | 12/1/2026 (Estimated) |
| 67 | Fifteenth Amendment Increase: The Rigby | Abbey Road, Inc. | 15314 RAYEN ST | 6 | 9% | 64 | 33 | 29 | 2 | \$ 6,795,000 | HF, Y, F, CH | 2/13/2024 (Actual) | 5/15/2024 (Actual) | 11/15/2024 (Actual) | 11/20/2024 (Actual) | 10/28/2026 (Estimated) |
| 68 | Best Inn/Mollie Maison | The People Concern | 47011 ADAMS BLVD | 10 | N/A | 22 | 21 | 0 | 1 | \$ 1,343,914 | H | N/A | N/A | | | 12/15/2025 (Estimated) |
| 69 | Ramada Inn/PV Marina Del Rey | PATH Ventures | 3130 WASHINGTON BLVD | 11 | N/A | 33 | 32 | 0 | 1 | \$ 1,525,457 | | N/A | N/A | 10/2/2025 (Actual) | 10/16/2025 (Actual) | 10/25/2026 (Estimated) |
| 70 | Travelodge Normandie/Normandie | PATH Ventures | 18606 NORMANDIE AVE | 15 | N/A | 40 | 39 | 0 | 1 | \$ 736,215 | | N/A | N/A | | | |
| | Average | | | | | 69 | 59 | 8 | 1 | \$ 110,506.43 | | | | | | |
| | TOTAL | | | | | 4797 | 4127 | 589 | 82 | \$ 530,099,368 | | | | | | |

Notes:

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

Bold dates denote actuals.

Proposition HHH PSH Loan Program funds are available for homeless units (PSH) as well as low-income (affordable) units.

Legend for Populations Served

F = Non-homeless Families

S = Non-homeless Seniors

I = Non-homeless Individuals

D = Non-homeless disabled

V = Non-homeless Veterans

H = Homeless Individuals

CH = Chronically Homeless

HF = Homeless Families

HV = Homeless Veterans

HS = Homeless Senior

Y = Homeless Youth

HD = Homeless Disabled

M = Homeless Mental Illness

O = Other Homeless

IHA = Homeless individuals with HIV/AIDS

DV = Homeless survivors of domestic violence & sex trafficking

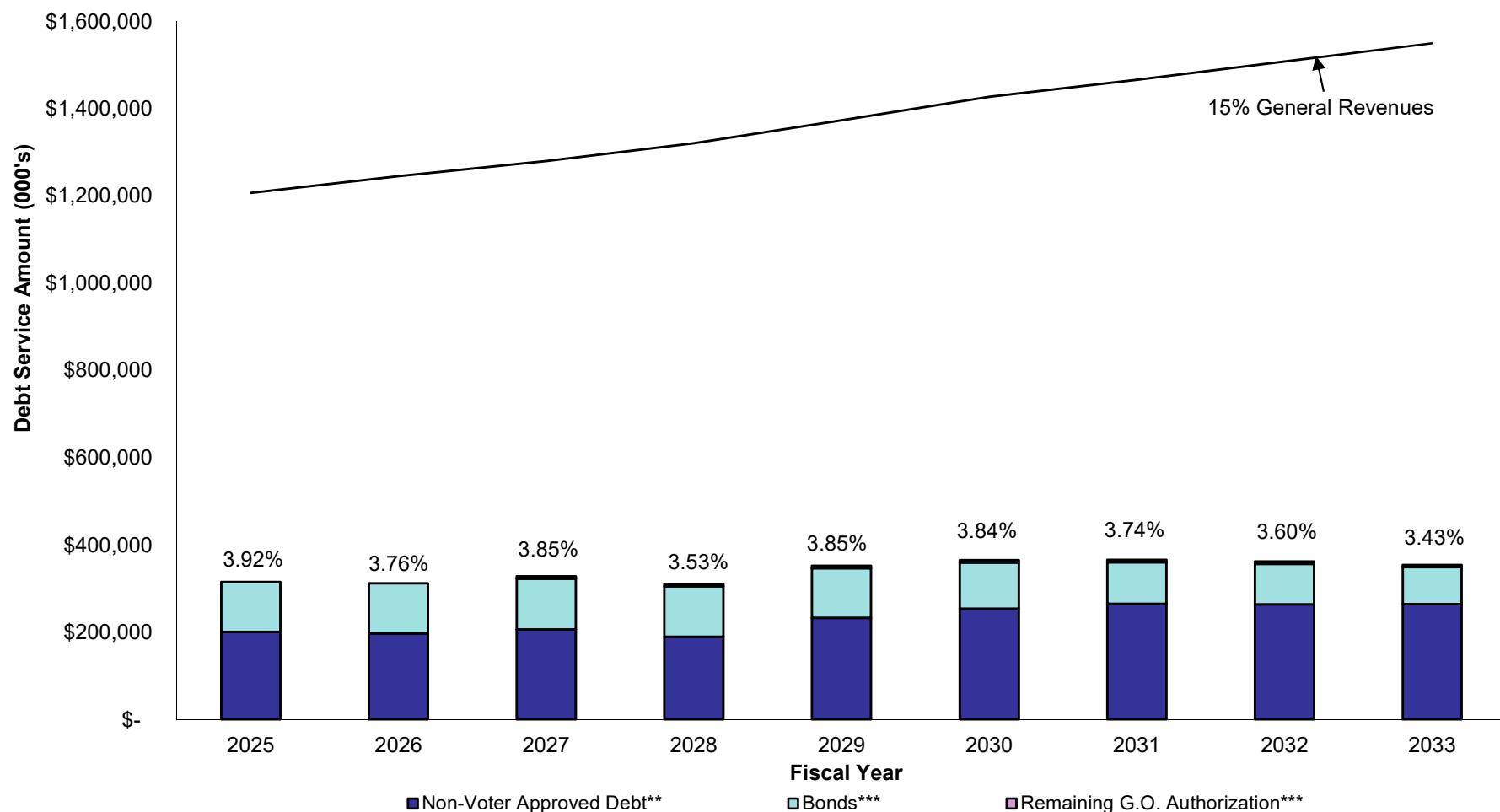
Attachment B –

Voter and Non-Voter Approved Debt Chart

2025-26 ADOPTED BUDGET
VOTER-APPROVED AND NON VOTER-APPROVED DEBT
December 2025
 Debt Service to General Revenues*

DEBT MANAGEMENT POLICY

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



*Projected revenue growth in 2025-26 to 2029-30 is 3.2%, 2.7%, 3.3%, 4.1%, and 4.1%, respectively. Projected revenue growth in 2030-31 through 2032-33 is 2.9%.

**Includes MICLA bond issuances and MICLA Commercial Paper and Refundings.

***Voter-Approved Debt

Attachment C –

Authorizing Resolution

**RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES
APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE
CITY OF LOS ANGELES GENERAL OBLIGATION BONDS,
SERIES 2026-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE
PRINCIPAL AMOUNT OF NOT TO EXCEED \$86,015,000 FOR
PROPOSITION HHH PROJECTS, APPROVING THE FORM AND
AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL
STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL
OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF
INTENTION TO SELL BONDS AND A CONTINUING DISCLOSURE
CERTIFICATE RELATING TO THE BONDS, AND AUTHORIZING
CERTAIN OTHER DOCUMENTS AND MATTERS RELATING
THERETO**

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

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

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

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

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

WHEREAS, the City desires to issue at this time the final series of bonds authorized by the Proposition HHH Authorization in the form of its General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Bonds”);

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

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

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

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

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

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

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

WHEREAS, Section 5852.1 of the California Government Code requires that the Council obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds;

WHEREAS, in compliance with Section 5852.1 of the California Government Code, the Council has obtained from its municipal advisor the required good faith estimates and such estimates have been disclosed to the public in a report of the City Administrative Officer related to the Bonds prior to the adoption of this Resolution;

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

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

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

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND APPROVAL OF DOCUMENTS

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

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

“Authorizing Law” means, collectively, (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, and (v) Article XIII A of the California Constitution, as amended.

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

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

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

“Bonds” means the City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds).

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

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

“City” means the City of Los Angeles.

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

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

“City Clerk” means the City Clerk of the City, any designee thereof and any Deputy City Clerk.

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

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate described in Section 1.07 hereof.

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

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

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

“Council” means the Council of the City.

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

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

“Debt Service Fund” means the “General Obligation Bonds, Series 2026-A (Taxable) Debt Service Fund” established in accordance with Section 5.02 hereof.

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

“Deposit Agreement” means the Good Faith Deposit Agreement described in Section 1.09 hereof.

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

“DTC Participants” means the participants of DTC.

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

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

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

“Interest Payment Date” means each March 1 and September 1, commencing on March 1, 2027.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Resolution” means this “RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF LOS ANGELES GENERAL OBLIGATION BONDS, SERIES 2026-A (TAXABLE) (SOCIAL BONDS) IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$86,015,000 FOR PROPOSITION HHH PROJECTS, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A NOTICE INVITING BIDS, A NOTICE OF INTENTION TO SELL BONDS AND A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE BONDS, AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND MATTERS RELATING THERETO” as from time to time amended or supplemented by Supplemental Resolutions adopted in accordance with the terms hereof.

“Securities Depositories” means The Depository Trust Company, 570 Washington Boulevard, Jersey City, New Jersey 07310, Telephone: (212) 855-1000, Facsimile: (212) 855-7320, or in accordance with the then current guidelines of the Securities and Exchange Commission to such other addresses and/or such other securities depositories or to no such depositories, as the City shall designate.

“Series 2026-A Construction Fund” means the “General Obligation Bonds, Series 2026-A (Taxable) Proposition HHH Construction Fund” established in accordance with Section 5.01 hereof.

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

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

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

“Treasury” means the City Treasury.

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

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

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

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

(A) The Bonds shall be offered for sale, and proposals therefor shall be received, by the City Administrative Officer at the place and up to the time and date fixed in a Notice Inviting Bids for the Bonds. The Notice Inviting Bids, the form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to execute and deliver the Notice Inviting Bids, which shall be in substantially the form presented to this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as being in the best interests of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such City Administrative Officer's execution of the Notice Inviting Bids. The City Administrative Officer is hereby authorized to modify and supplement the Notice Inviting Bids with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate, and to communicate such modifications and supplements as indicated in the Notice Inviting Bids; all references to the Notice Inviting Bids herein shall be deemed to include such modifications and supplements. Pursuant to the requirements of Section 371(d) of the City Charter of the City and Section 5808 of the Government Code at least ten days prior to the date fixed for the receipt of proposals, the City is hereby authorized to cause the Notice Inviting Bids to be published at least once in the *Metropolitan News-Enterprise*, or in such other daily newspaper circulated in the City as the City Administrative Officer shall deem appropriate, with such additions and changes therein as the City Administrative Officer may determine is necessary or desirable or otherwise approve as being in the best interest of the City, in consultation with the City Attorney, such determination and approval to be conclusively evidenced by such publication of the Notice Inviting Bids, as described above, with such additions and changes. The terms and conditions of the offering and sale of the Bonds shall be specified in the Notice Inviting Bids for the Bonds.

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

evidenced by such publication of the Notice of Intention to Sell Bonds, as described above, with such additions and changes.

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

Section 1.06 Authorization of Official Statement.

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

Officer is hereby authorized to modify and supplement the Official Statement with such further information regarding the issuance and sale of the Bonds as such officer deems necessary and appropriate; all references to the Official Statement herein shall be deemed to include such modifications and supplements. The best bidder is hereby authorized to use and distribute the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds.

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

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

Section 1.09 Approval of Good Faith Deposit Agreement. The Good Faith Deposit Agreement (the "Deposit Agreement") relating to the good faith deposit(s) to be made by each bidder for the Bonds, the form of which is before this Council and on file in the Office of the City

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

ARTICLE II

GENERAL TERMS AND PROVISIONS OF THE BONDS

Section 2.01 Authorization of Bonds. The Bonds of the City are hereby authorized and shall be issued in the aggregate principal amount of not to exceed \$86,015,000 for Proposition HHH Projects in accordance with this Resolution, the Proposition HHH Authorization and the Authorizing Law. The Bonds shall be designated as the "City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds)" with such additional or other series or subseries designations as the City Administrative Officer may approve. The Bonds shall be general obligations of the City, secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City.

Section 2.02 Form and Date of Bonds.

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

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

(C) Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after a Record Date but on or prior to the following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or (ii) it is authenticated on or prior to February 15, 2027, in which event it shall bear interest from its date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest thereon shall be

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

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

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

(F) The form of the Bonds shall be substantially as set forth in Exhibit A.

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

ARTICLE III

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

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

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

Section 3.02 Book-Entry Bonds.

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

REDEMPTION

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

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

Section 4.03 Selection of Bonds for Redemption. Whenever less than all the Bonds shall be called for redemption at the option of the City, the particular Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the Bonds shall be effected by the City or the Paying Agent among Owners on a pro-rata basis in the principal amount of \$5,000 or any integral multiple thereof. The particular Bonds to be redeemed shall be determined by the City or the Paying Agent, using such method as the City or the Paying Agent shall deem fair and appropriate. If the Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered Owner of the Bonds, if less than all of the Bonds of a maturity are called for prior redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof and so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the City or the Paying Agent pursuant to DTC operational arrangements.. If the City or the Paying Agent do not provide the necessary information and identify the redemption as on a “Pro Rata Pass-Through Distribution of Principal” basis, the Bonds will be selected for redemption in accordance with DTC procedures by lot. If the DTC operational arrangements do not allow for the redemption of the Bonds on a “Pro Rata Pass-Through Distribution of Principal” basis, then the Bonds will be selected for redemption in accordance with

DTC procedures by lot. The Paying Agent shall promptly notify the City in writing of the Bonds so selected for redemption.

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

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

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

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

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

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

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

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

Section 4.05 Payment Upon Redemption. The redemption price of any Bond called for redemption shall be payable upon surrender of such Bond at the office of the Paying Agent in Los Angeles, California. Upon the surrender of any Bond redeemed in part only, the City shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds of authorized denomination or equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the City and the Paying Agent shall be released and discharged thereupon from all liability to the extent of such payment.

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

ARTICLE V

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

Section 5.01 Construction Fund. The proceeds received by the City from the sale of the Bonds shall be deposited in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2026-A (Taxable) Proposition HHH Construction Fund” (the “Series 2026-A Construction Fund”) and the proper record of such transaction shall be recorded upon the books to be kept for such purpose by the Treasurer and the Controller. The City shall, from time to time, disburse moneys from the Series 2026-A Construction Fund to pay the Project Costs, in each case pursuant to regular City procedures for the disbursement of such moneys.

Within the Series 2026-A Construction Fund, the City shall establish such accounts as may be deemed necessary or desirable. Investment earnings on amounts on deposit in the Series 2026-A Construction Fund shall be retained in the Series 2026-A Construction Fund pursuant to Section 7.01 hereof. All amounts on deposit in the Series 2026-A Construction Fund shall remain in the Series 2026-A Construction Fund and used for the purposes thereof.

After completion of all Proposition HHH Projects in accordance with this Resolution, the Treasurer may transfer any amounts remaining in the Series 2026-A Construction Fund to the Debt Service Fund.

Section 5.02 Debt Service Fund; Taxes.

(A) The Controller shall establish in the Treasury of the City, separate and apart from any other funds of or held by the City, a fund designated "General Obligation Bonds, Series 2026-A (Taxable) Debt Service Fund" (the "Debt Service Fund") for the purpose of paying debt service on the Bonds. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the City.

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

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

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

(E) The accrued interest, if any, received by the City from the sale of the Bonds shall be deposited into the Debt Service Fund. The premium, if any, received by the City from the sale of the Bonds shall be deposited as directed by the City upon the date of delivery of the Bonds.

Investment earnings on amounts in the Debt Service Fund shall be retained in the Debt Service Fund pursuant to Section 7.01 hereof.

Section 5.03 Reserved.

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

Section 5.05 Establishment of Accounts; Transferring of Money Between Funds. If at any time it is deemed necessary or desirable by the City, the City may establish additional funds under this Resolution and/or accounts or subaccounts within any of the funds or accounts established hereunder. Subject to Section 10.01 hereof, the Council may, in its sole discretion, amend the plan of expenditures adopted by the Council with respect to the Bonds pursuant to Division 11, Chapter 1, Article 5 of the Los Angeles Administrative Code and adopt ordinances to rename any of the funds or accounts established hereunder and to direct that moneys be transferred between and among any funds or accounts established pursuant to this Resolution, whenever established. To the extent that any such renaming or shifting causes any portion of the Bond proceeds to be available or used for purposes other than those originally contemplated and authorized by Section 2.01 hereof, the City Administrative Officer shall revise or reallocate the authorizations established under Section 2.01 hereof accordingly in order to reflect such renaming or shifting. If at any time it is deemed necessary or desirable by the City, the City Administrative Officer may instruct the Controller to transfer funds from the Debt Service Fund to one or more escrow funds established in connection with the refunding of any of the City’s outstanding bonds or the Bonds.

ARTICLE VI

PAYING AGENT AND CUSTODIAN

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

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

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

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

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

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

ARTICLE VII

INVESTMENTS

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

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

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

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.01 Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the City and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the City with the written consent of Owners owning at least 60% in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the City (other than a pension fund); provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying

interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and materially adversely affected by such amendment or modification.

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

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

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

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

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

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

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

ARTICLE IX

DEFEASANCE

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

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

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

(C) by depositing with an institution that meets the requirements of serving as Paying Agent pursuant to Section 6.02 hereof, in trust, lawful money or noncallable direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed by the United States of America, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, as verified by the report of an Independent Certified Public Accountant, to pay and discharge all or such portion of Bonds Outstanding, including any premium and all interest thereon, notwithstanding that any Bonds or such portion thereof shall not have been surrendered for payment; then all obligations of the City and the Paying Agent under this Resolution with respect to all Outstanding Bonds or such portion thereof shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the City to pay to the Paying Agent, if other than the Treasurer or any other officer of the City, the amounts owing to the Paying Agent pursuant to Section 6.01 hereof.

ARTICLE X

MISCELLANEOUS

Section 10.01 General Covenants.

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

(B) Upon the date of issuance of any of the Bonds, all conditions, acts and things required of the City by law, the Authorizing Law, the Proposition HHH Authorization and this Resolution to exist, to have happened and to have been performed in due time, form and manner, precedent to and in the issuance of the Bonds, shall exist, shall have happened and shall have been performed, and the issuance of the Bonds shall be within every debt and other limit prescribed by the Authorizing Law and the laws of the State of California.

(C) The City hereby covenants to levy a property tax or assessment in each Fiscal Year in accordance with Section 5.02(B) hereof at such a rate as to provide for the payment of principal of and interest on the Bonds, as well as all other outstanding indebtedness of the City secured by and payable from such property tax.

Section 10.02 Covenant Regarding Expenditures. The City hereby covenants to expend all Bond proceeds in accordance with applicable law, including but not limited to the Proposition

HHH Authorization and the Authorizing Law. The City covenants to spend the amounts on deposit in the Series 2026-A Construction Fund in accordance with Section 5.01.

Section 10.03 General Authorization. The officers of the City are hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purposes. All actions heretofore taken by any officer or officers of the City, with respect to the execution and delivery of the Bonds and the Continuing Disclosure Certificate, and the sale of the Bonds, or in connection with or related to any of the agreements referenced herein, including the publication and/or printing of any documents or notices, are hereby approved, confirmed and ratified.

Section 10.04 Electronic Signatures. The Council hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign. All of the agreements and documents 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 or document.

Section 10.05 No Bids by Municipal Advisor. No municipal advisor with respect to the Bonds shall submit a bid for the Bonds, whether independently or as a member of a syndicate organized to submit a bid for the Bonds.

Section 10.06 Effective Date. This Resolution shall take effect from and upon its adoption.

Approved as to Form

HYDEE FELDSTEIN SOTO, City Attorney

By: 
Deputy City Attorney

Exhibit A - Form of Bonds

EXHIBIT A
FORM OF BOND

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

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

No. _____ \$ _____

**CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS
SERIES 2026-A
(TAXABLE) (SOCIAL BONDS)**

Interest Rate Maturity Dated CUSIP
____% _____ 1, 20____, 2026 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The City of Los Angeles, County of Los Angeles, State of California (the "City") organized and existing under the Constitution and laws of the State of California, FOR VALUE RECEIVED, hereby promises to pay to the registered Owner out of the funds hereinafter described in the aggregate principal amount hereof and to pay interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid or duly provided for, commencing on March 1, 2027, and semiannually thereafter on March 1 and September 1 (each an "Interest Payment Date") at the interest rate set forth above, until the principal hereof is paid or made available for payment. The principal hereof, and premium if any, upon early redemption hereof are payable in lawful money of the United States of America at the office of the Treasurer of the City or a successor paying agent (the "Paying Agent"). The interest shall be paid by check mailed by the Paying Agent to the registered Owner hereof at the address as it appears on the bond register (the "Bond Register") kept by the Paying Agent as of the close of business on the fifteenth calendar day of the month immediately preceding each Interest

Payment Date (a “Record Date”); provided, however, that an Owner of at least \$1,000,000 aggregate principal amount of Bonds may request payment by wire transfer subject to certain conditions.

This Bond is issued by the City pursuant to a resolution of the Council adopted on December __, 2025 (the “Resolution”), and pursuant to (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (Commencing with Section 53506), as amended, (ii) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, and (v) Article XIII A of the California Constitution, as amended. Capitalized undefined terms used herein shall have the meanings set forth in the Resolution.

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

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

This Bond shall bear interest from the Interest Payment Date next preceding the date of authentication hereof unless (i) it is authenticated after a Record Date but on or prior to the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on or prior to February 15, 2027, in which event it shall bear interest from its date of delivery; provided, however, that if at the time of authentication of any Bond interest with respect thereto is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Interest with respect to any Bond shall be computed using a year of 360 days comprised of twelve 30-day months.

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

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

| Redemption Date <u>(September 1)</u> | Mandatory Sinking Fund Payment |
|---|-----------------------------------|
| | \$ |

*(maturity)

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

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

A supplemental resolution of the City may be adopted, which, without the requirement of consent of the Owners, shall be fully effective accordance with its terms (1) to add to the covenants and agreements of the City in the Resolution, other covenants and agreements to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect, (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Resolution as theretofore in effect, (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution, (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Owners of the Bonds.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed either manually or by facsimile by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Council of the City has caused this Bond to be signed in the name and on behalf of the City by the [manual or facsimile] signatures of the [Mayor/Assistant City Administrative Officer] and the Treasurer of the City, countersigned by the manual signature of the [City Clerk/Deputy City Clerk] of the City and sealed with the corporate seal of the City and has caused this Bond to be dated the ____ th of _____ 2026.

