REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 26, 2026

CAO File No. 0220-05291-1876
Council File No.
Council District: ALL

To: The Mayor
The Council

From: Matthew W. Szabo, City Administrative Officer

Reference: 2026-27 Adopted Budget

Subject: **ISSUANCE AND SALE OF 2026 TAX AND REVENUE ANTICIPATION NOTES FOR FISCAL YEAR 2026-27 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1.5 BILLION, EXECUTION OF RELATED DOCUMENTS AND ACTIONS, AND TEMPORARY INTERFUND BORROWING TO MEET GENERAL FUND CASH FLOW NEEDS**

RECOMMENDATIONS

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

1. Adopt the attached Authorizing Resolution (Attachment A) authorizing the issuance and sale of the 2026 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed $1.5 billion, and the execution and delivery of various documents and actions in connection therewith; and

2. Resolve and authorize and direct the Controller and the Treasurer to make temporary transfers, as necessary to provide funds for meeting obligations of the City, from any of the funds in the attached list of funds (Attachment B) during Fiscal Year 2026-27, in accordance with provisions of Section 340(b) of the City Charter, provided that no such transfers shall be made after the last Monday in April and provided further that the total of such transfers shall not exceed $450 million in aggregate.

SUMMARY

The City Administrative Officer (CAO) requests authority to issue up to $1.5 billion in principal amount of Tax and Revenue Anticipation Notes (TRAN) to pay the City's 2026-27 annual contribution payments to the Los Angeles City Employees' Retirement System (LACERS) and the Los Angeles Fire and Police Pensions (LAFPP). The estimated 2026-27 Proposed Budget General Fund annual contributions to LACERS and LAFPP are $799.7 million and $670.7 million, respectively. The amounts are subject to change based on payroll changes in the 2026-27 Adopted Budget. As of the release date of this report, significant increases are not expected. The issuance of the TRAN provides the City with the funds to make the annual contributions in lump sum payments to LACERS and LAFPP in July versus bi-weekly payments. This July payment will allow

LACERS and LAFPP to invest the funds and earn additional interest, which will discount the required City contributions without reducing their annual receipts. The discount to the City for 2026-27 totals $46.1 million and represents actual savings that result from the City paying the total annual contributions by July 15, 2026 compared to paying on a bi-weekly basis throughout the fiscal year.

Historically, the City has also issued notes for cash flow management to partially cover the cash flow deficits that occur in the first half of the fiscal year because the City receives the majority of its General Fund receipts during the second half of the year. The temporary cash flow borrowing was previously split between the TRAN issuance and borrowing from the City's special funds. The 2026-27 Proposed Budget assumes all temporary cash flow borrowing, expected to be up to $450 million, will be managed with special fund borrowing. Charter Section 340(b) allows the Treasurer and Controller, when authorized and directed by the Council, to make temporary transfers from the special revenue funds of the City to provide funds to meet the City's obligations. The Controller has provided a list of special revenue funds from which it anticipates the City can borrow to address short-term cash flow deficits (Attachment B).

This Office anticipates a TRAN issuance size of approximately $1.44 billion. The total debt service will be approximately $1.51 billion, to be repaid by June 24, 2027 from collected General Fund revenues and taxes set aside during the fiscal year. The total estimated interest cost of the TRAN is $69.3 million. The interest cost is offset by additional premium proceeds, LACERS and LAFPP discounts, and interest earnings. Therefore, the issuance of the TRAN is expected to result in a net savings of approximately $17.6 million to the General Fund. The estimated savings and interest costs may differ as actual interest rates are dependent on market conditions at the time of issuance. The request for a not-to-exceed amount of $1.5 billion is a cushion against unforeseen market conditions and adjustments to the LACERS and LAFPP annual contribution amounts.