CITY OF LOS ANGELES

By: _____
[Mayor/Assistant City Administrative Officer]

By: _____
Treasurer

Countersigned:

[City Clerk/Deputy City Clerk]

CERTIFICATE OF AUTHENTICATION

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

DATED: _____, 2026

Treasurer of the City of Los Angeles, as Paying Agent

By: _____
Authorized Signatory

ASSIGNMENT

FOR VALUE Received, the undersigned registered Owner hereby sells, assigns and transfers unto:

Name of Transferee: _____

Address for Payment of Interest: _____

Tax Identification No.: _____

the within-mentioned Bond and hereby irrevocably constitutes and assigns _____, attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Date: _____

Registered Owner

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

Signature guaranteed:

Bank, Trust Company or Firm

Authorized Officer

**Exhibit B – Preliminary Official Statement,
including Appendix A,
the City’s Disclosure Information Statement, and
Continuing Disclosure Certificate**

PRELIMINARY OFFICIAL STATEMENT DATED [DECEMBER 30, 2025]

DAC

NEW ISSUE – FULL BOOK-ENTRY ONLY

RATINGS:

Fitch: “ ”

Moody's: “ ”

See “RATINGS” herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

CITY OF LOS ANGELES



\$86,015,000*
GENERAL OBLIGATION BONDS
SERIES 2026-A
(TAXABLE)
(SOCIAL BONDS)

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The City of Los Angeles (the “City”) is issuing \$86,015,000* aggregate principal amount of its General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Bonds”).

The Bonds will be issued as fully registered bonds in denominations of \$5,000 each or any integral multiple thereof. The Bonds will mature on the dates and in the amounts and bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable on March 1, 2027, and semiannually thereafter on September 1 and March 1 of each year until maturity. The Bonds will be issued in book-entry form only and, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive physical delivery of certificates representing their interests in the Bonds being purchased. Payment of principal of the Bonds at maturity and interest when due will be payable by the Office of the City Treasurer of the City of Los Angeles, as Paying Agent, to DTC, and such payments will be remitted to the participants in DTC for subsequent disbursements to the beneficial owners of the Bonds. See APPENDIX D—“DTC AND THE BOOK-ENTRY ONLY SYSTEM” attached hereto.

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

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

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

BIDS FOR THE PURCHASE OF THE BONDS WILL BE RECEIVED BY THE CITY UNTIL 9:00 A.M. PACIFIC STANDARD TIME ON JANUARY 15, 2026 UNLESS POSTPONED OR CANCELLED AS SET FORTH IN THE NOTICE INVITING BIDS.

For information concerning the competitive sale of the Bonds, contact the City's Municipal Advisor, Omnicap Group LLC, El Segundo, California. The Bonds are offered when, as and if issued, subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by Hydee Feldstein Soto, City Attorney of the City of Los Angeles. Stradling Yocca Carlson & Rauth LLP, is serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. The Bonds are expected to be available for delivery through the book-entry facilities of DTC on or about January __, 2026.

Dated: January __, 2026

** Preliminary, subject to change.*

MATURITY SCHEDULE*

\$86,015,000*
CITY OF LOS ANGELES
GENERAL OBLIGATION BONDS
SERIES 2026-A (TAXABLE)
(SOCIAL BONDS)

| Year (September 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP[†] (Base: 544351) |
|-------------------------------|-----------------------------|--------------------------|--------------|--------------|---|
| 2027 | \$ | % | % | | |
| 2028 | | | | | |
| 2029 | | | | | |
| 2030 | | | | | |
| 2031 | | | | | |
| 2032 | | | | | |
| 2033 | | | | | |
| 2034 | | | | | |
| 2035 | | | | | |
| 2036 | | | | | |
| 2037 | | | | | |
| 2038 | | | | | |
| 2039 | | | | | |
| 2040 | | | | | |
| 2041 | | | | | |
| 2042 | | | | | |
| 2043 | | | | | |
| 2044 | | | | | |
| 2045 | | | | | |

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

* Preliminary, subject to change.

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CITY OF LOS ANGELES

Mayor

Karen Bass

City Council

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*

CITY OFFICIALS

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

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

PROFESSIONAL SERVICES

Bond Counsel
Orrick, Herrington & Sutcliffe LLP
Sacramento, California

Disclosure Counsel
Stradling Yocca Carlson & Rauth LLP

Municipal Advisor
Omnicap Group LLC
El Segundo, California

Paying Agent
City Treasurer
City of 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 City to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

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

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

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

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

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

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

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OFFICIAL STATEMENT

CITY OF LOS ANGELES
\$86,015,000*
GENERAL OBLIGATION BONDS
SERIES 2026-A
(TAXABLE)
(SOCIAL BONDS)

INTRODUCTION

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

General

The City of Los Angeles (the “City”) is issuing its \$86,015,000* aggregate principal amount of General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds are equally and ratably secured with all outstanding general obligation bonds and all other general obligation bonds that may be issued from time to time by the City payable from the proceeds of *ad valorem* property taxes. Prior to the issuance of the Bonds, the City has \$873,995,000 in aggregate principal amount of general obligation bonds outstanding under Proposition HHH. See APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—BONDED AND OTHER INDEBTEDNESS—General Obligation Bonds” herein for information regarding the City’s outstanding general obligation bonds.

The Bonds are secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied in accordance with the Proposition HHH Authorization and the Resolution (each as defined herein), without limitation as to rate or amount (subject to certain exceptions), upon property subject to taxation by the City. The Bonds are to be issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on [December 12, 2025] authorizing the issuance of the Bonds (the “Resolution”).

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

* Preliminary, subject to change.

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

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

THE BONDS

General

The Bonds will mature on the dates and in the amounts and bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be paid semi-annually each March 1 and September 1 of each year that the Bonds are Outstanding (each an "Interest Payment Date"), commencing on March 1, 2027. The Bonds will be dated their date of issuance and when issued will be initially registered in the name of Cede & Co., as registered Owner and nominee of The Depository Trust Company ("DTC"). The Bonds will be issued in book-entry form only and will be available to purchasers of the Bonds ("Beneficial Owners") under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC participants as described herein. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not receive physical delivery of certificates from the City representing their interests in the Bonds being purchased. Principal of the Bonds, either at maturity or by earlier redemption, and interest on the Bonds will be payable by the City Treasurer of the City of Los Angeles or a successor paying agent (the "Paying Agent") as appointed by the City, and such payments will be remitted by DTC to the participants in DTC for subsequent disbursement to the Beneficial Owners of the Bonds. See APPENDIX D—"DTC AND THE BOOK-ENTRY ONLY SYSTEM" attached hereto.

Interest on the Bonds will be payable on each Interest Payment Date by check mailed by the Paying Agent to the Owners thereof at their addresses as they appear on the Bond Register kept by the Paying Agent as of the close of business on the Record Date; provided, however, that an owner of at least \$1,000,000 aggregate principal amount of Bonds may request payment by wire transfer by delivering written transfer instructions to the Paying Agent at least seven days prior to the applicable Record Date. As defined in the Resolution, the term "Record Date" means the fifteenth calendar day of the month immediately preceding an Interest Payment Date, whether or not such day is a Business Day. See APPENDIX B—"FORM OF THE RESOLUTION" attached hereto.

Optional Redemption*

The Bonds maturing on or before September 1, 2035 are not subject to optional redemption. The Bonds maturing on or after September 1, 2036 are subject to optional redemption on and after September 1, 2035 at the option of the City, as a whole or in part, on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued and unpaid interest to the date fixed for redemption.

Mandatory Redemption*

The Bonds maturing on September 1, 20__ (the "Series 2026-A Term Bonds") are subject to mandatory sinking fund redemption commencing on September 1, 20__ and on each September 1 thereafter through maturity in equal principal amounts from mandatory sinking fund redemption payments made by the City in accordance with the following schedule:

* Preliminary, subject to change.

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

(maturity)

The City, at its option, may credit against any mandatory sinking fund redemption payment Series 2026-A Term Bonds of the maturity then subject to redemption, which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

Selection of Bonds for Redemption

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

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

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

Notice of Redemption

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

redeeming Bonds shall bear or be accompanied by a statement specifying the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

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

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

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

Effect of Redemption

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

DEBT SERVICE SCHEDULE

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

| <i>Payment Date</i> | <i>Principal</i> | <i>Interest</i> | <i>Total Debt Service</i> | <i>Total Debt Service (Fiscal Year)</i> |
|---------------------|------------------|-----------------|---------------------------|---|
| 3/1/2027 | \$ | \$ | \$ | \$ |
| 9/1/2027 | | | | |
| 3/1/2028 | | | | |
| 9/1/2028 | | | | |
| 3/1/2029 | | | | |
| 9/1/2029 | | | | |
| 3/1/2030 | | | | |
| 9/1/2030 | | | | |
| 3/1/2031 | | | | |
| 9/1/2031 | | | | |
| 3/1/2032 | | | | |
| 9/1/2032 | | | | |
| 3/1/2033 | | | | |
| 9/1/2033 | | | | |
| 3/1/2034 | | | | |
| 9/1/2034 | | | | |
| 3/1/2035 | | | | |
| 9/1/2035 | | | | |
| 3/1/2036 | | | | |
| 9/1/2036 | | | | |
| 3/1/2037 | | | | |
| 9/1/2037 | | | | |
| 3/1/2038 | | | | |
| 9/1/2038 | | | | |
| 3/1/2039 | | | | |
| 9/1/2039 | | | | |
| 3/1/2040 | | | | |
| 9/1/2040 | | | | |
| 3/1/2041 | | | | |
| 9/1/2041 | | | | |
| 3/1/2042 | | | | |
| 9/1/2042 | | | | |
| 3/1/2043 | | | | |
| 9/1/2043 | | | | |
| 3/1/2044 | | | | |
| 9/1/2044 | | | | |
| 3/1/2045 | | | | |
| 9/1/2045 | | | | |
| Total | <u>\$_____</u> | <u>\$_____</u> | <u>\$_____</u> | <u>\$_____</u> |

PLAN OF FINANCE

General

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

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

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

Proposition HHH received the affirmative vote of over two-thirds of all of the qualified voters voting on Proposition HHH. The Bonds are the sixth series of bonds issued under Proposition HHH and will consume the remaining principal authorization for issuance under Proposition HHH. The City issued the first series of bonds under Proposition HHH in 2017 in the aggregate principal amount of \$86,370,000, the second series of bonds under Proposition HHH in 2018 in the aggregate principal amount of \$276,240,000, the third series of bonds under Proposition HHH in 2021 in the aggregate principal amount of \$211,940,000, the fourth series of bonds under Proposition HHH in 2022 in the aggregate principal amount of \$389,435,000 and the fifth series of bonds under Proposition HHH in 2024 in the aggregate principal amount of \$150,000,000. Prior to the issuance of the Bonds, the City has \$86,015,000 authorized and unissued general obligation bond authorization remaining under the Proposition HHH Authorization. Proceeds from the sale of the Bonds will be used to (i) finance the Projects described below in accordance with the Proposition HHH Authorization and (ii) pay costs of issuance in connection with the Bonds.

Designation as Social Bonds

The City is designating the Bonds as “Social Bonds.” The Projects to be funded with proceeds of the Bonds in accordance with the requirements of Proposition HHH address the needs attendant to persons experiencing homelessness, chronic homelessness or who are at risk of homelessness. The City has determined that the Projects to be financed with the proceeds of the Bonds are “Social Projects” based on the social benefits of addressing homelessness within the City. The designation of the Bonds as “Social Bonds” is designed to generally comport with the four core components described by the International Capital Market Association (“ICMA”) in its June 2025 publication, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*. These components are (1) use of proceeds, (2) process for project evaluation and selection, (3) management of proceeds and (4) reporting. The ICMA Social Bond Principles include project categories for the most commonly used types of projects supported by or expected to be supported by the Social Bond market, including affordable housing and access to essential care services. The term “Social Bonds” is neither defined in nor related to provisions in the Resolution. Owners of the Bonds do not have any security other than as provided in the Resolution and described under “SECURITY FOR THE BONDS,” nor do such owners of the Social Bonds assume any specific project risk related to any of the projects funded thereby. “Social Projects” and “Social Bonds” are entirely self-designating labels lacking any objective guidelines or criteria. ICMA is a European-based entity with some members from the United States. The City assumes no obligation to ensure that the Projects financed with proceeds of the Bonds comply with any legal or other standards or principles that may relate to “Social Projects” or that the Bonds comply with any legal or other standards or principles that may relate to “Social Bonds.”

Use of Proceeds

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

The City expects to use proceeds of the Bonds, together with other available moneys, to finance 39 PSH projects under the PSH Program, which are expected to provide a total of 2,394 permanent supportive housing units. The City may substitute other authorized projects eligible for funding under the Proposition HHH Authorization for the PSH projects described herein.

Project Evaluation and Selection

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

Management of Proceeds of the Bonds

Pursuant to the Resolution, proceeds received by the City from the sale of the Bonds shall be placed in the Treasury of the City in a fund designated as the “General Obligation Bonds, Series 2026-A (Taxable) Proposition HHH Construction Fund” (the “Series 2026-A Construction Fund”). The City may expend moneys from the Series 2026-A Construction Fund to pay the Project Costs for the Projects in accordance with the Resolution. After completion of all Projects, the City Treasurer may transfer any amounts remaining in the Series 2026-A Construction Fund to the Debt Service Fund.

Reporting of Project Funding

The City will provide annual fiscal year updates (the “Social Bonds Annual Report”) on (i) each Project financed with proceeds of the Bonds, including the Project location and population served, (ii) the amount of proceeds of the Bonds allocated to and expended on each Project and (iii) the balance of unused proceeds of the Bonds at the end of the applicable fiscal year for each Project. Each Social Bonds Annual Report, commencing with the report for Fiscal Year 2025-26, will be filed on the Electronic Municipal Market Access (“EMMA”) website maintained by the Municipal Securities Rulemaking Board (“MSRB”) at <http://emma.msrb.org> by December 31 after the end of each Fiscal Year until all of the proceeds of the Bonds are expended. No reports will be provided with respect to the Bonds after all the net proceeds of the Bonds have been spent. The information on the EMMA website is not incorporated herein by this reference. The Social Bonds Annual Report

described in this paragraph is separate from the City's continuing disclosure undertaking as described under the caption "CONTINUING DISCLOSURE" and any failure by the City to provide the Social Bonds Annual Report shall not be deemed a failure to comply with the City's Continuing Disclosure Certificate or any provision of the Resolution.

ESTIMATED SOURCES AND USES OF FUNDS

| Sources of Funds | |
|----------------------------------|-----------------------------|
| Principal Amount | \$ |
| Net Original Issue Premium | <hr/> |
| Total | <u>\$</u> <u><u></u></u> |
| Uses of Funds | |
| Deposit to Construction Fund | \$ |
| Deposit to Debt Service Fund | <hr/> |
| Costs of Issuance ⁽¹⁾ | <hr/> |
| Underwriter's Discount | <hr/> |
| Total | <u>\$</u> <u><u></u></u> |

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

SECURITY FOR THE BONDS

General

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

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

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

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

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

Pledged Moneys

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

The Bonds are equally and ratably secured with all outstanding general obligation bonds and all other general obligation bonds that may be issued from time to time by the City payable from the proceeds of *ad valorem* property taxes. The City has previously provided and may hereafter provide for a similar pledge and grant of a lien on and security interest in tax revenues in resolutions adopted in the future that authorize general obligation bonds and general obligation refunding bonds. The Resolution does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the pledge of and grant of a lien on and security interest in such tax revenues.

Statutory Lien on Taxes

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

Property Taxation

General. General property taxes are levied against all taxable property in the City at a rate of 1% of the assessed value of such property. The City receives a portion of the 1% general levy for its general operating

purposes. The City also levies *ad valorem* property taxes for the payment of voter-approved general obligation bonds, such as the Bonds. Taxes levied to pay debt service for general obligation bonds may only be applied for that purpose. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. At the start of Fiscal Year 2024-25, the total net assessed valuation of taxable property (net of homeowners' exemptions and non-reimbursable exemptions) within the City was approximately \$887.46 billion, which represents an increase of approximately 3.6% over such assessed valuation as of the start of Fiscal Year 2023-24. For additional information on the property taxation system, assessed values and appeals to assessed values, see APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—MAJOR GENERAL FUND REVENUE SOURCES—Property Tax.”

The County collects *ad valorem* property taxes for the City. The assessed valuation of property is established by the County Assessor as of each January 1, except for public utility property, which is assessed by the State Board of Equalization. Real property is reassessed at market value on the date property changes ownership (with limited exceptions) or upon completion of new construction. Upon such reassessment, a supplemental tax is collected for the remainder of the tax year. A property owner may apply for a reduction of the property tax assessment for that owner's property. The County Assessor may also reduce valuations based on current economic value, without a taxpayer appeal. Certain exemptions are also authorized under the State Constitution and statutes. Under the State Constitution and legislation, *ad valorem* taxes on real property (other than taxes relating to certain voter-approved indebtedness) are limited as described under APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT—LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII of the California Constitution—Proposition 13.”

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

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

Of the \$887.46 billion total net assessed valuation of taxable property within the City at the start of Fiscal Year 2024-25, \$860.49 billion (97.0%) represents secured valuations and \$26.86 billion (3.0%) represents unsecured valuations. Proposition 13 limits to 2% per year any increase in the assessed value of property, unless it is sold or the structure is improved. The total net assessed valuation of taxable property therefore does not generally reflect the current market value of taxable property within the City and is in the aggregate substantially less than current market value. For this same reason, the total net assessed valuation of taxable property lags behind changes in market value and may continue to increase even without an increase in aggregate market values of property.

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

The following table, excerpted from Appendix A, shows the historic assessed value of property within the City for the Fiscal Years shown below.

**CITY OF LOS ANGELES
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⁾ | <u>29,365,270,443</u> | <u>27,781,247,158</u> | <u>31,166,029,937</u> | <u>36,227,715,973</u> | <u>38,684,388,609</u> |
| 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.

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

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

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

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

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes. Proceeds of the sale are used to pay the costs of sale and the amount of delinquent taxes. A 10% penalty is added to delinquent taxes that have been levied on property on the secured roll. In addition, property on the secured roll with respect to which taxes are delinquent is declared “tax defaulted” and subject to eventual sale by the County Tax Collector. Such property may thereafter be

redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1.5% per month, which begins to accrue on such taxes beginning July 1 following the date on which the property becomes tax-defaulted.

Information regarding the property tax levy and collection rates is provided in the following table for the Fiscal Years shown below.

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

| Fiscal Year | Fiscal Year | <i>Collected within the Fiscal Year of Levy</i> | | <i>Total Collections as of June 30, 2024</i> | |
|--------------------|--------------------|---|--------------------------------|--|---------------|
| | | Total Tax Levy^(a) for the | Percent of Levy | Collections in Subsequent Years^(b) | Amount |
| 2023-24 | \$ 2,011,079 | \$ 1,861,647 | 92.57% | \$ 21,583 | \$ 1,883,230 |
| 2022-23 | 1,890,694 | 1,817,348 | 96.12 | 64,785 | 1,882,133 |
| 2021-22 | 1,775,646 | 1,664,040 | 93.71 | 25,082 | 1,689,122 |
| 2020-21 | 1,714,309 | 1,644,823 | 95.95 | 13,357 | 1,658,180 |
| 2019-20 | 1,618,316 | 1,555,461 | 96.12 | 12,848 | 1,568,309 |

(a) One percent basic levy only, which is a General Fund revenue; excludes City levy for debt service on the Bonds and other general obligation bonds.

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

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

Source: City of Los Angeles Audited Financial Statements for Fiscal Year Ended June 30, 2024.

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

Supplemental Resolution

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

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

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

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

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

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

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

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

Defeasance

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

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

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

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

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

to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the City to pay to the Paying Agent, if other than the City Treasurer or any other officer of the City, the amounts owing to the Paying Agent under the terms of the Resolution.

Limitation on Remedies; Bankruptcy

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

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

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

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

Statutory Lien on Ad Valorem Property Taxes. Pursuant to California Government Code Section 53515, general obligation bonds issued and sold by a local agency, including the City, are secured by a statutory lien on the *ad valorem* property taxes levied and collected to pay the principal of and interest on such general obligation bonds. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective,

binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing or further act. The statutory lien provides bondholders with a security interest in the *ad valorem* property taxes that should survive a bankruptcy of the City. The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except as described under “—*Special Revenues*” below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

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

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

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

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the

application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit's interpretation is upheld and applied by courts in the Ninth Circuit and the City were to file for protection under Chapter 9, the bondholders may be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), which would leave bondholders with only state court remedies. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues," a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the City failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

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

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City ("Bond Counsel"), interest on the Bonds is exempt from State of California personal income taxes. Interest on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Bonds. The proposed form of opinion of Bond Counsel is contained in Appendix E hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Bonds that acquire their Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under

Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Bonds pursuant to this offering for the issue price that is applicable to such Bonds (i.e., the price at which a substantial amount of the Bonds are sold to the public) and who will hold their Bonds as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Bonds other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Bonds in light of their particular circumstances.

Interest. Interest on the Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Bond.

Sale or Other Taxable Disposition of the Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the City) or other disposition of a Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Bond (generally, the purchase price paid by the U.S. Holder for the Bond, decreased by any amortized premium, and increased by the amount of any original issue discount (“OID”) previously included in income by such U.S. Holder with respect to such Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder’s holding period for the Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Bonds. If the City defeases any Bond, the Bond may be deemed to be retired and “reissued” for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder’s adjusted U.S. federal income tax basis in the Bond.

Information Reporting and Backup Withholding. Payments on the Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Bonds may be subject to backup withholding at the current rate of 24% with respect to “reportable payments,” which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder’s failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain “passthru” payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term “foreign passthru payments.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Bonds in light of the holder’s particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the City, will render an opinion with respect to the Bonds, which opinion will be substantially in the form set forth in APPENDIX E to this Official Statement. Certain legal matters will be passed on for the City by the City Attorney. Stradling Yocca Carlson & Rauth LLP, is serving as Disclosure Counsel to the City in connection with the issuance of the Bonds. Compensation for Bond Counsel and Disclosure Counsel’s services is entirely contingent upon the sale and delivery of the Bonds.