The CAO recommends that the TRAN be sold on a negotiated basis. Given the large note issuance size and market volatility caused by the Iran War, federal government action regarding trade policy and tariffs, and mixed economic indicators, a negotiated sale gives the City the ability to pre-market its TRAN to investors and the ability to adjust the timing of the sale if needed, with the goal of receiving the lowest true interest cost. The use of competitive bidding under Charter Section 371 to sell the notes is not advantageous and is undesirable such that it is in the best financial interest of the City to sell the notes through a negotiated sale.

The CAO recommends selling the notes on a negotiated basis by four underwriting firms selected from the approved qualified list of underwriters (C.F. 22-0195): Wells Fargo Bank, National Association, as senior manager, Siebert Williams Shank & Co., LLC (Minority Business Entity (MBE)), as co-senior manager, and Cabrera Capital Markets, LLC (MBE) and RBC Capital Markets, LLC, as co-managers. The underwriters have submitted their statements of corporate citizenship pursuant to the City's Responsible Banking Ordinance. The underwriters will coordinate an investor outreach program to market the notes to institutional and retail investors. The sale date is expected to occur during the fourth week of June.

To proceed with the TRAN issuance, the Council must adopt the Authorizing Resolution (Attachment A), which provides for the issuance and sale of the TRAN in an aggregate principal

amount not to exceed $1.5 billion and authorizes the execution and delivery of certain documents and certain other matters relating to the TRAN. The Authorizing Resolution also provides for the terms of the TRAN, including covenants and security for repayment of the TRAN for the benefit of the noteholders.

FISCAL IMPACT STATEMENT

There is no additional fiscal impact expected as the 2026-27 Budget includes funding for the repayment of the Tax and Revenue Anticipation Notes (TRAN) and the interest on any special revenue fund borrowing. The estimated total TRAN debt service cost is $1.51 billion, which the City will repay from collected General Fund revenues and taxes from Fiscal Year 2026-27. The estimated savings and interest costs may differ as actual interest rates are dependent on market conditions at the time of issuance. A $4 million appropriation is included in the Unappropriated Balance for the interest costs associated with the special fund borrowing.

DEBT IMPACT STATEMENT

There is no impact to the City's debt capacity as this transaction represents a short-term borrowing, which the City will repay within the same fiscal year. Therefore, the TRAN does not affect the limit of 15 percent of Total Direct Debt Service to General Revenues or the limit of six percent of Non-Voter Approved Debt Service to General Revenues.

FINANCIAL POLICY COMPLIANCE

The recommendations in this report comply with the City's Financial Policies as the recommended actions use current revenues and balances to pay for current operations.

FINDINGS

Background

Los Angeles City Employees' Retirement System (LACERS) Portion

The 2026-27 Proposed Budget appropriates funds to pay debt service on notes issued to finance the City's annual contribution payment to LACERS. If the City paid its contribution to LACERS on a bi-weekly basis, the total general fund contribution would be approximately $824.9 million. The City receives a discount for paying the contribution in whole at the beginning of the fiscal year, reducing the payment to approximately $799.7 million and resulting in savings of $25.1 million.

Los Angeles Fire and Police Pension Plan (LAFPP) Portion

The 2026-27 Proposed Budget appropriates funds to pay debt service on notes issued to finance the City's annual contribution payment to LAFPP. If the City paid its contribution to LAFPP on a bi-weekly basis, the total general fund contribution would be approximately $691.7 million. The City receives a discount for paying the contribution in whole at the beginning of the fiscal year, reducing the contribution to approximately $670.7 million and resulting in savings of $21.0 million.

Internal Cash Flow Borrowing from the City's Special Revenue Funds

Historically, the City has issued a portion of the TRAN for cash flow management to partially cover the cash flow deficits that occur in the first half of the fiscal year. The temporary cash flow borrowing was previously split between the TRAN issuance and borrowing from the City's special funds: in 2025-26, the borrowing split was $200 million through TRAN and $110 million from special funds. The 2026-27 Proposed Budget assumes all temporary cash flow borrowing will be managed with special fund borrowing. A $4 million appropriation is included in the Unappropriated Balance for the interest costs associated with the special fund borrowing.