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

FINANCIAL STATEMENTS

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

RATINGS

Fitch Ratings ("Fitch") and Moody's Investors Service Inc. ("Moody's") have assigned ratings of "_____" and "_____" respectively, to the Bonds. The ratings provided by each of the rating agencies reflect only the views of such organizations and an explanation of the significance of such ratings may only be obtained from the respective agencies at the following website addresses: Fitch, at <https://www.fitchratings.com>, and Moody's, at <https://www.moodys.com>. No information from such websites is incorporated herein by reference. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revisions or withdrawals of such ratings may have an adverse effect on the market price of the Bonds. The City undertakes no responsibility to maintain any rating on the Bonds or to take any action, except as may be required by the Continuing Disclosure Certificate, in the event of a downgrade, suspension or withdrawal of a rating.

MUNICIPAL ADVISOR

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

UNDERWRITING

The Bonds were sold at a competitive sale on January __, 2026. The Bonds were awarded to _____ (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all of the Bonds at a price of \$ _____ (which amount represents the principal amount of the Bonds, plus a net original issue premium of \$ _____, less an underwriter's discount of \$ _____). The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof.

CONTINUING DISCLOSURE

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

serve as the initial dissemination agent, the City will covenant for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than June 30 of each year, commencing June 30, 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 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Listed Events"). The Annual Reports and the notices of Listed Events will be filed with the MSRB through its EMMA website at <http://emma.msrb.org>. These covenants will be made in order to assist the Underwriter of the Bonds in complying with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule").

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

The 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.

MISCELLANEOUS

APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT” attached hereto contains information about the City, including financial information. Notwithstanding the presentation of the information in APPENDIX A to this Official Statement, it should not be inferred that the principal of or the interest on the Bonds is payable from the General Fund, other enterprise or proprietary funds of the City, special taxes and special assessments levied by the City, or revenues from the City’s housing program and other conduit borrowers. The Bonds are secured by and payable from an *ad valorem* tax required to be levied by the City upon property subject to taxation by the City in an amount sufficient for the payment thereof.

Additional information regarding this Official Statement and copies of the documents referred to herein may be obtained by contacting the Office of the City Administrative Officer, 200 North Main Street, City Hall East, Room 1500, Los Angeles, California 90012, Attention: Debt Management Group, cao.debt@lacity.org. The successful bidder for the Bonds will be required to file a copy of this Official Statement, including any supplements prepared by the City, with the MSRB through EMMA.

This Official Statement contains brief descriptions of, among other things, the Bonds, Proposition HHH, the Proposition HHH Authorization, the Resolution, the Continuing Disclosure Certificate and the City. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to documents are qualified in their entirety by references to such documents, and references to the Bonds are qualified in their entirety by reference to the form of Bond included in the Resolution.

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

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

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

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 contained in the 2025-26 Second 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 while 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 and started Fiscal Year 2025-26 with a Reserve Fund of \$401.9 million (4.91 percent of Fiscal Year 2025-26 budgeted General Fund revenues) after including the appropriation of \$121.8 million to the Reserve Fund as part of the Fiscal Year 2025-26 Adopted Budget. See the caption “BUDGET AND FINANCIAL OPERATIONS—Budgetary Reserves and Contingencies.”

Financial Results and Budget

The City estimates ending Fiscal Year 2024-25 with General Fund revenues of \$7.87 billion, \$159.6 million below Fiscal Year 2024-25 Adopted Budget projections and \$50.9 million below the Fiscal Year 2024-25 revised budget (as revised during the Council’s consideration of the Fiscal Year 2025-26 Budget). Among the largest variances from the revised budget are departmental receipts (\$70.8 million) due to delayed reimbursements from special funds, outside agencies, and proprietary departments, and property tax (\$17.9 million) due to shortfalls in secured and unsecured receipts. These shortfalls were partially offset by higher-than-

revised budget business tax receipts (\$29.6 million), utility users tax receipts (\$11.6 million), and sales tax receipts (\$9.0 million).

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."

"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. The Fiscal Year 2025-26 Adopted Budget projected 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 was adjusted to reflect actual fiscal year-end closing activities. After accounting for such transfers, the City began Fiscal Year 2025-26 with Total General Fund Reserves of approximately \$707 million or 8.64 percent of Fiscal Year 2025-26 budgeted revenues. 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), increases to current service levels or increased costs resulting from the LACC Expansion Project. See "BUDGET AND FINANCIAL OPERATIONS—General Fund Budget Outlook."

As described in "BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2025-26 Financial Status," on October 29, 2025, the City Administrative Officer ("CAO") released the First Financial Status Report for Fiscal Year 2025-26 (the "First FSR"). The First FSR reports that after three months of Fiscal Year 2025-26, General Fund receipts are \$119 million above projections in the Fiscal Year 2025-26 Adopted Budget; however, excluding interest earnings that may be due to special funds, the revenue above Fiscal Year 2025-26 Adopted Budget projections is closer to \$80 million. The First FSR identifies \$263 million in projected overspending largely attributable to overspending in the Fire Department (\$88 million) due to civilian and sworn salary costs and resource deployments for wildfires outside the City, the Office of the City Attorney (\$34 million) due to increased litigation and outside counsel costs, and the Police Department (\$28 million) for civilian and sworn salary costs and costs for contract security, as well as the delayed implementation of solid waste rate increases (\$30 million).

In the First FSR, the CAO states that, entering the 2025-26 fiscal year, the City financial position is manageable. The City, however, faces pressures and risks that could cause increased challenges to the City's financial condition as the fiscal year progresses. While the current projected year-end overspending of \$79.60 million is substantially lower than the \$195.85 million reported for the same period last fiscal year, overall

citywide overspending remains at a significant level and the Reserve Fund began the fiscal year below its five percent policy target. While the CAO estimates overall revenues were \$80.1 million above projections through September 2025, significant downside risks to several revenue sources include departmental receipts, property tax, and transient occupancy taxes. Additionally, the continued fallout from the January 2025 windstorm and wildfire events, the impact of rapidly changing trade policies, potential international conflicts, aggressive enforcement actions taken by the Immigration and Customs Enforcement Agency and the ongoing government shutdown present further risks to the City's finances. The First FSR notes that, while the City has made progress in improving its financial outlook from the same period a year ago, it must continue to build on this positive momentum while preparing to weather the potential impacts from external risks to our finances and continuing a multi-year effort to restore the Reserve Fund and preparing for the 2028 Olympic and Paralympic Games ("2028 Olympics"). The First FSR strongly recommends the City refrain from using the Reserve Fund for purposes other than budget balancing and only after the City has evaluated cost control measures to reduce expenditures.

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 with funding from FEMA as work is completed and submitted to FEMA for reimbursements. The City has submitted five loan requests to CalOES totaling approximately \$45 million and anticipates submitting additional loan requests on a rolling basis.

While the City is still in the process of assessing the overall financial impact, as of October 26, 2025 the City estimates approximately \$237 million in costs to the City, which includes over \$154 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. As described above, the City expects to recover a significant portion of these costs from state and federal sources. However, the City may have to incur up to \$87 million of such costs prior to any potential reimbursement, while the Fiscal Year 2025-26 Adopted Budget only includes \$17 million to cover these costs. The City is in the process of determining the timing of this front-funding need and the portion that will be a General Fund obligation.

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 continues to recover from the Palisades Fire. As of October 21, 2025, debris removal was 99.8% complete and the City has entered the intermediate phase of recovery. 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, and other entities by people claiming damage from the Palisades Fire. Pursuant to an order of the judge overseeing the litigation, on October 8, 2025, plaintiffs liaison counsel (i.e., counsel appointed to organize the plaintiffs) filed a master complaint (the "Master Complaint") containing allegations that are intended to be common to some or all of the cases. The Master Complaint brings claims relating to LADWP's water system and power system and certain vacant lots owned by the City. With respect to the water system, the Master Complaint asserts claims for inverse condemnation and nuisance. With respect to the power system, the Master Complaint asserts claims for inverse condemnation, dangerous condition of public property, and nuisance. 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. The Master Complaint also alleges dangerous condition of public property and nuisance claims related to vegetation management on certain lots owned by the City.

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. 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 City and LADWP 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 all of these lawsuits. 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 when they adopt the Master Complaint, or additional litigation will not be brought by other plaintiffs whose properties were damaged in the Palisades Fire. Complaints filed before the filing of the Master Complaint allege other causes of action and additional theories of liability, which certain plaintiffs may choose to maintain when they adopt the Master Complaint.

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 a Congressional investigation, 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 (the "ATF") led the investigation into the cause of the Palisades Fire. LADWP provided information to the ATF and other agencies in connection with their investigations. The ATF examined LADWP's overhead transmission facilities that are near, but outside of, the area where the Palisades Fire reportedly ignited. As of the date of this Official Statement, neither the ATF nor any other investigating authority has issued a formal cause and origin report identifying the source of the Palisades Fire (the ATF has indicated that it has completed its report). However, on October 8, 2025, the United States Department of Justice announced the arrest of Jonathan Rinderknecht, whom the United States charged in a criminal complaint with the destruction of property by means of fire. Specifically, Mr. Rinderknecht is alleged to have started the Lachman Fire in the Pacific Palisades area on the morning of January 1, 2025. According to an affidavit of an ATF special agent investigating the fire (the "ATF Affidavit") that was provided in connection with the criminal complaint against Mr. Rinderknecht, the multi-agency investigation into the

origin and cause of the Palisades Fire determined that the Palisades Fire was a “holdover” fire (i.e., a continuation of the Lachman Fire that began on January 1, 2025). The ATF Affidavit expressly ruled out power lines as a potential cause of the Lachman Fire. No investigating authority has 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 $\frac{1}{4}$ percent to fund services to the homeless population. On November 5, 2024, voters approved Los Angeles County Measure A, which repealed the Measure H $\frac{1}{4}$ percent sales tax and replaced it with a sales tax of $\frac{1}{2}$ 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 \$5.3 million and \$10.6 million for Fiscal Year 2025-26. 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, in which the Superior Court upheld its validity, is currently on appeal. Oral arguments were held on October 16, 2025, and the California Court of Appeals issued an oral tentative opinion affirming the County Superior Court’s dismissal ruling. However, any opinion of the California Court of Appeals will not be considered final until it releases its written opinion. 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 \$306 million, including interest income. The City collected approximately \$419 million in Fiscal Year 2024-25 ULA special tax receipts and \$13 million in interest earnings. The estimated Fiscal Year 2025-26 total ULA special tax revenues is approximately \$466 million (\$438 million in tax receipts and \$28 million in interest). From the total \$753 million in ULA special tax revenues collected since April 2023, the City has appropriated approximately \$743 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 \$335.7 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 First Financial Status Report indicates that as of the date of that report, the Office of the City Attorney is expecting to exceed budget by \$34 million. 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 affect all or a portion of federal funding to states and local governments and present a fiscal risk to the City. In the Fiscal Year 2025-26 Adopted Budget, City departments (excluding proprietary departments) project 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 conditioning or reducing grant opportunities may have an impact on future competitive grant receipts. Further, the federal administration has made statements about potential plans to phase out FEMA, to provide less federal aid to states for natural disaster response, and to distribute 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. With respect to the federal government shutdown, the First FSR reports that as federal workers have not been paid since October 10, 2025 and federal agencies have halted new grant awards and grant payments, City departments may be required to use other available funds or delay projects and payments to contractors. The First FSR further reports that the City does not have the capacity to fund or replace federal programs or services that are negatively impacted by the federal government shutdown.

The City is a “sanctuary city” pursuant to Ordinance No. 188441, which, unless required by law, prohibits City resources from being utilized for federal immigration enforcement actions. The current federal administration has adopted Executive Orders and made threats to defund, or take other actions in response to, sanctuary jurisdictions. In June 2025, in response to various protests of federal immigration enforcement practices in the Los Angeles area, the current federal administration increased the presence of immigration agents

and deployed federalized California National Guard and U.S. Marine troops to the Los Angeles area. Such deployment and protests of the increased federal immigration activities resulted in damage to private and public assets in the City. Furthermore, for safety and security purposes, the City deployed LAPD and other City resources beyond what was anticipated in the City's Year-End FSR projections for Fiscal Year 2024-25 and activated the Emergency Operations Center. The total current estimated costs to the City related to the protests in Fiscal Year 2024-25 were approximately \$32 million (some of which were paid with loans from the Reserve Fund; see "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—Financial Results and Budget").

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.

The City is unable to predict the outcome of these ongoing matters.

The State challenged the actions of the federal administration to deploy federalized California National Guard and U.S. Marine troops to the Los Angeles area in June 2025 as a violation of the 1878 Posse Comitatus Act, which limits the use of the military in civilian settings. On September 2, 2025, a Federal District Court ruled that such actions were in violation of federal law. The federal administration appealed such ruling.

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 (“LADWP”), 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 | <u>65,406</u> | <u>46,107</u> | <u>62,094</u> | <u>46,360</u> | <u>55,547</u> |
| 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 | <u>559</u> | <u>1,103</u> | <u>867</u> | <u>806</u> | <u>677</u> |
| 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

The City's preliminary year-end estimate of Fiscal Year 2024-25 General Fund receipts is \$7.87 billion, which is \$159.6 million below the original adopted budget projections. Grant receipts, departmental receipts, and transient occupancy tax were among the revenue sources that performed below budget expectations. Partially offsetting these negative variances were property tax increment receipts, utility users tax receipts, and documentary transfer tax receipts which exceeded budget projections.

The Adjusted Reserve Fund balance at the start of Fiscal Year 2025-26 was \$401.9 million or 4.91 percent of Fiscal Year 2025-26 budgeted General Fund revenues, below the five percent Reserve Fund policy. See "Budgetary Reserves and Contingencies" for a description of this 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. 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 | <u>20,603,000</u> | <u>36,610,000</u> | <u>77,000,000</u> | <u>84,501,000</u> | <u>84,340,000</u> |
| 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 | <u>1,688,176,063</u> | <u>1,403,086,955</u> | <u>1,655,990,095</u> | <u>1,592,937,217</u> | <u>1,700,110,044</u> |
| 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.

Fiscal Year 2025-26 Financial Status

The CAO released the First FSR on October 29, 2025. The First FSR identifies risks to current year revenues including to departmental receipts and property tax receipts as current surpluses in these revenue sources are due to delayed receipts from Fiscal Year 2024-25. The report also highlights that the Fiscal Year 2025-26 Adopted Budget’s property tax projections assumed 4.1 percent growth for the City’s assessed value, while the Los Angeles County Assessor’s recent estimate is 3.6 percent growth. The report identifies downside risk to transient occupancy tax receipts due to the decline in international tourism. The First FSR further states that after three months of the fiscal year, receipts are \$119 million above projections in the Fiscal Year 2025-26 Adopted Budget, although after excluding interest earnings that may be due to special funds, the surplus is closer to \$80 million.

The report also identified \$263.2 million in projected overspending largely due to overspending in the Fire Department (\$88 million) due to civilian and sworn salary costs and resource deployments for wildfires outside the City, Office of the City Attorney (\$34 million) due to increased litigation and outside counsel costs, and Police Department (\$28 million) for civilian and sworn salary costs and costs for contract security, and the anticipated two-month delay in the implementation of solid waste rate increases (\$30 million). The First FSR identifies \$14.2 million in solutions and \$169.4 million in potential future actions leaving \$79.6 million unresolved. Such potential actions include use of the UB-Reserve for Mid-Year Adjustments and other UB accounts. To address the remaining \$79.6 million in overspending, the First FSR recommends that departments absorb or manage remaining costs within existing funds and retain projected surpluses to the greatest extent possible.

With respect to the Fiscal Year 2025-26 Adopted Budget's elimination of filled positions, the First FSR states that the City has reached agreements with the Engineers and Architects Association ("EAA") and the Coalition of City Unions ("Coalition") (with the exception of MOU 12) to implement unpaid holidays in the second half of the fiscal year to hold the layoff process in abeyance. To ensure the success of these agreements, the CAO recommends that the Mayor and Council instruct departments to retain the projected savings generated from these agreements to be used only to offset the costs to hold layoffs in abeyance.

The First FSR identifies the potential need for up to \$70 million in front funding for wildfire repairs, (discussed above in "Certain Significant Challenges") and for which the City has yet to determine the timing of the need and potential sources of funding. The First FSR also states that the current federal government shutdown has potential negative impacts on the local economy, City grant receipts, and City residents but the First FSR does not quantify those impacts and states that the City does not have the capacity to replace federal programs or services that are negatively impacted by the shutdown.

The First FSR also reports that the City has reached an agreement with the Los Angeles Police Protective League ("LAPPL") for the implementation of a Voluntary Overtime Bank to generate savings to hold in abeyance the civilian layoffs in the Police Department. The CAO estimates that internal reassignments and transfers reduced the number of eliminated positions that are filled by 339 positions (from 614 positions assumed in the Fiscal Year 2025-26 Adopted Budget to 275 positions as of October 23, 2025). Due to the EAA, Coalition, and LAPPL deals, the City will not continue the layoff process in Fiscal Year 2025-26 for those 275 positions. The City will, however, continue to make efforts to transfer employees in positions that have been eliminated to funded positions during the remainder of the fiscal year. All employees in eliminated positions will be subject to layoff at the start of Fiscal Year 2026-27.

Finally, the report identifies that after accounting for transactions approved since July 1, 2025, pending transfers, and the recommendations in the First FSR, the City's Total General Fund Reserves are \$701 million, or 8.6 percent of budgeted revenues, which includes a Reserve Fund balance of \$412 million or 5.0 percent of budgeted revenues. The First FSR states that if the City is not able to identify solutions to the approximately \$79.6 million of overspending unaddressed in the report, the City's use of the Reserve Fund would result in the Reserve Fund dropping below five percent of budgeted General Fund revenues.

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 LACC Expansion Project (described below), 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 again 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 LACC Expansion Project. For information concerning the LACC Expansion Project, see "BUDGET AND FINANCIAL OPERATIONS – Los Angeles Convention Center Expansion and Modernization Project." Using current assumptions with respect to debt service and operating costs (which are expected to commence in Fiscal Year 2028-29, the LACC Expansion Project will reduce the projected surpluses in the Outlook by approximately \$42.9 million in Fiscal Year 2028-29 and \$112.8 million in Fiscal Year 2029-30.
- The Outlook does not reflect any financial pressures identified in the First FSR.

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 |
| <u>Incremental Revenue Growth:</u> | | | | | |
| 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 |
| <u>Incremental Expenditure Growth:</u> | | | | | |
| 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.

[FOOTNOTES CONTINUE ON FOLLOWING PAGE]

[FOOTNOTES CONTINUE FROM PREVIOUS PAGE]

- (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 after LAPD hires the officers. As of the First FSR, the Police Department is on track to hire the 240 budgeted police officers by January 2026. The Council and Mayor have not identified additional funding for police officer positions beyond the amount currently budgeted. 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.
- (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 officers, 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.

After including the Fiscal Year 2025-26 Adopted Budget’s appropriation of \$121.8 million to the Reserve Fund, the City began Fiscal Year 2025-26 with a Reserve Fund balance of \$401.9 million, which represents 4.91 percent of the General Fund Budget and was approximately \$18.0 million less than the Fiscal Year 2025-26 Adopted Budget’s projection of \$419.9 million. The variance is primarily due to Reserve Fund loans approved in June 2025 and July 2025 to the Police Department for sworn overtime costs related to its response to protests of federal immigration enforcement practices, as well as actual Fiscal Year 2024-25 General Fund revenues being below the revised budget projections (offset in part by higher than anticipated reversions to the Reserve Fund).

The First FSR reports a Reserve Fund balance of \$412.1 million, or 5.04 percent of budgeted General Fund revenues, after recommendations approved in the First FSR, a net increase of approximately \$10.2 million from the July 1, 2025 balance of \$401.9 million. Among the transactions contributing to the increase is the recommendation in the First FSR to revert \$10 million from the UB—Reserve for Mid-Year Adjustments to partially repay a Reserve Fund loan discussed above for the Police Department’s response to protests related to federal immigration enforcement practices.

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 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 estimated BSF balance in the First FSR was \$180.7 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, 2025, the City began Fiscal Year 2025-26 with budgetary Total General Fund Reserves totaling approximately \$707 million or 8.6 percent of budgeted General Fund revenues. After accounting for interest earnings to the BSF and pending transfers, the First FSR reported Total General Fund Reserves of approximately \$701 million or 8.6 percent of Fiscal Year 2025-26 budgeted General Fund revenue. As described herein, the First FSR contemplates the use of reserves to address overspending identified in the First FSR.

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 was reflected in the First FSR. See the caption "—Fiscal Year 2025-26 Financial Status." 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 transferred such funds from the Reserve Fund in 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)

| | <i>2016-17</i> | <i>2017-18</i> | <i>2018-19</i> | <i>2019-20</i> | <i>2020-21</i> | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> | <i>2024-25</i> | <i>2025-26</i> |
|---|------------------|-------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------------|
| 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 | <u>181.5</u> | <u>138.1</u> | <u>180.7</u> | <u>229.7</u> | <u>59.4</u> | <u>303.5</u> | <u>272.7</u> | <u>350.2</u> | <u>186.0</u> | <u>195.0</u> |
| | \$ 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) | | | | | | | | | | |
| Reserves for Mid-Year in UB | \$ 92.4 | \$ 95.1 | \$ 107.3 | \$ 113.9 | \$ 116.6 | \$ 118.0 | \$ 192.1 | \$ 196.8 | \$ 202.4 | \$ 179.1 |
| Total General Fund Budget Reserves | <u>15.0</u> | <u>20.0</u> | <u>20.3</u> | <u>35.0</u> | <u>30.1</u> | <u>14.9</u> | <u>24.3</u> | <u>30.0</u> | <u>59.4</u> | <u>125.0</u> |
| | \$ 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 | \$ 224.9 |
| Contingency | <u>180.9</u> | <u>194.3</u> | <u>175.6</u> | <u>226.5</u> | <u>119.8</u> | <u>440.7</u> | <u>396.9</u> | <u>431.0</u> | <u>109.7</u> | <u>177.0</u> |
| | \$ 334.2 | \$ 354.5 | \$ 345.8 | \$ 407.2 | \$ 303.7 | \$ 647.0 | \$ 601.7 | \$ 648.3 | \$ 330.6 | \$ 401.9 |
| 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% | 4.91% |
| Total General Fund Reserves | \$ 442.9 | \$ 469.7 | \$ 471.6 | \$ 556.5 | \$ 450.4 | \$ 780.2 | \$ 818.3 | \$ 876.2 | \$ 592.7 | \$ 706.7 |
| 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% | 8.64% |

⁽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,” —Fiscal Year 2025-26 Financial Status,” and “—Budgetary Reserves and Contingencies” for information regarding the status of the Reserve Fund and Total General Fund Reserves as of the First 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)

| Fiscal Year | Total Amount Budgeted | | | Total Claims Paid (Actual) |
|--------------------|-----------------------------------|----------------------|-------------------------------|-----------------------------------|
| | General Fund⁽²⁾ | Special Funds | Unappropriated Balance | |
| 2021-22 | \$80.0 | \$7.4 | \$23.9 | \$111.3 |
| 2022-23 | 80.0 | 7.4 | 20.0 | 107.4 |
| 2023-24 | 80.0 | 7.4 | 20.0 | 107.4 |
| 2024-25 | 80.0 | 7.4 | 20.0 | 107.4 |
| 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 had 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.