The Controller projects up to $450 million in cash flow borrowing needs in 2026-27 to alleviate short-term cash flow deficits that occur in the first half of the fiscal year because the City receives the majority of its General Fund receipts, primarily property tax revenue, during the second half of the year. Based on its review of the estimated available cash balances of the City's special funds, the Controller requests that the City borrow up to $450 million in aggregate from any of the special funds in the attached list of funds (Attachment B) to assist with cash flow management for 2026-27. Borrowing from special revenue funds is done in accordance with Charter Section 340(b), which allows the Treasurer and Controller, when authorized and directed by the Council, to make temporary transfers from the special revenues funds of the City to meet the City's obligations, on condition that no such transfers shall be made after the last Monday in April.

Prior to each borrowing, the Controller will discuss with the appropriate fund managers the amount that the General Fund can borrow without adversely affecting the operations of the special revenue fund. Borrowed amounts will be repaid with interest, calculated as the amount that the special fund would have otherwise earned in interest in the City's General Pool, which is projected to be 3.46 percent on average in 2026-27. The Controller anticipates initiating the internal borrowing in

September 2026 and repaying the special funds, with interest, by December 2026. The total borrowing amount, General Pool borrowing rate, and borrowing duration are subject to change and deviations from each can significantly impact the interest costs incurred.

Financing Team and Findings Related to the Negotiated Sale of the TRAN and Selection of Technical Professionals Pursuant to Charter Sections 371(e)(2) and 371(e)(10)

The CAO finds and recommends that due to the benefits of targeted investor marketing strategies and maintaining flexibility and control of the timing of the sale afforded by the negotiated sale process, and upon the advice of its Municipal Advisor, the use of competitive bidding under Charter Section 371 to sell the notes is not advantageous and would be undesirable. It is in the best financial interest of the City to propose to sell the TRAN through a negotiated sale.

As part of the underwriter selection process, the CAO disseminated a mini request for proposals to several underwriters from the City's investment banking qualified list (C.F. 22-0195). The recommended underwriting team is comprised of Wells Fargo Bank, National Association, as senior manager, Siebert Williams Shank & Co., LLC (MBE), as co-senior manager, and Cabrera Capital Markets, LLC (MBE) and RBC Capital Markets, LLC, as co-managers. As a team, the underwriters have the underwriting capacity, short-term notes experience, and institutional and retail investor networks to support and sell the notes.

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

The municipal advisor for this financing is Montague DeRose & Associates, LLC (MDA). The Mayor and Council previously approved MDA to serve as a general municipal advisor to the City (C.F. 19-0355-S1). Kutak Rock LLP serves as note and special tax counsel and Stradling Yocca Carlson & Rauth, LLP as disclosure counsel. The legal counsel firms are on the City's qualified list for legal services for the City's various bond programs, previously approved by the Mayor and Council (C.F. 22-0248).

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. While this Office expects that the term of the TRAN will be no more than 13 months, out of an abundance of caution, this Office has provided financing information obtained from MDA, the City's municipal advisor, consistent with Section 5852.1, as detailed in the table below. The amounts below are good faith estimates and subject to change as interest rates are dependent on market conditions at the time of issuance.

- True interest cost ("TIC") of the notes

- Finance charge of the notes (“Cost of Issuance”)
- Amount of proceeds received from the sale of the notes (“Total Par”)
- Total payment (“Total Debt Service”)

TIC	Cost of Issuance	Total Par	Total Debt Service*
2.89%	$1,121,353	$1,442,705,000	$1,512,034,990

Required Documents for TRAN Issuance

To proceed with the issuance of the TRAN, the Council will need to approve the Authorizing Resolution (Attachment A). The Authorizing Resolution provides for the issuance and sale of the TRAN in an aggregate principal amount not to exceed $1.5 billion and authorizes the execution and delivery of certain documents (including a Note Purchase Contract, a Preliminary Official Statement, and a final Official Statement). The Authorizing Resolution also provides for the terms of the TRAN, including covenants and security for repayment of the TRAN for the benefit of the noteholders. The following documents have been attached for authorization and approval as described in the Authorizing Resolution:

- Form of Note, which represents a form of the note being issued with maturity date(s) and additional terms and amounts as necessary (Exhibit A);
- Note Purchase Contract, which is an agreement between the City and the underwriters for the sale and purchase of the TRAN by the underwriters (Exhibit B);
- Preliminary Official Statement, including Appendix A (the City’s Information Statement), which is the primary disclosure and marketing document for the TRAN (Exhibit C); and
- Costs of Issuance Agreement, which is an agreement between the City and the custodian to provide for the administration of certain of the note proceeds to pay costs of issuance for the TRAN (Exhibit D).

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Attachments

Attachment A – Authorizing Resolution
Exhibit A – Form of Note, which represents a form of the note being issued with such maturity date(s) and additional terms and amounts as necessary
Exhibit B – Note Purchase Contract
Exhibit C – Preliminary Official Statement, including Appendix A (the City’s Information Statement)
Exhibit D – Costs of Issuance Agreement
Attachment B – List of Borrowable Special Revenue Funds

Attachment A – Authorizing Resolution

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES PROVIDING FOR THE BORROWING OF FUNDS FOR FISCAL YEAR 2026-27 AND AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $1,500,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 2026 TAX AND REVENUE ANTICIPATION NOTES FOR SUCH PURPOSE, APPROVING THE FORM AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT, A PURCHASE CONTRACT AND OTHER RELATED DOCUMENTS IN CONNECTION WITH THE SALE OF SUCH NOTES AND AUTHORIZING CERTAIN OTHER MATTERS WITH RESPECT THERETO

WHEREAS, the City of Los Angeles (the "City") is a municipal corporation and charter city organized and existing under the Constitution and the laws of the State of California (the "State"); and

WHEREAS, Section 361 of the charter of the City (the "City Charter") provides that, except for revenue bonds issued pursuant to Section 609 of the City Charter or related ordinance or other bonded indebtedness issued pursuant to other procedural ordinance, the laws of the State establishing the procedure for the creation of bonded indebtedness in force at the time any bonded indebtedness is created by the City shall, so far as applicable, be followed; and

WHEREAS, pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Act"), on or after the first day of any fiscal year, local agencies (including cities) may borrow money by issuing notes for any purpose for which the local agency is authorized to expend moneys, including, but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency; and

WHEREAS, pursuant to Section 53853 of the Act, the Council of the City (the "Council") has found and determined that a sum of up to $1,500,000,000 is needed for the requirements of the City to satisfy obligations payable from the General Fund of the City (the "General Fund") during the fiscal year ending June 30, 2027 ("Fiscal Year 2026-27"), and that it is necessary that an aggregate principal amount up to said sum be borrowed for such purpose at this time by the issuance of notes (the "Notes") therefor in anticipation of the receipt of taxes, revenues and other moneys to be received by the City for the General Fund during or allocable to Fiscal Year 2026-27; and

WHEREAS, pursuant to Section 53856 and Section 53857 of the Act, the Notes shall be a general obligation of the City and shall be paid with interest thereon from any taxes, income, revenues (including, but not limited to, revenues from the State and federal governments), cash receipts and other moneys of the City, including moneys deposited in inactive or term deposits, and any other moneys of the City lawfully available therefor (but excepting certain moneys of the City, including moneys encumbered for a special purpose), as set forth herein; and

WHEREAS, this Resolution specifies that certain revenues which will be received by the City for the General Fund during or allocable to Fiscal Year 2026-27 shall be set aside in the Debt Service Fund (as defined in Section 2 hereof) at the times and in the amounts hereinafter provided, and such moneys so set aside are pledged for the payment of the principal of and interest on the Notes; and

WHEREAS, the Notes shall be payable no later than 15 months after the date of issue, as permitted by Section 53854 of the Act and shall be payable only from revenues received or accrued during the fiscal year in which issued; and

WHEREAS, notwithstanding Section 53854 of the Act and Section 3 hereof, Section 53531 of the Government Code of the State permits the Notes to bear interest at a rate not exceeding 12% per annum; and

WHEREAS, the Notes are being issued to finance an amount up to the maximum anticipated cumulative cash flow deficit of the City for the period for which taxes or other revenues of the City (other than the proceeds of the Notes) are anticipated and during which the Notes are outstanding, all as permitted and provided in the Income Tax Regulations of the United States Treasury; and

WHEREAS, Section 53853 of the Act provides that the Notes shall be issued pursuant to a resolution adopted by the legislative body of the city authorizing the issuance thereof; and

WHEREAS, the Council hereby finds and determines that Notes in the aggregate principal amount of $1,500,000,000, when added to the interest payable thereon, does not exceed 85% of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts and other moneys of the City for the General Fund attributable to Fiscal Year 2026-27 and available for the payment of the Notes and the interest thereon, as required by Section 53858 of the Act; and

WHEREAS, pursuant to the provisions of Section 13 hereof, the Council may, by adoption of a resolution relating thereto, find and determine that an additional amount of notes of the City shall be issued by the City, in addition to the Notes hereby issued, which notes, if and when issued by the City, shall be payable from Unrestricted Moneys (as hereinafter defined), provided, however, that such additional notes shall be payable on a date subsequent to the maturity date of the Notes; and

WHEREAS, the City Administrative Officer finds and recommends that, pursuant to Sections 371(e)(2) and (10) of the City Charter, due to current market conditions and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Notes in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the City Charter to sell the Notes would be undesirable and not advantageous and that it is in the best financial interest of the City to propose to sell the Notes through negotiated sale to one or more of the Underwriters (as hereinafter defined), including pursuant to a private placement with one or more of the Underwriters; provided that, if circumstances should change, nothing herein shall preclude the City from selling the Notes on a competitive basis; and

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

WHEREAS, the Notes are proposed to be sold through a negotiated sale pursuant to one or more note purchase contracts, by and among the City and, one or more of, Wells Fargo Bank, National Association, Siebert Williams Shank & Co. LLC, Cabrera Capital Markets, LLC, and RBC Capital Markets, LLC, as underwriters (each an "Underwriter" and, collectively, the "Underwriters"), including pursuant to a private placement with one or more of the Underwriters, a form of which has been presented to this meeting of the Council; and

WHEREAS, the City will distribute a preliminary official statement (the "Preliminary Official Statement"), a form of which has been presented to this meeting of the Council, and a final official statement, each relating to the Notes in connection with the offering and sale of the Notes; and

WHEREAS, the City Administrative Officer has determined that the proposed issuance of the Notes complies with the City's Financial Policies – Debt Management Policy; and

WHEREAS, the good faith estimates described in Section 5852.1 of the California Government Code have been obtained by the Council from the City's municipal advisor, and such estimates have been disclosed to the public in a report of the City Administrative Officer related to the Notes prior to the adoption of this Resolution; and

WHEREAS, Section 53851 of the Act states that the powers conferred by the Act are in addition to any other powers conferred by law and any amount borrowed pursuant to the authority of the Act shall not be considered in any limitation on the amount which may be borrowed by the City under any other law applicable to it; and

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

NOW, THEREFORE, be it resolved by the Council of the City of Los Angeles, as follows:

Section 1. Recitals True and Correct. The recitals set forth above are true and correct, and this Council so finds and determines and incorporates such recitals into this Resolution by reference.

Section 2. Definitions. The following terms when used in this Resolution shall have the meanings set forth below, unless the context clearly requires that such term be given a different meaning:

"*Act*" means Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

"*City*" means the City of Los Angeles.

"*City Administrative Officer*" means the City Administrative Officer or any Assistant City Administrative Officer, including any Acting Assistant City Administrative Officer, or a designee thereof.

"*City Attorney*" means the City Attorney or any Assistant City Attorney or Deputy City Attorney.

"*City Treasurer*" means the City Treasurer, any Assistant City Treasurer, any Acting City Treasurer, or a designee thereof.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any Regulations of the U.S. Department of Treasury promulgated thereunder.