⁽⁶⁾ As of August 31, 2025, the City had paid \$16.4 million (including but not limited to \$7.7 million for claims filed against the Police Department, \$4.1 million for claims filed against the Bureau of Street Services, and \$1.1 million for claims filed against the Bureau of Sanitation), and approved an additional \$40.9 million. Of the \$16.4 million in Fiscal Year 2025-26 liability claims payments, \$15.2 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 reflected 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.

To address increased liability claims expenditures, the Fiscal Year 2025-26 Adopted Budget appropriates \$187.4 million (which includes \$7.4 million in 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 | <i>Adopted Budget</i> <i>2025-26</i> |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|---|
| 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 | <u>219,801</u> | <u>239,432</u> | <u>257,223</u> | <u>268,600</u> | <u>249,464</u> |
| 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 LADWP 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

| <i>Organization</i> | <i>Employees Represented⁽¹⁾</i> | <i>Number of Bargaining Units</i> | <i>Status of Memorandum of Understanding</i> | <i>Base Wage Adjustments⁽²⁾</i> |
|--|--|-----------------------------------|--|--|
| Los Angeles Police Protective League | 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 LADWP, 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 were 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, LADWP, 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 after LAPD hires the officers. As of the First FSR, the Police Department is on track to hire the 240 budgeted police officers by January 2026. The Council and Mayor have not identified additional funding for police officer positions beyond the amount currently budgeted. 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 August 23, 2025, there are 8,702 officers deployed citywide.

With respect to the Fiscal Year 2025-26 Adopted Budget's elimination of filled positions, the First FSR states that the City has reached agreements with the Engineers and Architects Association (EAA) and the Coalition of City Unions (Coalition) (with the exception of MOU 12) to implement unpaid holidays in the second half of the fiscal year to hold the layoff process in abeyance. To ensure the success of these agreements, the CAO recommends that the Mayor and Council instruct departments to retain the projected savings generated from these agreements to be used only to offset the costs to hold layoffs in abeyance until the beginning of Fiscal Year 2026-27. The First FSR also reports that the City has reached an agreement with the Los Angeles Police Protective League (LAPPL) for the implementation of a Voluntary Overtime Bank to generate savings to hold in abeyance the civilian layoffs in the Police Department. The CAO estimates that internal reassignments and transfers reduced the number of eliminated positions that are filled by 339 positions (from 614 positions assumed in the Fiscal Year 2025-26 Adopted Budget to 275 positions as of October 23, 2025). Due to the EAA, Coalition, and LAPPL deals, the City will not continue the layoff process in Fiscal Year 2025-26 for those 275 positions. The City will, however, continue to make efforts to transfer employees in positions that have been eliminated to funded positions during the remainder of the fiscal year. All employees in eliminated positions will be subject to layoff at the start of Fiscal Year 2026-27.

Table 8
AUTHORIZED CITY STAFFING⁽¹⁾

| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | <i>Adopted</i> <i>2025-26</i> |
|-------------------|----------------|----------------|----------------|----------------|--|
| Sworn | | | | | |
| Police | 10,557 | 10,557 | 10,597 | 10,599 | 10,600 |
| Fire | <u>3,424</u> | <u>3,510</u> | <u>3,520</u> | <u>3,520</u> | <u>3,478</u> |
| 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 | <u>16,014</u> | <u>16,670</u> | <u>17,353</u> | <u>16,588</u> | <u>15,843</u> |
| 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, LADWP, 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 June 30, 2025

| Portfolio Funds | Amount of Funds at Market Value | Percent of Investment Pool | Effective Yield | Average Weighted Maturity |
|------------------------------|--|-----------------------------------|------------------------|----------------------------------|
| Core Portfolio | \$ 5,893,438,162 | 37.3% | 3.98% | 85 Days |
| Reserve Portfolio | 7,267,265,631 | 45.9 | 2.89 | 2.8 Years |
| Extended Reserve Portfolio | <u>2,659,657,716</u> | <u>16.8</u> | <u>3.60</u> | <u>7.0 Years</u> |
| Total Investment Pool | \$ 15,820,361,509 | 100.0% | 3.41% | 2.5 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 June 30, 2025

| Description | Par Value | Market Value | Percent of Total Funds (Market Value) | Average Days |
|--|-------------------------|--------------------------|--|---------------------|
| Bank Deposits ⁽¹⁾ | \$ 59,447,292 | \$ 59,447,292 | 0.38% | 0 |
| Money Market Funds | 223,322,303 | 223,322,303 | 1.41 | 0 |
| LAIF (State of California) | <u>4,435,606</u> | <u>4,435,606</u> | <u>0.03</u> | <u>—</u> |
| Subtotal: Cash and Overnight Investments | \$ 287,205,200 | \$ 287,205,200 | 1.82% | 0 |
| Commercial Paper | \$ 2,465,083,000 | \$ 2,459,935,070 | 15.55% | 17 |
| Negotiable Certificates of Deposit | 0 | 0 | 0.00 | 0 |
| Corporate Notes | 523,000,000 | 519,078,319 | 3.28 | 186 |
| U.S. Agencies/Munis/Supras | 754,386,000 | 751,725,731 | 4.75 | 57 |
| U.S. Treasuries | <u>1,887,147,000</u> | <u>1,875,493,841</u> | <u>11.85</u> | <u>172</u> |
| Subtotal: Pooled Investments | \$ 5,629,616,000 | \$ 5,606,232,962 | 35.44% | 90 |
| Total Short-Term Core Portfolio | \$ 5,916,821,200 | \$ 5,893,438,162 | 37.25% | 85 |
| Money Market Funds | \$ 804,342 | \$ 804,342 | 0.01% | 0 |
| Corporate Notes | 1,357,000,000 | 1,363,960,948 | 8.62 | 913 |
| Asset-Backed Securities | 48,213,538 | 48,310,293 | 0.31 | 797 |
| U.S. Agencies/Munis/Supras | 514,540,000 | 496,760,367 | 3.14 | 1,601 |
| U.S. Treasuries | <u>8,249,000,000</u> | <u>8,017,087,397</u> | <u>50.68</u> | <u>1,508</u> |
| Total Long-Term Reserve Portfolios | \$10,169,557,879 | \$ 9,926,923,347 | 62.75% | 1,427 |
| Total Cash and Pooled Investments | \$16,086,379,080 | \$ 15,820,361,509 | 100.00% | 927 |

⁽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 2025-26 Adopted Budget does 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 August 2025, the CAO released an updated Five-Year Capital and Technology Improvement Plan ("August 2025 CTIP"). The August 2025 CTIP, which reflects approved projects as of July 2025 and, for prior years, reflects completed, inactive or canceled projects as of June 30, 2025, is divided into two major improvement types: municipal facilities and information 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 ("LACC"); and various seismic, yard, shop, and bridge improvements. Technology components include citywide infrastructure, major projects, and system replacements costing \$1 million or more. While prior CTIPs included physical plant components, the August 2025 CTIP does not include these projects as a result of a Mayoral directive that requires the CAO to publish a separate Five-Year Capital Infrastructure Plan for physical plant projects. 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. The August 2025 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 August 2025 CTIP also identifies potential 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 August 2025 CTIP includes the approved funding for Fiscal Year 2025-26 and hypothetical funding amounts for Fiscal Years 2026-27 through 2029-30, 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 August 2025 CTIP identified approximately \$943 million of existing and potential municipal facilities and technology projects for the period from Fiscal Year 2025-26 through 2029-30. The August 2025 CTIP also identifies an additional approximately \$52 million in potential municipal facilities 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 2025-26 through 2029-30 and future fiscal years is identified in the August 2025 CTIP to include approximately \$229 million in General Fund moneys and approximately \$495 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 August 2025 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 August 2025 CTIP included certain ongoing maintenance and other costs related to the LACC, but did not include costs related to the LACC Expansion Project. See “OVERVIEW OF THE CITY’S FINANCIAL CONDITION—Certain Significant Challenges—*Street and Sidewalks Repairs and Maintenance; Americans With Disabilities Act Compliance*” and “BUDGET AND FINANCIAL OPERATIONS – Los Angeles Convention Center Expansion and Modernization Project.”

The City is also exposed to major costs 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.

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 | \$ 2,759,317 | \$ 2,839,082 | 34.7% |
| Property Tax Increment (Former CRA/LA) | 120,479 | 136,762 | 140,163 | 152,913 | 172,622 | 2.1 |
| Departmental Receipts | 1,154,263 | 1,232,107 | 1,307,939 | 1,373,573 | 1,644,974 | 20.1 |
| Business Tax | 757,601 | 825,799 | 779,296 | 845,523 | 825,000 | 10.1 |
| Utility Users Tax | 638,151 | 707,127 | 681,696 | 694,711 | 702,520 | 8.6 |
| Sales Tax | 687,299 | 713,603 | 678,857 | 661,959 | 647,485 | 7.9 |
| Transient Occupancy Tax | 239,124 | 310,017 | 311,383 | 305,787 | 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 | 177,369 | 193,702 | 2.4 |
| Franchise Income | 105,971 | 173,496 | 145,509 | 138,391 | 144,103 | 1.8 |
| Parking Occupancy Tax | 101,055 | 125,064 | 129,239 | 140,265 | 141,336 | 1.7 |
| Parking Fines | 110,273 | 108,274 | 109,552 | 108,319 | 108,400 | 1.3 |
| Interest Income | 28,514 | 59,922 | 87,967 | 77,825 | 84,340 | 1.0 |
| Grants Receipts | 40,527 ⁽²⁾ | 106,480 ⁽³⁾ | 53,557 ⁽⁴⁾ | 174,202 ⁽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 | 9,064 | 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 | 3,726 | 3,580 | 0.0 |
| American Rescue Plan Transfer | 639,483 | - | - | - | - | - |
| Subtotal General Fund Revenues | \$ 7,509,700 | \$ 7,565,062 | \$ 7,544,837 | \$ 7,873,024 | \$ 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 | \$ 7,873,024 | \$ 8,178,256 | 100.0% |
| % Growth in Revenue | 8.4% | (0.2%) | 1.3% | 2.5% | 3.5% | |
| % Growth in Revenue w/o ARPA and Reserve Transfers | 7.9% | 10.1% | (0.3%) | 4.3% | 3.5% | |
| % Growth in Seven Major General Fund Taxes ⁽⁷⁾ | (0.1%) | 8.2% | (1.0%) | 3.5% | 1.7% | |

⁽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 XIII A of the California Constitution – Proposition 13.”

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

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

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

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

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

Property taxes on the unsecured roll become delinquent on August 31. A 10 percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5 percent per month begins to accrue on November 1. The 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⁾ | <u>29,365,270,443</u> | <u>27,781,247,158</u> | <u>31,166,029,937</u> | <u>36,227,715,973</u> | <u>38,684,388,609</u> |
| 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 | <u>22,238,902,102</u> | <u>23,901,652,243</u> | <u>25,900,243,016</u> | <u>26,409,511,785</u> | <u>26,859,162,875</u> |
| 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 Citywide property assessed value growth for Fiscal Year 2025-26 is 3.6 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)

| | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> | <i>Estimated 2024-25</i> | <i>Adopted Budget 2025-26</i> |
|-------------------------------|---------------------|---------------------|---------------------|------------------------------|---------------------------------------|
| Secured | \$ 1,645,439 | \$ 1,839,844 | \$ 1,914,827 | \$ 1,978,454 | \$ 2,028,501 |
| Unsecured | 60,641 | 65,648 | 69,764 | 69,810 | 74,327 |
| Homeowner Exemption | 7,776 | 7,705 | 7,442 | 7,315 | 7,274 |
| Supplemental | 49,783 | 52,401 | 41,467 | 36,811 | 38,530 |
| Redemptions | 31,351 | 34,327 | 34,694 | 37,237 | 40,760 |
| County Admin Charges | (22,868) | (23,211) | (24,871) | (27,690) | (29,003) |
| Refunds | (15,872) | (23,456) | (26,639) | (19,450) | (26,640) |
| Adjustments | (1,312) | 202 | (298) | 131 | - |
| Miscellaneous Property | <u>7,967</u> | <u>9,606</u> | <u>13,146</u> | <u>12,901</u> | <u>14,313</u> |
| 1% Property Tax | <u>\$ 1,762,904</u> | <u>\$ 1,963,067</u> | <u>\$ 2,029,531</u> | <u>\$ 2,095,519</u> | <u>\$ 2,148,062</u> |
| Percent Change ⁽²⁾ | 2.4% | 11.4% | 3.4% | 3.3% | 2.5% |
| State Vehicle License Fee | <u>560,550</u> | <u>599,815</u> | <u>634,906</u> | <u>663,798</u> | <u>691,020</u> |
| Replacement | | | | | |
| Property Tax All Sources | <u>\$ 2,323,454</u> | <u>\$ 2,562,881</u> | <u>\$ 2,664,437</u> | <u>\$ 2,759,317</u> | <u>\$ 2,839,082</u> |
| Percent Change | 2.7% | 10.3% | 4.0% | 3.6% | 2.9% |

⁽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 | <u>635,579,964</u> | 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 (“LACMTA”) 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 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. The First FSR notes that tax relief and assessed value adjustments extended to property owners impacted by the January 2025 Wildfire Event pose risks to property tax receipts, though the Fiscal Year 2025-26 Adopted Budget includes assumptions for both. With regards to wildfire relief set aside in the State budget to offset property tax losses, no receipts are currently anticipated for Fiscal Year 2025-26.

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 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. In the First FSR, the CAO estimated that total departmental receipts for Fiscal Year 2024-25 were \$1,373,573, which is lower than the amount shown below in the table. The breakdown of the Fiscal Year 2024-25 estimates are not available.

Table 15
DEPARTMENTAL RECEIPTS⁽¹⁾
(\$ in thousands)

| | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> | <i>Estimated 2024-25</i> | <i>Adopted Budget 2025-26</i> |
|-------------------------------------|---------------------|--------------------|-----------------------|------------------------------|-----------------------------------|
| 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 LADWP | 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 | 64,725 | 64,725 | 64,725 | 91,957 | 111,957 |
| Reimbursements | | | | | |
| 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 was 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 of the City Council, 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 total business tax revenue.

The table below shows receipts from business tax.

Table 16
BUSINESS TAX RECEIPTS
(*\$ in thousands*)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 2021-22 | \$757,601 | 9.4% |
| 2022-23 | 825,799 | 9.0 |
| 2023-24 | 779,296 | (5.6) |
| 2024-25 Estimated | 845,523 | 8.5 |
| 2025-26 Adopted Budget | 825,000 | (2.4) |

⁽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 business tax receipts from Pacific Palisades businesses for the 2024 tax year. The City approved 200 out of a total of 370 applications for the City's wildfire business tax relief program, which concluded on April 14, 2025. The approved applications accounted 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.

On July 23, 2025, business leaders in the City submitted an initiative to repeal the gross receipts tax on all businesses other than cannabis businesses, effective January 1, 2028. The petition was approved for circulation on October 22, 2025. The campaign must gather 139,497 signatures to be placed on the ballot. If it qualifies, the measure could be placed on the ballot as early as June 2026. The Fiscal Year 2025-26 Adopted Budget includes \$825 million in Business Tax receipts, approximately 10% of the General Fund.

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 | <u>0.50%</u> | For the Local Public Safety Fund, approved by the State voters in 1993 as Proposition 172 to support local criminal justice activities. The City has budgeted \$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 | <u>6.00%</u> | |
| Uniform Local Tax Rate (Statewide) | | |
| County Transportation | 0.25% | The County allocates a small portion of this to the City. |
| Local Point of Sale | <u>1.00%</u> | This is the “Bradley-Burns” sales tax, allocated to cities and counties (for unincorporated areas) by point of sale. |
| Total Uniform Local Rate | <u>1.25%</u> | |
| Total Statewide Rate | <u>7.25%</u> | |
| 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⁾ | <u>0.50%</u> | Voter-approved measure for homeless services. |
| Total Optional Local Rate | <u>2.50%</u> | |
| Total Sales Tax Rate | <u>9.75%</u> | |

⁽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)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 2021-22 | \$687,299 | 31.0% |
| 2022-23 | 713,603 | 3.8 |
| 2023-24 | 678,857 | (4.9) |
| 2024-25 Estimated | 661,959 | (2.5) |
| 2025-26 Adopted Budget | 647,485 | (2.2) |

⁽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 LADWP 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 LADWP. 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)

| | <i>2021-22</i> | <i>2022-23⁽²⁾</i> | <i>2023-24</i> | <i>Estimated</i> | <i>Adopted</i> |
|------------------------------|-------------------|------------------------------|-------------------|-------------------|-------------------|
| | | | | <i>2024-25</i> | <i>Budget</i> |
| | | | | | <i>2025-26</i> |
| Electric Users Tax | \$ 438,427 | \$ 453,634 | \$ 480,776 | \$ 500,598 | \$ 509,500 |
| Gas Users Tax ⁽³⁾ | 88,539 | 144,552 | 87,254 | 93,236 | 95,910 |
| Communications Users Tax | <u>111,185</u> | <u>108,940</u> | <u>113,667</u> | <u>100,877</u> | <u>97,110</u> |
| Total | \$ 638,151 | \$ 707,127 | \$ 681,696 | \$ 694,711 | \$ 702,520 |
| Change from Prior Year | 3.7% | 10.8% | (3.6)% | 1.9% | 1.1% |

⁽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 Years 2021-22 and 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*)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 2021-22 | \$239,124 | 116.5% |
| 2022-23 | 310,017 | 29.6 |
| 2023-24 | 311,383 | 0.4 |
| 2024-25 Estimated | 305,787 | (1.8) |
| 2025-26 Adopted Budget | 314,990 | 3.0 |

⁽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 LADWP Commissioners. These funds are routinely appropriated from the Reserve Fund to the City's General Fund budget. The LADWP Commissioners may withhold their consent if such transfer would have a material negative impact on LADWP'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 August 2025, the Street Lighting Maintenance Assessment Fund, which is subsidized by the General Fund, owes approximately \$80 million or more in outstanding fees payable to LADWP for street lighting. Depending on LADWP's financial condition, the amount owed by the Street Lighting Maintenance Assessment Fund could serve as a basis for the LADWP 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 LADWP at the time the budget is adopted. The estimated transfer amount is provided by LADWP 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 LADWP's proposed budget. At the close of the fiscal year, but before December 31 in the following fiscal year, the Board of LADWP 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 LADWP 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)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 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)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 2021-22 | \$308,805 | 30.9% |
| 2022-23 | 221,265 | (28.3) |
| 2023-24 | 159,781 | (27.8) |
| 2024-25 Estimated | 177,369 | 11.0 |
| 2025-26 Adopted Budget | 193,702 | 9.2 |

⁽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)

| | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> | <i>Estimated</i> | <i>Adopted Budget</i> |
|---------------------------------------|----------------|----------------|----------------|------------------|-----------------------|
| | | | | <i>2024-25</i> | <i>2025-26</i> |
| Solid Waste Collection ⁽²⁾ | \$ 44,852 | \$ 49,536 | \$ 52,871 | \$ 57,391 | \$ 60,175 |
| Cable Television ⁽³⁾ | 29,887 | 29,183 | 25,228 | 22,617 | 21,776 |
| Natural Gas ⁽⁴⁾ | 24,419 | 88,039 | 60,841 | 51,122 | 55,030 |
| Official Police Garage ⁽⁵⁾ | 3,554 | 3,444 | 3,305 | 3,561 | 3,500 |
| Pipelines ⁽⁶⁾ | 2,455 | 2,745 | 2,799 | 2,867 | 2,839 |
| Other | 804 | 549 | 465 | 833 | 783 |
| Total | \$ 105,971 | \$ 173,496 | \$ 145,509 | \$ 138,391 | \$ 144,103 |
| Change from Prior Year | 25.7% | 63.7% | (16.1)% | (4.9)% | 4.1% |

⁽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*)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 2021-22 | \$110,273 | 18.1% |
| 2022-23 | 108,274 | (1.8) |
| 2023-24 | 109,552 | 1.2 |
| 2024-25 Estimated | 108,319 | (1.1) |
| 2025-26 Adopted Budget | 108,400 | 0.1 |

⁽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*)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 2021-22 | \$101,055 | 71.7% |
| 2022-23 | 125,064 | 23.8 |
| 2023-24 | 129,239 | 3.3 |
| 2024-25 Estimated | 140,265 | 8.5 |
| 2025-26 Adopted Budget | 141,336 | 0.8 |

⁽¹⁾ Cash basis.

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

The Special Parking Revenue Fund collects receipts from parking meters and City-owned parking lots. Surplus revenues after the cost of operating and maintaining those facilities can be transferred to the General Fund. While the City 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)

| <i>Fiscal Year</i> | <i>Receipts⁽¹⁾</i> | <i>Change from Prior Year</i> |
|------------------------|-------------------------------|-------------------------------|
| 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 XIIIIA of the California Constitution – Proposition 13

Article XIIIIA of the California Constitution, known as Proposition 13, was approved by the voters in 1978. Article XIIIIA 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 XIIIIA 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 XIIIIB of the California Constitution

Article XIIIIB 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 XIIIIB 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 XIIIIB 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

| <i>Fiscal Year</i> | <i>City Appropriations Limit</i> | <i>Appropriations Subject to Limitations</i> | <i>Amount Appropriations Are Under Limit</i> |
|---------------------------|---|---|---|
| 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 XIIIIC and XIIIID of the California Constitution – Proposition 218

Articles XIIIIC and XIIIID 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 XIIIIC 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 XIIIID 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 XIIIIC 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 XIIIIA and XIIIIC. 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 XIIIIA, XIIIIC and XIIIID 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.