"*Custodian*" means Zions Bancorporation, National Association.

"*Debt Service Fund*" means the "Tax and Revenue Anticipation Notes, Debt Service Fund," a special fund so designated and established by the City in the City Treasury pursuant to the Ordinance, or, at the discretion of the City Administrative Officer, with a bank or trust company in the name of the City for the benefit of the owners of the Notes.

"*General Fund*" means the General Fund of the City.

"*General Pool*" means the City of Los Angeles Pooled Investment Fund General Pool.

"*Listed Event*" has the meaning given such term in Section 14 hereof.

"*Note Proceeds Fund*" means the "Tax and Revenue Anticipation Notes, Note Proceeds Fund," a special fund so designated and established by the City in the City Treasury pursuant to the Ordinance.

"*Notes*" means the notes of the City issued pursuant to this Resolution, and designated as provided in Section 3 hereof, consisting of the Tax-Exempt Notes and the Federally Taxable Notes (each, as defined in Section 3 hereof).

"*Ordinance*" means the ordinance adopted by the Council for the purpose of maintaining the Debt Service Fund and the Note Proceeds Fund under Section 5.167.1 of the Los Angeles Administrative Code.

"*Paying Agent*" means the City Treasurer, acting as Paying Agent for the Notes, appointed by the City pursuant to Section 19 hereof, or such alternate paying agent as may be appointed at the discretion of the City Administrative Officer pursuant to Section 19 hereof.

"*Purchase Contract*" means each note purchase contract by and among the City and one or more of the Underwriters, providing for the initial purchase and sale of the Notes of one or more series, including through a private placement of all or a portion of the Notes with one or more of the Underwriters.

"*Repository*" has the meaning given such term in Section 14 hereof.

"*Tax Certificate*" means the Tax and Non-Arbitrage Certificate to be executed and delivered by the City on the date the Notes are issued, if such Notes constitute Tax-Exempt Notes.

"*Underwriters*" means Wells Fargo Bank, National Association, Siebert Williams Shank & Co. LLC, Cabrera Capital Markets, LLC, and RBC Capital Markets, LLC.

"*Unrestricted Moneys*" has the meaning given such term in Section 6 hereof.

Section 3. Authorization of Notes. Solely for the purpose of anticipating taxes, revenues and other moneys to be received by the City for the General Fund during or allocable to Fiscal Year 2026-27, and not pursuant to any common plan of financing with other debt issues of the City, the City hereby determines to and shall borrow the aggregate principal sum of not to exceed $1,500,000,000 by the issuance of Notes under and in accordance with the Act, portions of which may be issued on a tax-exempt basis (the "Tax-Exempt Notes") or a federally taxable basis (the "Federally Taxable Notes"), as the City Administrative Officer shall determine. The Notes shall be designated "City of Los Angeles, California 2026 Tax and Revenue Anticipation Notes," with such series designations as the City Administrative Officer shall determine, with an appropriate designation if more than one note is issued, shall be in fully registered form, shall be numbered R-1 (and consecutively upward in order of issuance if more than one Note is registered), shall be in denominations of $5,000 and integral multiples thereof, shall be issued on any date in Fiscal Year 2026-27 on or after July 1, 2026, shall be dated their date of issuance, shall mature on any date or dates not later than 15 months from their date of issuance and shall bear interest, payable on or before maturity and computed on the basis of a 360-day year consisting of twelve 30-day months at a rate not in excess of 6% per annum. All Notes may bear interest at the same rate of interest notwithstanding that the maturities of the Notes may differ. The Notes may be offered as either Tax-Exempt Notes or Federally Taxable Notes, in such series, with such maturity dates, at such interest rates and at such premium or discount from the par amount thereof and in accordance with such other terms and conditions as are consistent with the provisions of this Resolution and as may be determined by the City Administrative Officer and reflected in the Purchase Contract(s). Both the principal of and interest on the Notes shall be payable upon surrender thereof on or after their date or dates of maturity, in lawful money of the United States of America, at the office of the Paying Agent; provided that Notes maturing more than 12 months from their date of issue may have an additional interest payment date within such 12 months on which the Paying Agent will pay accrued interest without requiring the surrender of such Notes. The Notes shall not be subject to call or redemption prior to their stated maturity or maturities.

The definitive terms of the Notes, including the final par amount of each series of the Notes to be sold, the interest rate to be borne by each series of the Notes, the premium on the par amount of each series of the Notes which will be accepted by the City, if any, the maturity date of each series of the Notes and the amount of Unrestricted Moneys to be set aside to pay principal of and interest on the Notes at maturity, shall be conclusively established by the City Administrative Officer's execution and delivery of the Purchase Contract(s) reflecting such terms.

Except as provided below, the holder of all of the Notes shall be The Depository Trust Company ("DTC") and the Notes shall be initially registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note for each maturity or series of Notes in the aggregate principal amount of the Notes of such maturity or series; provided that multiple certificates for the aggregate principal amount of the Notes may be executed and delivered by the City as may be required to comply with DTC requirements or if there are multiple registered owners of the Notes. The City may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and the City shall not be affected by any notice to the contrary. The City shall not have any responsibility, liability or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Notes under or through DTC or any Participant, or any other person who is not shown on the register of the Paying Agent as being a holder, with respect to the accuracy of any records maintained by DTC or any Participant or the payment or failure to pay by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The Paying Agent shall pay all principal and interest with respect to the Notes only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive Note certificates. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the City determines that it is in the best interest of the beneficial owners that they be able to obtain Notes in certificated form and delivers a written certificate to DTC to that effect, DTC would notify the Participants of the availability through DTC of certificates evidencing the Notes. In such event, the City shall issue, transfer and exchange Notes as requested by DTC and any other holders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the City shall be obligated to deliver Notes as described in this Resolution. Whenever DTC requests the City to do so, the City will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account, or (b) arrange for another securities depository to maintain custody of certificates evidencing the Notes.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Notes and all notices with respect to such Notes shall be made and given, respectively, to DTC as provided in the Letter of Representation delivered by the City to DTC on or prior to the date of issuance of the Notes.

Section 4. Registration. The Notes shall be issued in fully registered form and shall be substantially in the form set forth in Exhibit A attached hereto and by reference incorporated herein, with such series designations, maturity dates and additional terms and amounts to be included as appropriate. There shall be attached to each Note a copy of the legal opinion of Kutak Rock LLP, Note Counsel to the City, respecting the validity of said Notes and respecting the exemption from federal income taxation of any Tax-Exempt Notes.

Subject to the provisions of Section 3 hereof, the registration of any Note may, in accordance with its terms, be transferred upon the registration books kept by the Paying Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent.

Whenever any Note or Notes shall be surrendered for registration or transfer, the Paying Agent shall execute and deliver a new Note or Notes, for a like aggregate principal amount. The Paying Agent shall require the Note owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The City may require the owner requesting such registration of transfer to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent or the City with respect to such registration of transfer. The City and the Paying Agent may treat the registered owner of any Note 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.

Subject to the provisions of Section 3 hereof, Notes of any series may be exchanged at the office of the Paying Agent in Los Angeles, California, for a like aggregate principal amount of Notes of such series in other authorized denominations. The Paying Agent shall require the payment by the Note owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The City may require the owner requesting such exchange to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent or the City with respect to such exchange.

Section 5. Proceeds of Notes; Note Proceeds Fund; Costs of Issuance. Except as provided in Section 20 hereof, the proceeds of the sale of the Notes, including any premium paid by any purchaser of the Notes, shall be deposited in the Note Proceeds Fund and used and expended by the City for any purpose for which the City is authorized to expend funds from the General Fund, including, but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the City. The costs of issuing the Notes are hereby authorized to be paid by the City Administrative Officer from amounts held in the Note Proceeds Fund and as provided in Section 20 hereof.