On July 23, 2025, business leaders in the City submitted an initiative to repeal the gross receipts tax on all businesses other than cannabis businesses, effective January 1, 2028. The petition was approved for circulation on October 22, 2025. The campaign must gather 139,497 signatures to be placed on the ballot. If it qualifies, the measure could be placed on the ballot as early as June 2026. The Fiscal Year 2025-26 Adopted Budget includes \$825 million in Business Tax receipts, approximately 10% of the General Fund.

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 November 1, 2025.

Table 28
GENERAL OBLIGATION BONDS
As of November 1, 2025

| <i>Date of Election</i> | <i>Projects</i> | <i>Amount Authorized</i> | <i>Amount Issued⁽²⁾</i> | <i>Amount Outstanding⁽¹⁾</i> | <i>Amount Authorized but Unissued</i> |
|-------------------------|--|--------------------------|------------------------------------|---|---------------------------------------|
| 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 | 76,080,000 | 60,500,000 |
| 11/8/16 | Homelessness (Proposition HHH) | <u>1,200,000,000</u> | <u>1,113,985,000</u> | <u>873,995,000</u> | <u>86,015,000</u> |
| | Total | \$2,832,648,000 | \$2,686,133,000 | \$ 950,075,000 | \$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 | <u>.007000</u> |
| 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 November 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 | \$ 13,575,000 | 11/1/40 |
| MICLA Lease Revenue Refunding Bonds, Series 2016-A (dated June 1, 2016) | Capital Equipment and Fixtures | 125,235,000 | 16,870,000 | 11/1/26 |
| MICLA Lease Revenue Refunding Bonds, Series 2016-B (dated June 1, 2016) | Real Property | 685,270,000 | 450,655,000 | 11/1/39 |
| MICLA Lease Revenue Bonds, Series 2018-A (dated February 6, 2018) | Capital Equipment and Fixtures | 54,430,000 | 13,315,000 | 11/1/27 |
| MICLA Lease Revenue Bonds, Series 2018-B (dated February 6, 2018) | Real Property | 31,270,000 | 22,580,000 | 11/1/37 |
| MICLA Lease Revenue Refunding Bonds, Series 2018-C (Taxable) (dated February 6, 2018) | Real Property | 25,630,000 | 5,850,000 | 11/1/27 |
| MICLA Lease Revenue Bonds, Series 2020-A (dated August 20, 2020) | Capital Equipment and Fixtures | 84,725,000 | 47,630,000 | 11/1/30 |
| MICLA Lease Revenue Refunding Bonds, Series 2020-B (dated August 20, 2020) | Real Property | 80,850,000 | 43,095,000 | 11/1/40 |
| MICLA Lease Revenue Refunding Bonds, Series 2020-C (Taxable) (dated August 20, 2020) | Real Property | 102,265,000 | 37,930,000 | 11/1/41 |
| MICLA Lease Revenue Refunding Bonds, Series 2021-A (Taxable) (dated March 4, 2021) | Capital Equipment and Real Property | 177,470,000 | 95,385,000 | 11/1/38 |
| MICLA Lease Revenue Refunding Bonds, Series 2021-B (dated March 4, 2021) | Capital Equipment and Real Property | 60,481,000 | 58,683,000 | 11/1/38 |
| MICLA Lease Revenue Bonds, Series 2021-C (dated December 15, 2021) | Capital Equipment and Real Property | 154,205,000 | 120,750,000 | 11/1/41 |
| MICLA Lease Revenue Bonds, Series 2023-A (dated December 7, 2023) | Capital Equipment and Real Property | <u>176,450,000</u> | <u>159,795,000</u> | 5/1/43 |
| Subtotal Public Offerings | | \$ 1,776,451,000 | \$ 1,086,113,000 | |
| 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 | <u>9,088,272</u> | <u>5,655,295</u> | 6/1/31 |
| Subtotal Private Placements | | <u>\$ 66,231,533</u> | <u>\$ 22,655,701</u> | |
| Total Financing Lease Obligations | | <u>\$ 1,842,682,533</u> | <u>\$ 1,108,768,701</u> | |

(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 November 1, 2025, approximately \$346.2 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 LACC (the “LACC CP”), which also represents a lease obligation of the General Fund. As of November 1, 2025, \$80.0 million in LACC CP was outstanding under this program. A portion of the Series 2025 Bonds will be applied to the prepayment of the LACC CP as described in the forepart of the Official Statement.

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

| <i>Series</i> | <i>LOC Provider</i> | <i>Amount of CP Supported</i> | <i>LOC Expiration</i> |
|-------------------|--------------------------------|-------------------------------|-----------------------|
| 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

| <i>Fiscal Year</i> | <i>LACERS</i> | <i>Fire and Police Pensions</i> | <i>Other Cashflow</i> | <i>Total Par Amount</i> |
|--------------------|---------------|---------------------------------|-----------------------|-------------------------|
| 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 November 1, 2025

| | <i>Outstanding</i> |
|---|-------------------------|
| General Obligation Bonds | \$ 950,075,000 |
| Lease Obligations ^{(1) (2)} | <u>1,108,768,701</u> |
| Gross Direct Debt Subtotal | \$ 2,058,843,701 |
| Revenue Bonds ⁽²⁾ | |
| Power Revenue (DWP) ⁽²⁾ | \$ 12,600,600,000 |
| Water Revenue (DWP) ⁽²⁾⁽³⁾ | 5,739,670,000 |
| Department of Airports ⁽²⁾ | 12,382,265,000 |
| Harbor Department ⁽²⁾⁽⁴⁾ | 297,575,000 |
| Wastewater System | |
| Senior Revenue Bonds | 608,045,000 |
| Subordinate Revenue Bonds ⁽²⁾⁽⁵⁾ | 1,859,800,000 |
| Solid Waste Resources Fee | <u>252,785,000</u> |
| Revenue Bonds Subtotal | \$ 33,740,740,000 |
| TOTAL CITY DEBT | \$ 35,799,583,701 |
| Less: | |
| Revenue Bonds | <u>(33,740,740,000)</u> |
| NET DIRECT DEBT | \$ 2,058,843,701 |
| Plus: | |
| Overlapping Debt ⁽⁶⁾ | <u>\$14,862,511,010</u> |
| NET OVERALL DEBT | \$16,921,354,711 |

⁽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 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.

⁽⁶⁾ 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 November 1, 2025

| <i>Fiscal Year</i> | <i>General Obligation Bonds</i> | | <i>Total</i> |
|---------------------|---------------------------------|-----------------------|-------------------------|
| | <i>Principal</i> | <i>Interest</i> | |
| 2026 ⁽¹⁾ | \$ 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 | <u>7,890,000</u> | <u>197,250</u> | <u>8,087,250</u> |
| Total | \$ 1,024,765,000 | \$ 336,209,381 | \$ 1,360,974,381 |

⁽¹⁾ Includes payments made on or prior to November 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 November 1, 2025

| Fiscal Year | Principal | Interest | Total |
|---------------------|-------------------------|-----------------------|-------------------------|
| 2026 ⁽¹⁾ | \$ 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 | \$ 1,212,361,701 | \$ 351,157,656 | \$ 1,563,519,357 |

⁽¹⁾ Includes the full fiscal year debt service including amounts paid on or prior to November 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

| <i>As of June 30</i> | <i>Net Direct Debt</i> | <i>Net Debt Per Capita</i> | <i>Net Debt as Percent of Net Assessed Valuation</i> |
|----------------------|------------------------|----------------------------|--|
| 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⁾

| <i>Fiscal Year</i> | <i>Total Debt Service</i> | <i>Paid From Special Revenue Funds</i> | <i>Net General Fund Debt Service⁽²⁾</i> | <i>General Fund Revenues⁽³⁾</i> | <i>Gross as Percent of GF</i> | <i>Net as Percent of GF</i> |
|------------------------|---------------------------|--|--|--|-------------------------------|-----------------------------|
| 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 November 1, 2025

| <i>Maturing Within</i> | <i>General Obligation Bonds</i> | | <i>Financing Leases</i> | | <i>Total</i> | |
|------------------------|---------------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|
| | <i>Maturing Principal</i> | <i>Cumulative % of Debt Retired</i> | <i>Maturing Principal</i> | <i>Cumulative % of Debt Retired</i> | <i>Maturing Principal</i> | <i>Cumulative % of Debt Retired</i> |
| >0 to 5 years | \$ 351,110,000 | 37.0% | \$ 506,982,306 | 45.7% | \$ 858,092,306 | 41.7% |
| >5 to 10 years | 285,895,000 | 67.0 | 375,205,395 | 79.6 | 661,100,395 | 73.8 |
| >10 to 15 years | 239,860,000 | 92.3 | 196,476,000 | 97.3 | 436,336,000 | 95.0 |
| >15 to 20 years | 73,210,000 | 100.0 | 30,105,000 | 100.0 | 103,315,000 | 100.0 |
| Total | \$ 950,075,000 | | \$1,108,768,701 | | \$ 2,058,843,701 | |

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 does not include the Series 2025 Bonds to be issued to finance a portion of the costs of the LACC Expansion Project.

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

| | <i>Expected Sale Date</i> | <i>Estimated Amount</i> |
|---|-------------------------------|-----------------------------|
| 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 | | |
| MICLA Lease Revenue Bonds (Los Angeles Convention Center) | Fall 2026 | \$1.80 billion |
| 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

| | Outstanding <u>Debt 3/1/25</u> | Estimated <u>% Applicable</u> | Estimated <u>Share of Overlapping Debt 3/1/25</u> |
|---|-----------------------------------|----------------------------------|--|
| <u>OVERLAPPING DEBT REPAYED WITH PROPERTY TAXES:</u> | | | |
| 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 |
| <u>OTHER OVERLAPPING DEBT:</u> | | | |
| 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 |
| <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u> | \$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. | <u>1,225,753,388</u> |
| 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 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 approved in 2025.

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, the City is now exposed to enforcement and litigation related to dry weather bacteria exceedances. For the Machado Lake Nutrients TMDL and the Machado Lake Pesticides and Polychlorinated Biphenyls TMDL, Notices of Violation (NOVs) were issued to the City and other permittees in January 2024. These parties contested the NOVs, but the RBWQCB denied the appeal and the fines are being paid. 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. While the Fiscal Year 2025-26 Adopted Budget assumed the implementation of the first of five annual rate increases in October 2025, the first rate increase is scheduled to take effect in November 2025. The estimated General Fund impact of the delayed implementation of the rate increases is \$30.9 million, including additional General Fund subsidies of \$28.70 million for the Solid Waste Resources Revenue Fund and \$1.39 million for the Multi-Family Bulky Item Revenue Fund. 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.

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 Olympics. 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 Olympics budget of \$6.88 billion, with all funding from non-City revenue sources. On March 31, 2025, LA28 revised the 2028 Olympics 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 Olympics 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 Olympics 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 Olympics. The LACC is one of the venues for certain 2028 Olympic Games. However, with the commencement of the LACC Expansion Project, portions of the LACC site and surrounding areas may be impacted. The City anticipates the Project Developer will cease construction activities on LACC site, and place the site and existing facilities (i.e., not the new, expanded facilities) in a condition that will allow scheduled Olympic events to be held at the existing LACC

facilities. (See “BUDGET AND FINANCIAL OPERATIONS - Los Angeles Convention Center Expansion and Modernization Project”). Further, the 2028 Olympics 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 Olympics as a National Special Security Event on January 30, 2024. With adoption of the federal “One Big Beautiful Bill Act”, H.R.1 - 119th Congress (2025-2026), an appropriation of \$1.0 billion to State Homeland Security Grant Programs is available to support security, planning, and other costs associated with the 2028 Olympics. 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 could 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 Olympics, 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 Olympics 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 Olympics, 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 Olympics;
- 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 Olympics;
- 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 Olympics 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.

The City and LA28 are in the process of negotiating the terms of an Enhanced City Resources Master Agreement (“ECRMA”) to ensure appropriate cost recovery for enhanced City services requested by LA28 to support the successful delivery of the 2028 Olympics. Enhanced City services are identified as requested services or service levels above the normal and customary level otherwise provided by the City. The ECRMA will specifically identify the guidelines, process, and timeline for the City to receive reimbursements from LA28 for the requested enhanced City services. The Games Agreement states the ECRMA was to be completed by October 1, 2025, however, the parties are continuing to negotiate the terms of the agreement. There is no anticipated impact resulting from the additional time necessary to complete the agreement.

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 Olympics 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' appeal of challenging the bankruptcy plan was denied.

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, including two putative class actions (and additional lawsuits continue to be filed) against the City and LADWP, a proprietary department of the City, and other entities by people claiming damage from the Palisades Fire. Pursuant to an order of the judge overseeing the litigation, on October 8, 2025, plaintiffs liaison counsel (i.e., counsel appointed to organize the plaintiffs) filed a master complaint (the “Master Complaint”) containing allegations that are intended to be common to some or all of the cases. The Master Complaint brings claims relating to LADWP’s water system and power system and certain vacant lots owned by the City. With respect to the water system, the Master Complaint asserts claims for inverse condemnation and nuisance. With respect to the power system, the Master Complaint asserts claims for inverse condemnation, dangerous condition of public property, and nuisance. 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. The Master Complaint also alleges dangerous condition of public property and nuisance claims related to vegetation management on certain lots owned by the City. Complaints filed before the filing of the Master Complaint allege other causes of action and additional theories of liability, which certain plaintiffs may choose to maintain when they adopt the Master Complaint.

The existing lawsuits, as of October 16, 2025, consist of a number of state court actions (approximately 74 cases) filed on behalf of approximately 2,279 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 existing lawsuits, as consolidated under the Master Complaint, 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, power poles broke and LADWP failed to de-energize its distribution and transmission electrical facilities, which resulted in its overhead power lines arcing and 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. The Master Complaint also alleges that the City did not clear brush from vacant lots in Pacific Palisades, including on lots 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. Some of the pending actions seek 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.

In addition to the City and the State, the Master Complaint added sixteen new defendants whom plaintiffs claim are responsible for their losses under a variety of tort theories and, for some, inverse condemnation. The City and the State plan to file demurrers challenging the sufficiency of the Master Complaint, which are due on November 13, 2025. The court has scheduled a hearing with respect to the demurrers on February 5, 2026. As of the date of this Official Statement, the court has stayed discovery and the City's obligation to answer or otherwise respond to any complaint, other than the Master Complaint, with respect to the litigation.

The ATF led the investigation into the origin and cause of the Palisades Fire. LADWP provided information to the ATF and other agencies in connection with their investigations. The ATF examined LADWP's overhead transmission facilities that are near, but outside of, the area where the Palisades Fire reportedly ignited. As of the date of this Official Statement, neither the ATF nor any other investigating authority has issued a formal cause and origin report identifying the source of the Palisades Fire (the ATF has indicated that it has completed its report). However, on October 8, 2025, the United States Department of Justice announced the arrest of Jonathan Rinderknecht, whom the United States charged in a criminal complaint with the destruction of property by means of fire. Specifically, Mr. Rinderknecht is alleged to have started the Lachman Fire in the Pacific Palisades area on the morning of January 1, 2025. According to the ATF Affidavit that was provided in connection with the criminal complaint against Mr. Rinderknecht, the multi-agency investigation into the origin and cause of the Palisades Fire determined that the Palisades Fire was a "holdover" fire (i.e., a continuation of the Lachman Fire that began on January 1, 2025). The ATF Affidavit expressly ruled out power lines as a potential cause of the Lachman Fire. No investigating authority has asked LADWP to preserve any of its electrical facilities in the area.

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 LADWP deny all liability claims and intend to vigorously defend against all of these lawsuits, but cannot predict the outcome of these cases. 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 XIII A 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 XIII A 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 appealed the County Superior Court’s ruling to the California Court of Appeals. Oral arguments were held on October 16, 2025, and the California Court of Appeals issued an oral tentative opinion affirming the County Superior Court’s dismissal ruling. However, any opinion of the California Court of Appeals will not be considered final until it releases its written opinion. The City, thus, cannot provide any assurances that ULA and the ULA special tax will ultimately be upheld in court. The City will continue to defend ULA and its interests in these matters. 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 four large, multi-plaintiff lawsuits (*Gonzalez et al. v. City of Los Angeles; Acedo et al. v. City of Los Angeles; Abram et al. v. City of Los Angeles; and Vand 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. On remand, the plaintiffs moved for class certification, which the County Superior Court denied. The plaintiffs appealed and, on October 7, 2025, the California Court of Appeal affirmed the County Superior Court's denial of class certification. The plaintiffs' individual refund claims and their claim for prospective injunctive relief to stop the City from collecting the franchise fee going forward remain to be litigated. The plaintiffs may seek California Supreme Court review of the decision. If review is not granted, or if review is granted and the decision is affirmed, the plaintiffs' recovery, if they succeed on the underlying merits, would be limited to a refund to the named plaintiffs and an order that the City cease collecting the fee. No class-wide refund would be due in that scenario. Due to the unsettled nature of the law, an assessment of potential liability for the individual refunds or prospective relief is difficult to ascertain. However, if the California Supreme Court granted review and reversed the denial of class certification, the City 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 2024-25, the City collected approximately \$339 million in these franchise fees. The City expects to continue to collect approximately \$60 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.

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 March 30, 2026. 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. A bench trial was agreed to by the parties, which concluded on October 16, 2025. A ruling is expected in the next few weeks. 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. Following the verdict, on September 8, 2025, the City filed a motion seeking either a new trial concerning damages or a reduction of the jury award by the County Superior Court on the grounds that the jury award disproportionately awarded future pain and suffering. On October 17, 2025, the County Superior Court, agreeing with the City, reduced the Plaintiff's award to approximately \$26.7 million. On November 3, 2025, the County Superior Court ordered the parties, without objection, into mandatory settlement discussions.

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, (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, subject to court approval, and (d) report encampment reductions going forward based on the court’s ruling. The City has provided its bed plan and updated milestones as required by said order, and the Federal District Court has ordered the appointment of a monitor and his data team to be assisted by the City Controller. The Federal District Court also invited the plaintiffs and intervenors in the matter to file a motion for attorneys’ fees, which has not yet been adjudicated by the court. 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 and has until the end of November 2025 to file its opening brief. If the opening brief is filed by that time, the appeal would be expected to be heard in 2026, 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.

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

On May 3, 2022, plaintiffs filed a putative class action concerning the City’s Concealed Carry Weapon (“CCW”) license policy. The putative class members are those who were arrested by the LAPD for violating California Penal Code sections 25400(a)(1) and 25850(a) (which prohibit carrying a concealed handgun in a vehicle or a loaded firearm on a person while in public without a valid CCW license). The plaintiffs allege that the CCW license policy made compliance with said Penal Code sections impossible and is unconstitutional. The plaintiffs are also seeking monetary damages. On October 31, 2023, the Federal District Court granted the City’s motion to dismiss on grounds that the plaintiffs failed to state a claim and did not have standing. The Ninth Circuit Court of Appeal reversed the Federal District Court and remanded the matter. Mandate was issued by the Ninth Circuit on September 11, 2025. The Ninth Circuit deemed the City’s CCW license policy unconstitutional under the Second Amendment and held that two of the individual plaintiffs had standing to sue on behalf of themselves and putative class members. Based on the information to date, the putative class members who were arrested, detained, and/or charged with the subject Penal Code offenses may be in the thousands. Due to the preliminary nature of this suit, the City’s liability is unknown. However, based on the pleadings, in the event of an adverse ruling, the City’s liability could be in the tens of millions of dollars. The City is defending its interests in this matter.

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. In Fiscal Year 2024-25, the City collected approximately \$26 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. While trial was ongoing in September 2025, the plaintiffs and the City agreed to a settlement where the City agreed to pay the plaintiffs an aggregate amount of \$18 million over the course of three years.

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 LADWP, 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 is lower or higher than the market value of assets at a given point in time.

The Actuarial Standards Board, the organization that sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice, approved the 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, and 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 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 LADWP 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 |
| | Early Retirement Reduced by 3% per year before age 55; and 1.5% per year from ages 55-59 | Normal Retirement 1.5% @ 60 / 10 2.0% @ 60 / 30 |
| Compensation Used to Determine Retirement Allowance | Highest consecutive 12 months, including pensionable bonuses | Early Retirement 2.0% @ 55/30 reduced by 10.5% at age 54, plus an additional 3% reduction for every year below the age of 54 |
| 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 421.

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
SCHEDEULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
(\\$ in thousands)⁽¹⁾

| <i>Actuarial Valuation As of June 30</i> | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>UAAL⁽²⁾</i> | <i>Funded Ratio⁽³⁾</i> | <i>Covered Payroll⁽⁴⁾</i> | <i>UAAL as a Percentage of Covered Payroll⁽⁵⁾</i> |
|--|--|--|---------------------------|---------------------------------------|--|--|
| 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
SCHEDEULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\\$ in thousands)⁽¹⁾

| <i>Actuarial Valuation As of June 30</i> | <i>Market Value Of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>Unfunded Liability⁽²⁾</i> | <i>Funded Ratio (Market Value)⁽³⁾</i> | <i>Covered Payroll⁽⁴⁾</i> | <i>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</i> |
|--|-----------------------------------|--|---|--|--|---|
| 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)

| <i>Actuarial Valuation As of June 30</i> | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>UAAL⁽¹⁾</i> | <i>Funded Ratio⁽²⁾</i> | <i>Covered Payroll⁽³⁾</i> | <i>UAAL As a Percentage of Covered Payroll⁽⁴⁾</i> |
|--|--|--|---------------------------|---------------------------------------|--|--|
| 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⁾

| | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> | <i>2024-25</i> | <i>Adopted Budget 2025-26</i> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------------|
| Sources of Contributions | | | | | |
| Contributions for Council-controlled Departments ⁽²⁾ | \$ 601,450 | \$ 636,523 | \$ 675,824 | \$ 706,025 | \$ 703,190 |
| Airport, Harbor Departments, LACERS, LAFPP | <u>124,074</u> | <u>131,166</u> | <u>138,617</u> | <u>143,113</u> | <u>150,558</u> |
| Total | <u>\$ 725,524</u> | <u>\$ 767,689</u> | <u>\$ 814,441</u> | <u>\$ 849,138</u> | <u>\$ 853,748</u> |
| 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 | <u>492,955</u> | <u>556,287</u> | <u>596,007</u> | <u>609,339</u> | <u>566,803</u> |
| Adjustments ⁽³⁾ | <u>(32,527)</u> | <u>(73,760)</u> | <u>(79,911)</u> | <u>(81,532)</u> | <u>(35,020)</u> |
| Total | <u>\$ 725,524</u> | <u>\$ 767,689</u> | <u>\$ 814,441</u> | <u>\$ 849,138</u> | <u>\$ 853,748</u> |

⁽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)

| | <i>Adopted Budget 2025- 26</i> | <i>Projection 2026-27</i> | <i>Projection 2027-28</i> | <i>Projection 2028-29</i> | <i>Projection 2029-30</i> |
|--|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 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.

A recent LACERS staff report on the 2025 valuation, which the LACERS Board will hear on November 4, 2025, contains a proposed contribution rate of 31.99% for Fiscal Year 2026-27 (slightly higher than the 31.88% rate indicated in the table above). Assuming all actuarial assumptions are achieved, this would result in an approximately \$2.7 million increase in the Fiscal Year 2026-27 contribution.

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 retirees. 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 inactive members (20 of which are vested).

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 determined 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⁾

| <i>Actuarial Valuation As of June 30</i> | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>UAAL⁽²⁾</i> | <i>Funded Ratio⁽³⁾</i> | <i>Covered Payroll⁽⁴⁾</i> | <i>UAAL As a percentage of Covered Payroll⁽⁵⁾</i> |
|--|--|--|---------------------------|---------------------------------------|--|--|
| 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
SCHEDEULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
(\\$ in thousands)⁽¹⁾

| <i>Actuarial Valuation As of June 30</i> | <i>Market Value of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>Unfunded (Overfunded) Liability⁽²⁾</i> | <i>Funded Ratio (Market Value)⁽³⁾</i> | <i>Covered Payroll⁽⁴⁾</i> | <i>Unfunded Liability As a Percentage of Covered Payroll (Market Value)⁽⁵⁾</i> |
|--|-----------------------------------|--|--|--|--|---|
| 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)

| <i>Actuarial Valuation As of June 30</i> | <i>Actuarial Value of Assets</i> | <i>Actuarial Accrued Liability (AAL)</i> | <i>UAAL⁽¹⁾</i> | <i>Funded Ratio⁽²⁾</i> | <i>Covered Payroll⁽³⁾</i> | <i>UAAL As a Percentage of Covered Payroll⁽⁴⁾</i> |
|--|--|--|---------------------------|---------------------------------------|--|--|
| 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 | 50.1 |

⁽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)

| | <i>2021-22</i> | <i>2022-23</i> | <i>2023-24</i> | <i>2024-25</i> | <i>Adopted Budget 2025-26</i> |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------------|
| General Fund ⁽¹⁾ | <u><i>\$ 721,998</i></u> | <u><i>\$ 660,945</i></u> | <u><i>\$ 637,297</i></u> | <u><i>\$ 660,048</i></u> | <u><i>\$ 633,416</i></u> |
| Percent of Payroll | 45.89% | 41.84% | 40.63% | 38.72% | 35.80% |
| Current Service Liability | <i>\$ 393,940</i> | <i>\$ 394,525</i> | <i>\$ 390,133</i> | <i>\$ 410,951</i> | <i>\$ 431,982</i> |
| 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 | <u><i>\$ 721,998</i></u> | <u><i>\$ 660,945</i></u> | <u><i>\$ 637,297</i></u> | <u><i>\$ 660,048</i></u> | <u><i>\$ 633,416</i></u> |

⁽¹⁾ The City funds an Excess Benefit Plan outside LAFPP to provide for any benefit payments to retirees that exceed IRS limits. Amounts deposited in that account are credited against the City's annual contribution to LAFPP.

⁽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, on November 5, 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 maximum possible increase in the retiree medical subsidy each year to employees who opted to 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 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*)

| | <i>Adopted Budget 2025-26</i> | <i>Projection 2026-27</i> | <i>Projection 2027-28</i> | <i>Projection 2028-29</i> | <i>Projection 2029-30</i> |
|-----------------------|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| 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 LAFPP are expected to decline through the end of the projection period, due in part to the system reaching full funding for retirement benefits. The above table assumes a 7 percent investment 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 who are currently members 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 study 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 LAFPP's valuation when the transfer takes place in Winter 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 made by other LAPD and Airport Police 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 included \$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

| <i>Year⁽¹⁾</i> | <i>City of Los Angeles</i> | <i>Percentage Change⁽²⁾</i> | <i>County of Los Angeles</i> | <i>Percentage Change⁽²⁾</i> | <i>State of California</i> | <i>Percentage Change⁽²⁾</i> |
|---------------------------|----------------------------|--|------------------------------|--|----------------------------|--|
| 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 | 3,879,845 | (0.48) | 9,966,353 | (0.48) | 39,369,530 | (0.43) |
| 2022 | 3,823,241 | (1.46) | 9,870,212 | (0.96) | 39,179,680 | (0.48) |
| 2023 | 3,808,185 | (0.39) | 9,834,286 | (0.36) | 39,228,444 | 0.12 |
| 2024 | 3,819,600 | 0.30 | 9,848,643 | 0.15 | 39,420,663 | 0.49 |
| 2025 | 3,835,263 | 0.41 | 9,876,811 | 0.29 | 39,529,101 | 0.28 |

⁽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 2025 for years 2020 through 2025.

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 | <u>251,500</u> | <u>181,900</u> | <u>102,600</u> | <u>108,500</u> | <u>124,400</u> |
| 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 | <u>609,800</u> | <u>445,900</u> | <u>244,900</u> | <u>252,000</u> | <u>297,200</u> |
| 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, an increase 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 July 2025 of 6.1 percent statewide, 6.4 percent for the County, and 6.5 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⁾

| | <i>County of Los Angeles</i> 2024 | % of <i>Total</i> | <i>State of California</i> 2024 | % of <i>Total</i> |
|-------------------------------------|--------------------------------------|----------------------|------------------------------------|----------------------|
| 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 | <u>591,100</u> | 12.9 | <u>2,662,900</u> | 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 2025 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 5.7 percent of the labor force.

Table 56
LOS ANGELES COUNTY
2025 MAJOR NON-GOVERNMENTAL EMPLOYERS

| <i>Employer</i> | <i>Product/Service</i> | <i>Employees</i> |
|------------------------------------|--|-----------------------|
| Kaiser Permanente | Healthcare services | 47,897 |
| University of Southern California | Private university | 25,741 |
| Cedars-Sinai | Healthcare organization | 18,087 |
| Northrop Grumman Corp. | Systems and products in aerospace and information systems | 16,600 ⁽¹⁾ |
| The Walt Disney Co. | Media and entertainment | 13,400 |
| NBCUniversal | Media and entertainment | 13,000 ⁽¹⁾ |
| UPS | Logistics, transportation and freight | 12,000 ⁽¹⁾ |
| Providence | Healthcare | 11,500 ⁽¹⁾ |
| The Home Depot | Home improvement retailer | 11,000 ⁽¹⁾ |
| Target Corp. | Retailer | 11,000 ⁽¹⁾ |
| The Boeing Co. | Aerospace and defense, commercial jetliners, space and security systems | 10,700 |
| Albertsons Cos. | Grocery retailer | 10,000 ⁽¹⁾ |
| California Institute of Technology | Private university, operator of Jet Propulsion Laboratory | 8,396 |
| AT&T Inc. | Telecommunications, DirecTV, cable, satellite and television provider | 8,000 ⁽¹⁾ |
| Amazon | Online retailer | 7,000 ⁽¹⁾ |
| Allied Universal | Provider of security services and technology solutions | 6,800 ⁽¹⁾ |
| City of Hope | Treatment and research center for cancer, diabetes and other life-threatening diseases | 6,700 ⁽¹⁾ |
| Ralphs | Grocery retailer | 5,600 |
| SpaceX | Rockets and spacecraft | 5,600 |
| Bank of America Corp. | Banking and financial services | 5,530 |
| Children's Hospital Los Angeles | Nonprofit freestanding children's hospital | 5,305 |
| Costco Wholesale | Membership chain of warehouse stores | 5,300 ⁽¹⁾ |
| Capital Group | Financial services | 4,600 |
| Antelope Valley Medical Center | Healthcare | 2,800 |
| Deloitte LLP and subsidiaries | Audit, tax, advisory and consulting services | 2,610 |

⁽¹⁾ Business Journal estimate.

Source: Los Angeles Business Journal, Weekly Lists, published August 25, 2025.

The estimated top 25 major governmental employers in the County in 2025 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 7.7 percent of the labor force.

Table 57
LOS ANGELES COUNTY
2025 LARGEST PUBLIC SECTOR EMPLOYERS

| <i>Employers</i> | <i>Employees</i> |
|--|------------------------|
| County of Los Angeles | 117,000 ⁽¹⁾ |
| Los Angeles Unified School District | 78,874 |
| University of California, Los Angeles | 57,411 |
| City of Los Angeles ⁽²⁾ | 34,320 |
| Los Angeles Department of Water and Power | 12,000 |
| Long Beach Unified School District | 10,000 |
| Los Angeles Community College District | 10,000 |
| City of Long Beach | 5,581 |
| Los Angeles County Metropolitan Transportation Authority | 5,000 |
| California State University – Northridge | 4,807 |
| California State University – Long Beach | 4,458 |
| Pomona Unified School District | 4,000 |
| Los Angeles World Airports | 3,500 |
| Cal Poly Pomona | 2,710 |
| California State University – Dominguez Hills | 2,700 |
| California State University – Los Angeles | 2,575 |
| Glendale Unified School District | 2,200 |
| City of Santa Monica | 2,000 |
| City of Pasadena | 2,000 |
| Montebello Unified School District | 1,900 |
| Santa Monica Community College District | 1,800 |
| Antelope Valley Union High School District | 1,200 |
| Conejo Valley School District | 1,100 |
| Port of Los Angeles | 1,009 |
| Mt. San Antonio Community College District | 1,000 ⁽¹⁾ |

(1) Business Journal estimate.

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

Source: Los Angeles Business Journal, Weekly Lists, published August 25, 2025.

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

| <i>Year and Area</i> | <i>Personal Income</i> (thousands of dollars) | <i>Per Capita</i> <i>Personal Income⁽¹⁾</i> (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 ⁽⁴⁾ | 2,539,747,400 | 64,219 |
| United States ⁽⁴⁾ | 18,349,584,000 | 55,567 |
| 2020 | | |
| County ⁽²⁾ | \$ 678,548,600 | \$67,904 |
| State ⁽⁴⁾ | 2,769,103,000 | 70,065 |
| United States ⁽⁴⁾ | 19,600,945,000 | 59,114 |
| 2021 | | |
| County ⁽²⁾ | \$ 719,455,363 | \$73,343 |
| State ⁽⁴⁾ | 3,009,556,600 | 76,887 |
| United States ⁽⁴⁾ | 21,403,979,000 | 64,450 |
| 2022 | | |
| County ⁽²⁾ | \$ 722,935,767 | \$74,378 |
| State ⁽⁴⁾ | 3,003,826,100 | 76,741 |
| United States ⁽⁴⁾ | 22,077,232,000 | 66,096 |
| 2023 | | |
| County ⁽²⁾ | \$ 756,659,481 | \$78,302 |
| State ⁽⁴⁾ | 3,166,135,400 | 80,771 |
| United States ⁽⁴⁾ | 23,380,269,000 | 69,418 |
| 2024 | | |
| County ⁽⁵⁾ | n/a | n/a |
| State ⁽⁴⁾ | \$ 3,372,090,500 | \$85,518 |
| United States ⁽⁴⁾ | 24,632,679,600 | 72,425 |

⁽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: March 28, 2025; revised statistics for 2020 – 2023.

⁽⁵⁾ County information for 2024 not yet available.

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 September 2, 2025).

Retail Sales

As the largest city in the County, the City accounted for \$54.6 billion (or approximately 26.6 percent) of the total \$205.8 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 | \$ 6,094,547 | \$ 5,664,053 |
| Home Furnishings and Appliance Stores | 1,523,470 | 2,025,904 | 1,974,419 | 1,743,770 | 1,637,937 |
| Bldg. Materials and Garden Equip. and Supplies | 2,774,916 | 3,040,639 | 3,207,718 | 3,147,398 | 3,093,823 |
| Food and Beverage Stores | 3,045,666 | 3,154,313 | 3,357,996 | 3,358,867 | 3,391,547 |
| Gasoline Stations | 2,903,295 | 4,469,765 | 5,873,754 | 5,163,072 | 4,748,107 |
| Clothing and Clothing Accessories Stores | 2,302,122 | 3,632,876 | 3,714,074 | 3,538,181 | 3,564,975 |
| General Merchandise Stores | 2,494,747 | 3,037,363 | 3,297,351 | 3,273,018 | 3,145,598 |
| Food Services and Drinking Places | 6,320,584 | 8,881,294 | 10,921,768 | 11,439,344 | 11,569,936 |
| Other Retail Group | 4,462,925 | 5,286,747 | 5,282,976 | 4,990,114 | 4,653,384 |
| Subtotal Retail and Food Services | 30,413,205 | 39,456,400 | 44,188,190 | 42,748,310 | 41,469,360 |
| All Other Outlets | 9,241,031 | 11,296,267 | 14,218,524 | 13,378,024 | 13,179,376 |
| TOTAL ALL OUTLETS | \$39,654,237 | \$ 50,752,667 | \$ 58,406,714 | \$ 56,126,334 | \$54,648,735 |
| Year-over-year change | (21.0%) | 28.0% | 15.1% | (3.9%) | (2.6%) |

Source: California Department of Tax and Fee Administration, Research and Statistics (last updated July 21, 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

| | <i>2024-25 Assessed Valuation⁽¹⁾</i> | <i>% of Total</i> | <i>No. of Parcels</i> | <i>% of Total</i> |
|---------------------------------|---|-----------------------|---------------------------|-----------------------|
| 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 | <u>424,367,868</u> | <u>0.05</u> | <u>1,917</u> | <u>0.24</u> |
| Subtotal Non-Residential | <u>\$ 203,262,763,394</u> | <u>24.47%</u> | <u>56,264</u> | <u>7.13%</u> |
| 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 | <u>3,598,251,986</u> | <u>0.43</u> | <u>18,818</u> | <u>2.38</u> |
| Subtotal Residential | <u>\$ 627,326,860,801</u> | <u>75.53%</u> | <u>733,015</u> | <u>92.87%</u> |
| 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

| | <i>No. of Parcels</i> | <i>2024-25 Assessed Valuation</i> | <i>Average Assessed Valuation</i> | <i>Median Assessed Valuation</i> | | |
|---------------------------------------|--|---------------------------------------|---------------------------------------|--------------------------------------|-----------------------|----------------------------------|
| Single Family Residential Properties | 509,328 | \$425,476,980,532 | \$835,369 | \$460,986 | | |
| <i>2024-25 Assessed Valuation</i> | <i>No. of Residential Parcels ⁽¹⁾</i> | <i>% of Total</i> | <i>Cumulative % of Total</i> | <i>Total Valuation</i> | <i>% of Total</i> | <i>Cumulative % of Total</i> |
| \$0 - \$49,999 | 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 | <u>61,212</u> | <u>12.018</u> | 100.000 | <u>225,699,907,008</u> | <u>53.046</u> | 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⁾ | <u>9,171</u> | <u>10,898</u> | <u>12,324</u> | <u>9,271</u> | <u>7,057</u> |
| 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 transitional kindergarten through 12th grade (“TK-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
FORM OF THE RESOLUTION

[To come]

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Los Angeles, California (the "City") in connection with the issuance by the City of \$ _____ aggregate principal amount of General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the "Bonds"). The Bonds are issued pursuant to the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended, (ii) Chapter 11 of Division 6 of Title 1 of the Government Code (commencing with Section 5900), as amended, (iii) Section 101 and Section 361 of the Charter of the City, as amended and supplemented, (iv) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Bonds are issued, (v) Article XIII A of the California Constitution, as amended, and (vi) a resolution of the City Council adopted on [December 12, 2025] authorizing the issuance of the Bonds (the "Resolution").

The City covenants and agrees as follows.

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has or shares the power, directly, or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"DACP" shall mean Digital Assurance Certification L.L.C.

"Dissemination Agent" shall mean each of the City Administrative Officer of the City or any other person authorized to act on his behalf, acting in the capacity of Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. The initial Dissemination Agent hereunder shall be DAC.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate as Listed Events.

"MSRB" means the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

"Official Statement" shall mean the Official Statement dated January __, 2026, issued by the City in connection with the sale of the Bonds.

"Owner" shall mean the person in whose name any Bond shall be registered.

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

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

“State” shall mean the State of California.

Section 3. Provision of Annual Reports.

(a) The City shall cause the Dissemination Agent to, not later than June 30 of each year, commencing June 30, 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:

(1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to governmental entities from time to time. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) Tabular information provided in APPENDIX A—“CITY OF LOS ANGELES INFORMATION STATEMENT” to the Official Statement under the headings: “BUDGET AND FINANCIAL OPERATIONS,” “MAJOR GENERAL FUND REVENUE SOURCES,” 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 Internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other documents so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) To the extent applicable and pursuant to provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds (each of which is a "Listed Event"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) modifications to rights to Owners, if material;
- (4) bond calls other than scheduled sinking fund redemptions, if material, and tender offers;
- (5) defeasances;
- (6) rating changes;
- (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570 1-TEB) or other material notices of determinations with respect to the tax status of the Bonds;
- (8) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (9) unscheduled draws on credit enhancements reflecting financial difficulties;
- (10) substitution of any credit or liquidity providers, or their failure to perform;
- (11) release, substitution or sale of property securing repayment of the Bonds, if material;
- (12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the event identified in this clause (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a financial obligation, as defined in the Rule, of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) If the Dissemination Agent is other than the City, the Dissemination Agent shall, as soon as reasonably practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the City and request that the City promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to 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 Resolution. 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 Obligations. The City's obligations under the Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by 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 they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: January __, 2026

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of City: City of Los Angeles, California

Name of Bond Issue: \$ _____ General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds)

Date of Issuance: January __, 2026

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 January __, 2026. The City anticipates that the Annual Report will be filed by _____.

Dated: _____, 20____

CITY OF LOS ANGELES

By: _____
Title: _____

APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

None of the City, the Paying Agent or the Underwriter can or do give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Bonds paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the City, the Paying Agent or the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto. The City pursuant to the Resolution may discontinue the book-entry only system. In that event, the provisions of the Resolution relating to issuance of Bond certificates and the transfer of ownership thereof will apply.

1. The Depository Trust Company (“DTC”) will act as securities depository for the City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of United States and non-United States equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both United States and non-United States securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both United States and non-United States securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s has assigned DTC a rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City, as the issuer of the Bonds, as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments of principal of, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

Neither the City nor the Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Notes paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE CITY OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, ON THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR THE PAYING AGENT IS RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE NOTES OR AN ERROR OR DELAY RELATING THERETO.

APPENDIX E
PROPOSED FORM OF BOND COUNSEL OPINION

[To come]

Exhibit C – Notice of Intention to Sell Bonds

NOTICE OF INTENTION TO SELL BONDS

\$86,015,000*
City of Los Angeles
General Obligation Bonds
Series 2026-A (Taxable) (Social Bonds)

The City of Los Angeles, California (the “City”) intends to receive bids through the use of an electronic bidding service as described herein for the above-referenced bonds (the “Bonds”) until 9:00 a.m., California time, ____ day, [SALE DATE], 2026.

The Bonds will be dated the date of delivery, and mature as described in the Notice Inviting Bids with respect to the Bonds. The City reserves the right, to the extent permitted by law, to cancel or postpone the date for accepting bids and establish a subsequent date on which bids are to be accepted as more fully set forth in the Notice Inviting Bids.

Bids may be submitted until the designated time shown above on ____ day, [SALE DATE], 2026, only through S&P’s BiDCOMP™/PARITY® electronic bid system at <https://newissue.muni.spglobal.com>, in accordance with the procedures, terms and conditions set forth in the Notice Inviting Bids. No bids will be received after such time. The City assumes no responsibility or liability for bids submitted through BiDCOMP™/PARITY®. No bids will be accepted by facsimile or hand delivery. For additional information about BiDCOMP™/PARITY® potential bidders may contact the City’s municipal advisor (identified below).

Changes in the date and time for receipt of bids will be communicated through The Municipal Market Monitor (TM3) (www.tm3.com) not later than 2:00 p.m., California time, on the business day prior to the bid opening.

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

Given by order of the City Council by its resolution adopted on December __, 2025.

* Preliminary, subject to change.

Exhibit D – Notice Inviting Bids

_____, 2026

Dear Prospective Bidder:

In accordance with the Notice Inviting Bids, the City of Los Angeles intends to accept bids on its \$86,015,000* aggregate principal amount of General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) on ____ day, [SALE DATE], 2026 at 9:00 a.m., California time. The purpose of this letter is to reaffirm the City's position relative to encouraging bidders on the City's bonds to include minority business enterprises ("MBE"), women business enterprises ("WBE"), disadvantaged business enterprises ("DBE"), disabled veteran business enterprises ("DVBE") and all other business enterprises ("OBE") in their bidding syndicates.

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

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

Sincerely,

Benjamin Ceja
Assistant City Administrative Officer

* Preliminary, subject to change.

NOTICE INVITING BIDS

\$86,015,000*
City of Los Angeles
General Obligation Bonds
Series 2026-A (Taxable) (Social Bonds)
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that electronic bids will be received by the City of Los Angeles, California (herein the “City”) for the purchase of all but not less than all of \$86,015,000* aggregate principal amount of the City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Series 2026-A Bonds”). The Series 2026-A Bonds will be awarded to the highest-ranked responsible bidder, considering the rate or rates specified and the premium offered, if any. The highest-ranked responsible bidder shall be the bidder submitting the best price for the Series 2026-A Bonds, which best price shall be that resulting in the lowest true interest cost (“TIC”) for the Series 2026-A Bonds. See “Award, Delivery and Payment” herein. Bidders are required to bid on all or none of the Series 2026-A Bonds. All bids must be submitted through S&P’s BiDCOMP™/PARITY® electronic bid system at <https://newissue.muni.spglobal.com>, up to the time specified below unless postponed or cancelled as described herein:

Date of Sale: _____ day, [SALE DATE], 2026 at 9:00 a.m., California time

Electronic Bids: Bids must be submitted only through S&P’s BiDCOMP™/PARITY® electronic bid system at <https://newissue.muni.spglobal.com> (“BiDCOMP/Parity”), the “Approved Provider.” The Approved Provider will act as an agent of the bidder and not of the City in connection with the submission of bids. The City assumes no responsibility or liability for bids submitted through the Approved Provider. See “Information Regarding Electronic Bids” herein.

Authorization Letter: Bidders must complete and email the attached Authorization to Accept Electronic Bids (the “Authorization”) to the email addresses indicated on the Authorization prior to 8:00 a.m., California time, on the date of sale.

Good Faith Deposit: Each bidder must provide, not later than 8:00 a.m., California time on the date of sale, a Good Faith Deposit in the amount of \$860,150. Failure to provide the Good Faith Deposit in accordance with the terms and conditions set forth in this Notice Inviting Bids will subject the bidder to disqualification. See “Good Faith Deposit” herein.

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

* Preliminary, subject to change.

The Issue

The issue is \$86,015,000* aggregate principal amount of the Series 2026-A Bonds in denominations of \$5,000 or any integral multiple thereof.

Purpose of the Issue

The proceeds from the sale of the Series 2026-A Bonds will be used primarily for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services.

Authorization

The Series 2026-A Bonds are to be issued pursuant to the provisions of (a) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (commencing with Section 53506), as amended; (b) Chapter 11, Division 6, of Title 1 of the Government Code (commencing with Section 5900), as amended; (c) Section 101 and Section 361 of the Charter of the City, as amended and supplemented; (d) Articles 4 and 5 of Chapter 1 of Division 11 of the Los Angeles Administrative Code, as amended and supplemented, and as in effect on the date the Series 2026-A Bonds are issued; (e) Article XIII A of the California Constitution, as amended (collectively, the “Authorizing Law”); (f) the resolution of the City Council adopted on December __, 2025 authorizing the issuance of the Series 2026-A Bonds (the “Authorizing Resolution”); and (g) the Certificate of the City Administrative Officer of the City of Los Angeles Awarding the Bonds to the Best Bidder and Rejecting All Other Bids (the “Award Certificate”) to be delivered at the time the Series 2026-A Bonds are awarded to the successful bidder (the “Successful Bidder”). Capitalized undefined terms used herein shall have the meanings set forth in the Authorizing Resolution.

Security

The Series 2026-A Bonds shall be secured by and payable as to principal and interest from proceeds of *ad valorem* taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City. Reference is made to the Authorizing Resolution.

Pursuant to various resolutions and an ordinance adopted by the Council of the City, the City held an election on November 8, 2016, at which time the City’s Homelessness Reduction and Prevention, Housing, and Facilities Bond proposition (“Proposition HHH”) was submitted to the qualified voters of the City.

Proposition HHH received the affirmative vote of over two-thirds of all of the qualified voters voting on Proposition HHH. The Series 2026-A Bonds are the sixth series of bonds issued under Proposition HHH and will consume the remaining principal authorization for issuance. The City issued the first series of bonds under Proposition HHH in 2017 in the aggregate principal

* Preliminary, subject to change.

amount of \$86,370,000, the second series of bonds under Proposition HHH in 2018 in the aggregate principal amount of \$276,240,000, the third series of bonds under Proposition HHH in 2021 in the aggregate principal amount of \$211,940,000, the fourth series of bonds under Proposition HHH in 2022 in the aggregate principal amount of \$389,435,000 and the fifth series of bonds under Proposition HHH in 2024 in the aggregate principal amount of \$150,000,000. Prior to the issuance of the Series 2026-A Bonds, the City has \$86,015,000 authorized and unissued general obligation bond authorization remaining under the Proposition HHH Authorization. Reference is made to the Preliminary Official Statement and the Authorizing Resolution for a more exact description of the security for the Series 2026-A Bonds.

Principal and Interest Payments

The Series 2026-A Bonds will be dated the date of issuance and will bear interest from that date (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2026-A Bonds will be payable semiannually on March 1 and September 1 until maturity, commencing on March 1, 2027 (each, an “Interest Payment Date”). Principal and premium, if any, of the Series 2026-A Bonds will be payable upon surrender thereof at maturity or upon earlier redemption to the registered owner of each Series 2026-A Bond, which will initially be The Depository Trust Company (“DTC”) or its nominee. Payment of principal and interest to DTC shall be the responsibility of the City or the City Treasurer, as Paying Agent; disbursements of such payments to direct participants of DTC shall be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners shall be the responsibility of DTC’s direct participants and indirect participants. The City and the Paying Agent will not have any responsibility or obligation with respect to the accuracy of any records maintained by DTC, its direct participants or indirect participants or any payment made by DTC, its direct participants or indirect participants of any amount with respect to the principal, premium, if any, or interest due on the Series 2026-A Bonds.

Book-Entry Only

The Series 2026-A Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Series 2026-A Bonds. The Successful Bidder will not receive certificates representing their interest in the Series 2026-A Bonds. Individual purchases will be in the principal amount of \$5,000 or any integral multiple thereof. Ownership interests in the Series 2026-A Bonds may be purchased in book-entry form only. Principal of, premium, if any, and interest on the Series 2026-A Bonds will be paid by the Paying Agent to DTC or its nominee, which will in turn remit such payment to direct participants of DTC for subsequent disbursement to the Beneficial Owners of interests in the Series 2026-A Bonds.

Principal Amortization for the Series 2026-A Bonds

The aggregate principal amount of the Series 2026-A Bonds will be subject to amortization either through serial maturities or sinking fund redemptions or a combination thereof. Principal will be amortized on an annual basis commencing on September 1, in years 2027 through 2045 and in the amounts set forth below:

Maturity Schedule*

| Maturity September 1 | Principal Amount | Maturity September 1 | Principal Amount |
|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| 2027 | \$ | 2037 | \$ |
| 2028 | | 2038 | |
| 2029 | | 2039 | |
| 2030 | | 2040 | |
| 2031 | | 2041 | |
| 2032 | | 2042 | |
| 2033 | | 2043 | |
| 2034 | | 2044 | |
| 2035 | | 2045 | |
| 2036 | | | |

Serial Bonds and/or Term Bonds

Bidders may provide that all of the Series 2026-A Bonds be issued as serial bonds or that any two or more consecutive annual principal amounts may be combined into one or more term bonds.

Optional Redemption*

The Series 2026-A Bonds maturing on or before September 1, 2035, are not subject to optional redemption. The Series 2026-A Bonds maturing on or after September 1, 2036, are subject to optional redemption on and after September 1, 2035 at the option of the City, as a whole or in part, on any date, at a redemption price equal to the principal amount thereof, without premium, plus accrued and unpaid interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

If the Successful Bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on September 1 of the first year which has been combined to form such term bonds and continuing on September 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such maturity date set forth above under "Principal Amortization for the Series 2026-A Bonds." The City, at its option, may credit against any mandatory sinking fund redemption payment Series 2026-A Bonds of the maturity then subject to redemption, that have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption payment.

* Preliminary, subject to change.

Selection of Series 2026-A Bonds for Redemption

Whenever less than all the Series 2026-A Bonds shall be called for redemption at the option of the City, the particular Series 2026-A Bonds to be redeemed shall be selected in such maturities as the City may direct. If the Series 2026-A Bonds are not registered in book-entry-only form, any redemption of less than all of a maturity of the Series 2026-A Bonds shall be effected by the City or the Paying Agent among Owners on a pro-rata basis in the principal amount of \$5,000 or any integral multiple thereof. The particular Series 2026-A Bonds to be redeemed shall be determined by the City or the Paying Agent, using such method as the City or the Paying Agent shall deem fair and appropriate.

If the Series 2026-A Bonds are registered in book-entry-only form and so long as DTC or a successor securities depository is the sole registered Owner of the Series 2026-A Bonds, if less than all of the Series 2026-A Bonds of a maturity are called for prior redemption, the particular Series 2026-A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof and so long as the Series 2026-A Bonds are held in book-entry form, the selection for redemption of such Series 2026-A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the City or the Paying Agent pursuant to DTC operational arrangements. If the City or the Paying Agent do not provide the necessary information and identify the redemption as on a "Pro Rata Pass-Through Distribution of Principal" basis, the Series 2026-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

It is the City's intent with respect to the Series 2026-A Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the City and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the City can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2026-A Bonds on a "Pro Rata Pass-Through Distribution of Principal" basis as discussed above, then the Series 2026-A Bonds will be selected for redemption in accordance with DTC procedures by lot.

Notice of Redemption

Notice of redemption shall be given at least 20 days and not more than 60 days before the redemption date. Such notice shall be given by the Paying Agent by mail. So long as the Series 2026-A Bonds are in book-entry form only, such notices will be given only to DTC or its nominee.

With respect to any notice of any optional redemption of the Series 2026-A Bonds, such notice may state that such redemption is conditional upon receipt by the Paying Agent, on or prior to the date fixed for such redemption, of moneys sufficient to pay the redemption price of the Series 2026-A Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Series 2026-A Bonds. In the event a notice of redemption of the Series 2026-A Bonds contains such a condition and such moneys are not so received, the redemption of the Series 2026-A Bonds as described in

the conditional notice of redemption shall not be made and the Paying Agent, shall, as soon as reasonably practicable, give notice to the Owners of the Series 2026-A Bonds in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of the Series 2026-A Bonds pursuant to such notice of redemption.

The City may rescind any notice of optional redemption of the Series 2026-A Bonds at any time up to and including the date fixed for such redemption by written notice to the Paying Agent. In the event of such rescission, the redemption of the Series 2026-A Bonds as described in the notice of redemption shall not be made and the Paying Agent shall, as soon as reasonably practicable, give notice to the Owners of the affected Series 2026-A Bonds in the manner in which the notice of redemption was given, that the notice of redemption has been rescinded and that there shall be no redemption of Series 2026-A Bonds pursuant to such notice of redemption.

TERMS OF SALE

Form of Bid

Each bid must be for an amount not less than _____ % of the principal amount of the Series 2026-A Bonds and must be submitted as described under “Information Regarding Electronic Bids” below. Each bid must be preceded by the Good Faith Deposit described under the caption “Good Faith Deposit” below and must be in accordance with the terms and conditions set forth in this Notice Inviting Bids. Each bid must also be preceded by an Authorization to Accept Electronic Bids in the form attached as Exhibit A emailed to the addresses set forth therein.

The City, Omnicap Group LLC, municipal advisor to the City (the “Municipal Advisor”) and Orrick, Herrington & Sutcliffe LLP, bond counsel to the City (“Bond Counsel”) assume no responsibility or liability for any error contained in any electronic bid, or for failure of any electronic bid to be transmitted, received or opened at the official time for receipt of such bids.

The official time for the receipt of bids will be determined by the City. The City shall not be required to accept the time kept by the Approved Provider as the official time. The City assumes no responsibility or liability for informing any bidder prior to the deadline that its bid is incomplete or not received.

If multiple timely bids are received from a single bidder by any means or combination thereof, the City shall accept the best of such bids and each bidder agrees by submitting any bid to be bound by its best bid.

Information Regarding Electronic Bids

Bids must be submitted through BiDCOMP/Parity, the Approved Provider. Bidders must complete and email (in the form of Exhibit A attached to this Notice Inviting Bids) the Authorization to Accept Electronic Bids (the “Authorization”) to the email addresses indicated on the Authorization prior to 8:00 a.m., California time, on the date of sale. If any provision of this Notice Inviting Bids conflicts with information provided by the Approved Provider, this Notice Inviting Bids shall control. The City is not responsible for improper operation of nor will the City

have any liability for any delays or interruptions of or any damages caused by the system of the Approved Provider. The City is using the Approved Provider as a communications mechanism, and not as the City's agent to conduct electronic bidding for the Series 2026-A Bonds. The City is not bound by any advice and determination of the Approved Provider to the effect that any particular bid complies with the terms of this Notice Inviting Bids. All costs and expenses incurred by prospective bidders in connection with their submission of bids through the Approved Provider are the sole responsibility of the bidders and the City is not responsible or liable for any such costs or expenses. Further information about the Approved Provider, including any fee charged, may be obtained from BiDCOMP/Parity, at <https://newissue.muni.spglobal.com> or by calling (212) 849-5023. The City assumes no responsibility or liability for bids submitted through the Approved Provider. The City shall be entitled to assume that any bid submitted through the Approved Provider has been made by a duly authorized agent of the bidder.

Adjustment of Principal Amount

The principal amounts set forth above under "Principal Amortization for the Series 2026-A Bonds" reflect certain estimates of the City and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium contained in the winning bid. The final principal amounts of each maturity of the Series 2026-A Bonds are subject to adjustment by the City in its sole discretion in \$5,000 increments by such amount as may be necessary to produce sufficient funds to accomplish the purpose of the issuance of the Series 2026-A Bonds after taking into account the actual interest rates and any premium contained in the winning bid and to meet other preferences of the City. The dollar amount bid for the Series 2026-A Bonds by the Successful Bidder will be adjusted, if necessary, to reflect any such adjustments in the amortization schedule. The adjusted bid price will reflect changes in the dollar amount of the underwriter's discount, if any, but will not change the per Series 2026-A Bond underwriter's discount as provided in the bid. The Successful Bidder will be notified of any adjustments in principal amounts of the Series 2026-A Bonds within 24 hours after the opening of the bids. Such adjustments may affect the dollar amount of discount (underwriter's discount and original issue discount) contained in the winning bid.

The Successful Bidder may not withdraw its bid or change the interest rate bid or initial reoffering price as a result of any adjustments made within the above-described limits. Changes in the amortization schedule made as described above will not affect the determination of the Successful Bidder or give the Successful Bidder any right to reject the Series 2026-A Bonds.

Award, Delivery and Payment

The City will take action awarding the Series 2026-A Bonds or rejecting all bids for the Series 2026-A Bonds not later than 27 hours after the time specified for the receipt of the bids, unless such time is waived by the Successful Bidder. Notice of award will be given promptly by telephone by the City to the Successful Bidder, confirmed by the Award Certificate. The Series 2026-A Bonds will be awarded to the highest-ranked responsible bidder, considering the rate or rates specified and the premium offered, if any. The highest-ranked responsible bidder shall be the bidder submitting the best price for the Series 2026-A Bonds, which best price shall be that resulting in the lowest true interest cost ("TIC") for the Series 2026-A Bonds. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount the debt service

payments on all of the Series 2026-A Bonds to the date of the Series 2026-A Bonds, results in an amount equal to the “purchase price” bid for all of the Series 2026-A Bonds. For the purpose of calculating the TIC, the principal amount of Series 2026-A Bonds designated by the bidder for mandatory sinking fund redemption as part of a term Bond, if any, shall be treated as a serial maturity in each year. In the event two or more bids offer the same lowest TIC, the City shall select among such bids in its sole discretion. The City Administrative Officer or any Assistant City Administrative Officer is authorized to accept bids and to award the Series 2026-A Bonds or reject all bids.

It is expected that the Series 2026-A Bonds will be delivered to the Successful Bidder on or about _____, 2026. The Series 2026-A Bonds will be delivered through the facilities of DTC. The Successful Bidder shall pay for the Series 2026-A Bonds on the date of delivery in immediately available federal funds. Any expenses for providing federal funds shall be borne by the Successful Bidder. Payment on the delivery date shall be made in an amount equal to the price bid for the Series 2026-A Bonds, less the amount of the Good Faith Deposit.

Interest Rate

Bidders must specify a rate of interest for each maturity of the Series 2026-A Bonds. Each rate bid must be in multiples of [1/8] or [1/100] of 1%. All Series 2026-A Bonds of the same maturity shall bear the same interest rate. Each Series 2026-A Bond must bear interest at the rate specified on BiDCOMP/Parity from its dated date to its maturity date. **NOTE: interest on the Series 2026-A Bonds is not excluded from gross income for federal income tax purposes.**

California Debt and Investment Advisory Commission

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

DTC Fees

All fees due DTC shall be paid by the Successful Bidder.

Ratings

The City has applied for ratings from Fitch Ratings, Inc. and Moody’s Investors Service, Inc. The ratings are included in the Preliminary Official Statement available on the internet at www.munios.com. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained from the respective rating agencies. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026-A Bonds.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series 2026-A Bonds, but the City will assume no obligation for the assignment or printing of such numbers on the Series 2026-A

Bonds or for the correctness of such numbers, and neither the failure to print such numbers on any Series 2026-A Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Successful Bidder thereof to accept delivery of and make payment for the Series 2026-A Bonds. The cost for the assignment of CUSIP numbers to the Series 2026-A Bonds will be the responsibility of the Successful Bidder.

Good Faith Deposit

A Good Faith Deposit in the form of a wire transfer in the amount of \$860,150 for the Series 2026-A Bonds must be provided by each bidder as a potential purchaser of the Series 2026-A Bonds (each, a “Purchaser”) not later than 8:00 a.m., California time, on the date of sale, as a guaranty that the Purchaser will accept and pay for the Series 2026-A Bonds in accordance with the terms of the bid.

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

Wiring Instruction:

U.S. Bank N.A.
60 Livingston Ave.
St. Paul, MN
ABA # _____
BNF: _____
Account # _____
Ref: _____

Each bidder submitting the Good Faith Deposit by wire transfer must also send an email to: cynthia.cerda@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net referencing “City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) Wire Transfer” and providing the name of the bidder and instructions for the return of the wire transfer should the bidder be unsuccessful, not later than 8:00 a.m., California time, on the date of sale. For confirmation of receipt by U.S. Bank Trust Company, National Association, of the Good Faith Deposit, contact Cynthia Cerda at (213) 615-6032. The wire transfers of unsuccessful Bidders will be returned promptly after the examination of bids. The wire transfer of the Successful Bidder will be retained by the City and applied to the purchase price of the Series 2026-A Bonds at the time of delivery of the Series 2026-A Bonds. The City disclaims any liability for funds sent by wire transfer, except for any willful misconduct or reckless disregard for its duties. If after the award of the Series 2026-A Bonds, the Successful Bidder fails to complete the purchase on the terms stated in its bid, unless such failure of performance shall be caused by any act or omission of the City, any amount received from such Successful Bidder by the City shall be retained by the City, and the Successful Bidder agrees that it shall forfeit such Good Faith Deposit in order to effectuate the purposes of the City’s competitive bidding process. No interest will be paid by the City upon the Good Faith Deposit made by any bidder, such funds to be held uninvested.

Right of Cancellation

The Successful Bidder shall have the right, at its option, to cancel the contract to purchase the Series 2026-A Bonds if the City shall fail to execute and tender the Series 2026-A Bonds for delivery within 60 days from the date of sale thereof, and in such event the Successful Bidder shall be entitled to the return of the Good Faith Deposit accompanying its bid.

List of Members of Account

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

Equal Opportunity

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

No Bond Insurance

The Successful Bidder shall not purchase municipal bond insurance in connection with the Series 2026-A Bonds.

Reoffering Price

The Successful Bidder will, within one hour after being notified of the award of the Series 2026-A Bonds, advise Omnicap Group LLC, El Segundo, California (at emcroberts@omnicap.net), the Municipal Advisor, of the initial public offering prices of the Series 2026-A Bonds.

Sales Outside of the United States

The Successful Bidder must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction in connection with any sale of the Series 2026-A Bonds to persons outside the United States.

Closing Documents and Legal Opinion

Each bid will be understood to be conditioned upon the City furnishing to the Successful Bidder, without charge, concurrently with payment for and delivery of the Series 2026-A Bonds, the following closing documents, each dated the date of such delivery:

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

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

(c) the opinion of the City Attorney of the City of Los Angeles, acting on behalf of the City solely in her official capacity and not personally, that, to the best knowledge of the City Attorney, there is no litigation pending or threatened affecting the validity of the Series 2026-A Bonds;

(d) a certificate of an appropriate official of the City acting on behalf of the City solely in his or her official capacity and not personally, that as of the date of the Official Statement pertaining to the Series 2026-A Bonds and at all times subsequent thereto up to and including the time of delivery of the Series 2026-A Bonds to the Successful Bidder thereof, such Official Statement, together with any amendments thereto, did not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) a receipt of the City Treasurer, as Paying Agent, showing that the purchase price of the Series 2026-A Bonds has been received by the City; and

(f) a Continuing Disclosure Certificate of the City, described under the caption "Continuing Disclosure" below.

Official Statement

The Preliminary Official Statement is in a form deemed final by the City within the meaning of the SEC Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule") although subject to revision, amendment and completion on conformity with such Rule. Electronic copies of the final Official Statement will be furnished without cost to the Successful Bidder.

The Preliminary Official Statement is available on the internet at www.munios.com. Bidders will be required to confirm their consent to delivery of the Preliminary Official Statement in electronic form and their review of a complete copy of the Preliminary Official Statement, as a condition to the acceptance of their bid by the City. The internet posting of the Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities described in the Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The City undertakes that for a period equal to the lesser of (a) 25 days following the end of the “underwriting period” as defined in the Rule; or (b) 90 days after the date of delivery of the Series 2026-A Bonds it will (i) apprise the Successful Bidder of all material developments, if any, occurring with respect to the City after delivery of the Series 2026-A Bonds; and (ii) if requested by the Successful Bidder, prepare a supplement to the final Official Statement with respect to any material development. The City will presume, unless notified in writing by the Successful Bidder, the end of the underwriting period will occur on the date of the delivery of the Series 2026-A Bonds. By making a bid on the Series 2026-A Bonds, the Successful Bidder agrees (A) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the City, and to file a copy of the final Official Statement with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (as provided by the Rule); and (B) to take any and all other actions necessary to comply with the applicable rules of the Securities and Exchange Commission and rules governing the offering, sale and delivery of the Series 2026-A Bonds to the Successful Bidder, including the requirements of delivery of the final Official Statement.

Ratings in Effect

Each bid will be understood to be conditioned upon there being in place at the date of delivery of the Series 2026-A Bonds the same (or higher) rating or ratings, if any, as were in place with respect to the Series 2026-A Bonds at the time fixed for receiving bids.

Continuing Disclosure

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

Additional Information

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

Execution

The execution of this Notice Inviting Bids, and any letter and the Award Certificate given in connection herewith, and any other certificate executed in connection with the Series 2026-A Bonds, may be conducted by electronic means. The City acknowledges and agrees, and any bidder submitting a bid shall acknowledge and agree that it is such party’s intent, that if such party signs any such document using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), it is signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed its handwritten signature on such document.

Bid Extension, Postponement or Cancellation

The City reserves the right to extend, postpone or cancel, at any time and from time to time, the date or time established for the receipt of bids. Any such extension, postponement or cancellation will be announced via The Municipal Market Monitor (TM3) ("TM3") at www.tm3.com. On any such alternative date or time for receipt of bids, any bidder may submit an electronic bid for the purchase of the Series 2026-A Bonds in conformity in all respects with the provisions of this Notice Inviting Bids except for the date of sale and except for the changes announced by TM3 at the time the sale date and time are announced.

Right To Modify or Amend

The City reserves the right to modify or amend this Notice Inviting Bids including, but not limited to, the right to adjust and change the aggregate principal amount of the Series 2026-A Bonds being offered. Such notifications or amendments shall be made not later than 2:00 p.m., California time, on the business day immediately preceding the day of the bid opening and communicated through TM3 (www.tm3.com). In addition, the City reserves the right after the bid opening and prior to the award to change the aggregate amount of the Series 2026-A Bonds and the principal amount of each maturity.

Withdrawal of Sale

The City may, with prior notice, withdraw the Series 2026-A Bonds for sale.

Right To Reject Bids and To Waive Irregularities or Informalities

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

Dated: _____, 2026

CITY OF LOS ANGELES,
a Municipal Corporation

By _____
Assistant City Administrative Officer

EXHIBIT A
AUTHORIZATION TO ACCEPT ELECTRONIC BIDS
MANDATORY SUBMISSION

City of Los Angeles
Office of the City Administrative Officer
Room 1500
City Hall East
200 North Main Street
Los Angeles, CA 90012
Via email to cao.debt@lacity.org and emcroberts@omnicap.net

Authorization to Accept Electronic Bids
(for the Series 2026-A Bonds described herein)

Ladies and Gentlemen:

We, the undersigned [name of firm] are considering submission of a bid on behalf of ourselves and others for the City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Series 2026-A Bonds”) through the use of the electronic bidding service provider.

We have received and reviewed the Notice Inviting Bids dated _____, 2026 for the Series 2026-A Bonds (the “Notice Inviting Bids”). We consent to the delivery of the Preliminary Official Statement to us in electronic form. We acknowledge that we have received and reviewed the Preliminary Official Statement in electronic format, which describes the Series 2026-A Bonds and provides certain information on the City of Los Angeles (the “City”). Capitalized undefined terms used herein shall have the meanings set forth in the Notice Inviting Bids.

We understand that the City has authorized the use of BiDCOMP/PARITY for the submission of electronic bids and shall be hereinafter referred to as the “Approved Provider.”

If the City timely receives an electronic bid for the Series 2026-A Bonds in our name from the Approved Provider, we agree that:

(a) The City may regard the electronic submission of said bid through the Approved Provider (including information about the purchase price for the Series 2026-A Bonds and interest rate or rates to be borne by the various maturities of the Series 2026-A Bonds and any other information included in such transmission) as though the same information were submitted by us and executed on our behalf by a duly authorized signatory. If such bid is accepted by the City, the terms of this letter, the Notice Inviting Bids and the information that is electronically transmitted through the Approved Provider shall form a contract and we shall be bound by the terms of such contract.

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

any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself/herself an advantage over any other bidder. The electronic submission shall be deemed to be our certification/declaration under penalty of perjury that the above statement is true and correct and shall be deemed to be included in the bid.

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

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

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

(f) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, deliver a Good Faith Deposit in the amount of \$860,150 by wire transfer to: BBK: U.S. Bank N.A., ABA Number: _____, BNF: _____, A/C Number: _____, A/C NAME: _____ and send a confirmatory email to cynthia.cerda@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net.

(g) We understand that we must, prior to 8:00 a.m., California time, on the date of sale, email our wire transfer instructions for return of our Good Faith Deposit if we are not the Successful Bidder to cynthia.cerda@usbank.com, cao.debt@lacity.org and emcroberts@omnicap.net.

(h) We understand that the execution of the Notice Inviting Bids, and this letter and the Award Certificate given in connection therewith, and any other certificate executed in connection with the Series 2026-A Bonds, may be conducted by electronic means. We acknowledge and agree that it is our intent, that if we sign this letter or any other certificate given in connection with the Series 2026-A Bonds using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), we are signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed our handwritten signature on such document.

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

Dated: _____, 2026

Respectfully submitted,

[NAME OF FIRM]

By _____
Name _____
Title _____

Exhibit E – Award Certificate

**CERTIFICATE OF THE CITY ADMINISTRATIVE OFFICER
OF THE CITY OF LOS ANGELES AWARDING THE
CITY OF LOS ANGELES**
GENERAL OBLIGATION BONDS, SERIES 2026-A (TAXABLE) (SOCIAL BONDS)
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$86,015,000
TO BEST BIDDER AND REJECTING ALL OTHER BIDS

The undersigned, as an Assistant City Administrative Officer of the City of Los Angeles, California (the "City"), does hereby certify, for and in the name of and on behalf of the City, as follows:

- 1) by a resolution adopted on December __, 2025 (the "Authorizing Resolution"), the Council (the "Council") of the City of Los Angeles (the "City") authorized the issuance of bonds of the City to be designated the "City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds)" (the "Series 2026-A Bonds") for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services;
- 2) by the Authorizing Resolution, the Council authorized the preparation and publication of a Notice Inviting Bids (the "Notice Inviting Bids") and a Notice of Intention to Sell Bonds, and the printing and distribution of a preliminary official statement relating to the Series 2026-A Bonds;
- 3) at the time and place fixed for the opening of bids for the Series 2026-A Bonds, all bids were publicly opened, examined and read;
- 4) the Authorizing Resolution authorizes and directs the City Administrative Officer and any Assistant City Administrative Officer, on behalf of the City, to accept the best bid received for the Series 2026-A Bonds and to award the Series 2026-A Bonds to the best bidder and reject all other bids;
- 5) the Bid of _____ (adjusted as necessary by the City in accordance with the Notice Inviting Bids) attached hereto and marked Exhibit 1 (the "Bid") specifying the purchase price for the Series 2026-A Bonds and the interest rates per annum, is the bid for the Series 2026-A Bonds producing the lowest true interest cost to the City; any irregularities or informalities in the Bid are hereby waived;
- 6) the Bid is hereby accepted and the Series 2026-A Bonds are awarded to said bidder in accordance with the terms of the Bid;
- 7) the procedures followed by the City in the bidding process for the sale of the Series 2026-A Bonds comply with the requirements of the City;
- 8) the award of the Series 2026-A Bonds as provided herein is in the best interest of the City;

9) all bids for the Series 2026-A Bonds other than the one accepted in paragraph 5 above are hereby rejected, and the City Administrative Officer will direct U.S. Bank Trust Company, National Association, as custodian under the Good Faith Deposit Agreement with the City, to return the good faith deposit accompanying each rejected bid (if applicable) to the appropriate unsuccessful bidder;

10) the terms, including the dates, maturity dates, principal amounts, interest rates and redemption provisions of the Series 2026-A Bonds are attached hereto as Exhibit 2;

11) the issuance of the Series 2026-A Bonds on the terms of the accepted Bid is in the interest of the City;

12) interest on the Series 2026-A Bonds is intended to be included in gross income of the holders thereof for federal income tax purposes;

13) the estimated designated costs of issuing the Series 2026-A Bonds is \$_____; and

14) the execution of the Notice Inviting Bids, and any letter and award certificate given in connection therewith, including, but not limited to this certificate, and any other certificate executed in connection with the Series 2026-A Bonds, may be conducted by electronic means. The City acknowledges and agrees that it is such party's intent, that if such party signs any such document using an electronic signature (including facsimile signatures or signatures scanned into a portable document format (.pdf file)), it is signing, adopting and accepting such document and that signing any such document using an electronic signature is the legal equivalent of having placed its handwritten signature on such document.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and duly executed this certificate as of the ____th day of _____, 2026.

CITY OF LOS ANGELES,
a Municipal Corporation

By: _____

Benjamin Ceja
Assistant City Administrative Officer

[Signature page to Certificate of the City Administrative Officer of the City of Los Angeles

Awarding the Bonds to the Best Bidder and Rejecting All Other Bids -

City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds)]

4164-3573-4114.5

EXHIBIT 1

[See winning bid attached hereto]

EXHIBIT 2

[See terms of the Series 2026-A Bonds attached hereto.]

Exhibit F – Custodial Agreement

CUSTODIAL AGREEMENT

Dated as of

[MONTH] 1, 2026

By and Between

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Custodian

RELATING TO
COSTS OF ISSUANCE

CUSTODIAL AGREEMENT

THIS CUSTODIAL AGREEMENT, dated as of [MONTH] 1, 2026 (this "Agreement"), is entered into by and between the CITY OF LOS ANGELES, a charter city in the State of California (the "City") and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as custodian (the "Custodian,").

WITNESSETH

WHEREAS, the Council adopted a resolution on December __, 2025 (the "Authorizing Resolution"), authorizing the issuance of the City's General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the "Bonds");

WHEREAS, the City has approved the issuance and sale of \$86,015,000 aggregate principal amount of the Bonds pursuant to the Authorizing Resolution;

WHEREAS, the City has agreed to pay, pursuant to the Authorizing Resolution, certain costs associated with the issuance and delivery of the Bonds (the "Costs of Issuance"); and

WHEREAS, the Custodian has agreed to act as custodian with respect to the Costs of Issuance and disburse payments of Costs of Issuance to various persons, upon instruction by the City, and the Custodian has full power and authority to perform and serve as Custodian for the City in connection with the payment of the Costs of Issuance;

NOW, THEREFORE, in consideration of the following, the City and the Custodian DO HEREBY AGREE as follows:

SECTION 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Authorizing Resolution.

SECTION 2. Appointment of Custodian. The City hereby appoints the Custodian to serve as custodian with respect to the payment of Costs of Issuance, in accordance with this Agreement. The Custodian hereby accepts its appointment and agrees to serve as custodian for the disbursement of the Costs of Issuance.

SECTION 3. Costs of Issuance Fund. The Custodian shall establish and administer, separate and apart from any other funds and accounts held by the Custodian, a fund designated the "General Obligation Bonds Costs of Issuance Fund" (the "Costs of Issuance Fund") established pursuant to the Authorizing Resolution. There shall be deposited into the Costs of Issuance Fund the amount of \$_____, to pay Costs of Issuance for the Bonds (the "COI Deposit"), which the Custodian received from U.S. Bank Trust Company, National Association, as custodian (the "Good Faith Deposit Custodian") under the Good Faith Deposit Agreement, dated as of [SALE DATE], 2026, by and between the City of Los Angeles and the Good Faith Deposit Custodian (the "Good Faith Deposit Agreement"). Such amount comprises a portion of the good faith deposit received by the Good Faith Deposit Custodian pursuant to the Good Faith Deposit Agreement.

SECTION 4. Responsibilities of Custodian.

(a) The Custodian shall pay from the COI Deposit held in the Costs of Issuance Fund those Costs of Issuance for which the Custodian has received a written invoice, approved by the City; provided that (i) each payee is listed as entitled to payment of Costs of Issuance on Exhibit A to this Agreement, (ii) the amount paid shall not exceed the amount set forth with respect to such payee in Exhibit A and (iii) amounts on deposit in the Costs of Issuance Fund are sufficient to cover such payment. The names, titles and specimen signatures of the authorized officers of the City (the “Authorized Officers”) are contained in Exhibit B attached hereto.

(b) If the then remaining amounts on deposit in the Costs of Issuance Fund is insufficient to pay any Costs of Issuance for which an invoice set forth in Exhibit A has been presented to the Custodian, the Custodian shall honor invoices to the extent of amounts remaining on deposit in the Costs of Issuance Fund, and the City shall be responsible for payment of any amount of such invoice remaining unpaid. The Custodian shall honor invoices on a first received-first paid basis.

(c) The Custodian shall hold all amounts in Costs of Issuance Fund uninvested in cash.

(d) Any funds remaining in the Cost of Issuance Fund on August 1, 2026 (or on such earlier date the Custodian receives written instructions from an Authorized Officer indicating that all Costs of Issuance to be paid from the Costs of Issuance Fund have been paid), shall be disbursed for deposit to, pursuant to instructions of the Authorized Officer, the Debt Service Fund for the Bonds.

SECTION 5. Performance of Duties. The Custodian agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Custodian herein provided are in a form satisfactory to it.

SECTION 6. Amendments. The City and the Custodian may amend this Agreement or enter into such agreements supplemental to this Agreement as shall not be inconsistent with the terms and provisions of this Agreement or the Authorizing Resolution, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; and (ii) to include under this Agreement additional funds, securities or properties. The Custodian shall be entitled to rely conclusively upon an Opinion of Bond Counsel that any instrument executed hereunder complies with the conditions and provisions of this Section.

SECTION 7. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which any remaining amounts on deposit in the Cost of Issuance Fund have been transferred to the City, in accordance with this Agreement.

SECTION 8. Fees and Expenses. The City agrees to pay amounts equal to the fees and expenses of the Custodian as provided in the fee schedule attached hereto as Exhibit C in consequence of this Agreement and the acceptance thereof by the Custodian. The Custodian shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof, including (but not limited to) for the payments of fees and expenses for services rendered by it under this Agreement.

SECTION 9. Indemnity. The City agrees to indemnify the Custodian, its agents and its officers or employees for and hold the Custodian, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Custodian) which may be imposed on, incurred by, or asserted against the Custodian at any time by reason of the performance of its duties as Custodian hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Custodian's or its officers' or employees' or agents' negligence or willful misconduct. The Custodian's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

SECTION 10. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Custodian to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 11. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 12. Governing Law. This Agreement shall be construed under the laws of the State of California.

SECTION 13. Assignment. This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

SECTION 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Agreement using an electronic signature, it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Agreement in a usable format. The parties agree that facsimile signatures or signatures scanned into portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives as of the date first above written.

CITY OF LOS ANGELES,
a Municipal Corporation

By signing below, the signatory attests that they have no personal, financial, beneficial or familial interest in this contract.

By: _____
Benjamin Ceja,
Assistant City Administrative Officer

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as
Custodian

By: _____
Cynthia Cerdá,
Authorized Officer

[Signature Page to Custodial Agreement -
City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds)]

EXHIBIT A
SCHEDULE OF COSTS OF ISSUANCE
COSTS OF ISSUANCE FUND

| Description | Company Name | Amount* |
|---|---|----------------|
| Bond Counsel Fee and Expenses | Orrick, Herrington & Sutcliffe LLP | \$ |
| Disclosure Counsel Fee | Stradling Yocca Carlson & Rauth LLP | |
| Financial Advisor Fee | Omnicap Group LLC | |
| Appendix A Fee | KNN Public Finance, LLC | |
| Rating Agency | Moody's Investors Service Inc. | |
| Rating Agency | Fitch Ratings, Inc. | |
| Continuing Disclosure Report Preparation Fee | Digital Assurance Certificate L.L.C. | |
| Custodian Fee | U.S. Bank Trust Company, National Association | |
| Printing POS & OS and Investor Roadshow | ImageMaster, LLC | |
| Publication of Notice of Sale in Bond Buyer | SourceMedia LLC d/b/a Arizent | |
| Publication of Notice Inviting Bids in Metropolitan News-Enterprise | Metropolitan News Company | |
| Contingency | | |
| Total | | \$ |

EXHIBIT B

TITLES OF AUTHORIZED OFFICERS AND SPECIMEN SIGNATURES

Benjamin Ceja
Assistant City Administrative Officer

Ha To
Chief of Debt Management

EXHIBIT C

SCHEDULE OF FEES FOR SERVICES AS COSTS OF ISSUANCE CUSTODIAN

Custodial Fee

Includes administrative review of documents, initial set-up of the account, and other reasonably necessary services as Costs of Issuance Custodian, including disbursements from the Costs of Issuance Fund before and after the closing of the Bonds. This is a one-time fee payable at closing. \$500

Exhibit G – Good Faith Deposit Agreement

GOOD FAITH DEPOSIT AGREEMENT

by and between

CITY OF LOS ANGELES

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Custodian

relating to

City of Los Angeles
General Obligation Bonds
Series 2026-A (Taxable) (Social Bonds)

Dated as of [SALE DATE], 2026

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

GOOD FAITH DEPOSIT AGREEMENT

THIS GOOD FAITH DEPOSIT AGREEMENT, dated [SALE DATE], 2026 (this “Agreement”), is entered into by and between the **CITY OF LOS ANGELES**, a charter city in the State of California (the “City”) and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as custodian (the “Custodian”).

WITNESSETH:

WHEREAS, the Council of the City (the “Council”) adopted a resolution on December __, 2025 authorizing the issuance of bonds primarily for the purpose of funding projects which provide safe, clean affordable housing for the homeless and for those in danger of becoming homeless, and provide facilities to increase access to mental health care, drug and alcohol treatment, and other services (the “Authorizing Resolution”); and

WHEREAS, the City has approved the issuance of not to exceed \$86,015,000 aggregate principal amount of the City’s General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) (the “Bonds”), pursuant to the Authorizing Resolution; and

WHEREAS, the City has required each bidder for the Bonds to provide a good faith deposit in the amount of \$860,150; and

WHEREAS, the Custodian has agreed to accept and hold good faith deposits made by wire transfers from bidders and to return such good faith deposits to the unsuccessful bidders by wire transfer promptly on the bid date after examination of the bids;

NOW, THEREFORE, in consideration of the following, the City and the Custodian DO HEREBY AGREE as follows:

Section 1. Definitions. Terms used herein and not otherwise defined shall have the meanings given such terms in the Authorizing Resolution.

Section 2. Appointment of Custodian. The City hereby appoints the Custodian, and the Custodian hereby accepts its appointment and agrees to serve as custodian, with respect to the acceptance and return of the good faith deposits made by wire transfer, all in accordance with this Agreement.

Section 3. Good Faith Deposit Account. There is hereby established an account to be known as the “General Obligation Bonds, Series 2026-A (Taxable) (Social Bonds) Good Faith Deposit Account” (the “Good Faith Deposit Account”) to be held by the Custodian, in which the Custodian shall hold bidders’ good faith deposits sent to the Custodian by wire transfers. The Custodian will hold the good faith deposits in cash uninvested.

Section 4. Responsibilities of Custodian.

(a) The Custodian shall accept from each bidder by wire transfer a good faith deposit, provided that the bidder sends an email to the Custodian referencing (i) the Bonds, (ii) the

name of the bidder, and (iii) instructions for the return of the wire transfer should the bidder be unsuccessful.

(b) The Custodian shall notify the City at cao.debt@lacity.org at 8:30 a.m., California time, on [SALE DATE], 2026, of the names of the bidders from whom the Custodian has received good faith deposits and the amounts of such good faith deposits.

(c) After examination of the bids by the City, the City shall direct the Custodian to, from the Good Faith Deposit Account (i) promptly return by wire transfer the good faith deposits of the unsuccessful bidder(s), and (ii) wire transfer the successful bidder(s) good faith deposit(s) to a fund or funds as directed by the City Administrative Officer.

Section 5. Performance of Duties. The Custodian agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Custodian herein provided are in a form satisfactory to it.

Section 6. Resignation. The Custodian may resign at any time by giving written notice thereof to the City. Upon receipt of such written notice, the City shall promptly appoint a successor Custodian and notify the Custodian in writing of such appointment. Upon receipt of such notice from the City, the Custodian shall transfer all amounts held by it in the Good Faith Deposit Account to the City and upon such transfer, the Custodian shall be discharged of any further duties under this Agreement.

Section 7. Amendments. The City and the Custodian may amend this Agreement or enter into such agreements supplemental to this Agreement as shall not be inconsistent with the terms and provisions of this Agreement or the Authorizing Resolution.

Section 8. Term. This Agreement shall commence upon its execution and delivery and shall terminate on the date upon which any remaining amounts on deposit in the Good Faith Deposit Account have been transferred in accordance with this Agreement.

Section 9. Fees and Expenses. The City agrees to pay amounts equal to the fees and expenses of the Custodian as provided in the fee schedule attached hereto as Exhibit A in consequence of this Agreement and the acceptance thereof by the Custodian. The Custodian shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof, including (but not limited to) for the payments of fees and expenses for services rendered by it under this Agreement.

Section 10. Indemnity. The City agrees to indemnify the Custodian, its agents and its officers or employees for and hold the Custodian, its agents, officers or employees harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel for the Custodian) which may be imposed on, incurred by, or asserted against the Custodian at any time by reason of the performance of its duties as Custodian hereunder in any transaction arising out of this Agreement or any of the transactions contemplated herein unless due to the Custodian's or its officers' or employees' or agents' negligence or willful misconduct. The Custodian's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

Section 11. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or the Custodian to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 12. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 13. Governing Law. This Agreement shall be construed under the laws of the State of California.

Section 14. Assignment. This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

Section 15. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Agreement using an electronic signature, it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Agreement in a usable format. The parties agree that facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Good Faith Deposit Agreement to be executed by their duly authorized officers and representatives as of the date first above written.

CITY OF LOS ANGELES,
a Municipal Corporation

By signing below, the signatory attests that they have no personal, financial, beneficial or familial interest in this contract.

By:_____

Benjamin Ceja
Assistant City Administrative Officer

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Custodian

By:_____

Cynthia Cerdá
Authorized Officer

[Signature page to Good Faith Deposit Agreement -
City of Los Angeles General Obligation Bonds, Series 2026-A (Taxable)]

EXHIBIT A

SCHEDULE OF FEES FOR SERVICES AS GOOD FAITH DEPOSIT CUSTODIAN

Custodial Fee

Includes administrative review of documents, initial set-up of the account and other reasonably necessary services as custodian of the bidders' good faith deposits, including disbursements from the Good Faith Deposit Account before and after the closing of the Bonds. This is a one-time fee payable at closing.

\$_____