Section 6. Source of Payment; Set-Aside Amounts. The principal amount of the Notes, together with the interest thereon, shall be payable from any taxes, income, revenues (including, but not limited to, revenues from the State and federal governments), cash receipts and other moneys of the City, including moneys deposited in inactive or term deposits, which are received or accrued by the City for the General Fund during Fiscal Year 2026-27 and which are available for the payment of current expenses and other obligations of the City, but excluding moneys

encumbered for a special purpose ("Unrestricted Moneys"). As security for the payment of the principal of and interest on the Notes, the City hereby agrees to deposit in the Debt Service Fund: (a) not later than January 28, 2027, from the Unrestricted Moneys received or accrued by the City during Fiscal Year 2026-27, an amount equal to 20% of the total principal and interest due on all of the Notes; (b) not later than February 25, 2027, from the Unrestricted Moneys received or accrued by the City during Fiscal Year 2026-27, an amount equal to 20% of the total principal and interest due on all of the Notes; (c) not later than March 25, 2027, from the Unrestricted Moneys received or accrued by the City during Fiscal Year 2026-27, an amount equal to 20% of the total principal and interest due on all of the Notes; (d) not later than April 23, 2027, from the Unrestricted Moneys received or accrued by the City during Fiscal Year 2026-27, an amount equal to 20% of the total principal and interest due on all of the Notes; and (e) not later than May 27, 2027, from the Unrestricted Moneys received or accrued by the City during Fiscal Year 2026-27, an amount equal to 20% of the total principal and interest due on all of the Notes. All amounts that are deposited by the City in the Debt Service Fund in accordance with this Section 6 are pledged to the payment of the Notes; provided, however, that the City Administrative Officer is hereby authorized, at his or her discretion, to approve any adjustment to the dates and amounts of such deposits that he or she believes to be in the best interests of the City, such approval to be conclusively evidenced by the City Administrative Officer's execution and delivery of the Purchase Contract(s) reflecting such terms.

The City hereby pledges, with a first statutory lien pursuant to Section 53856 of the California Government Code, any Unrestricted Moneys to secure the payment of the principal of the Notes and the interest thereon, including amounts set aside in the Debt Service Fund and pledged to the Notes in accordance with this Section 6. The City also pledges the Unrestricted Moneys to secure all deposits to the Debt Service Fund. In the event there are insufficient Unrestricted Moneys received by the City to permit the deposit into the Debt Service Fund of the full amount required to be deposited on the applicable date set forth in the preceding paragraph, then the amount of the deficiency shall be satisfied and made up from the first Unrestricted Moneys of the City in the month next following said date.

The City covenants and agrees that, not later than the date of sale of the Notes, there shall have been appropriated from the General Fund in Fiscal Year 2026-27 a sum sufficient to pay the principal of and interest on the Notes due and payable from the funds of such Fiscal Year. Appropriate officials of the City shall do and perform each and every act that is necessary to collect and apply, and to provide for the collection and application of, a sum sufficient to pay the principal of and interest on the Notes on or before the maturity date(s) thereof.

THE NOTES SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, NOR WILL ANYTHING CONTAINED IN THIS RESOLUTION CONSTITUTE, EXCEPT AS EXPRESSLY SET FORTH HEREIN, A PLEDGE OF GENERAL REVENUES, FUNDS OR MONEYS OF THE CITY. THE OBLIGATION OF THE CITY TO PAY PRINCIPAL AND INTEREST WITH RESPECT TO THE NOTES IS NOT AN OBLIGATION OF THE CITY FOR

WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY TAX OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY TAX.

Section 7. Debt Service Fund. The Debt Service Fund shall be held by the City among its City Treasury funds and accounts and separately accounted for by the City, or at the discretion of the City Administrative Officer, by a bank or trust company to be determined by the City Administrative Officer. All amounts in the Debt Service Fund shall be held in trust for the benefit of the holders of the Notes and any additional notes issued pursuant to Section 13 hereof and subject to the limitations provided in Section 13, and until such Notes and any additional notes and all interest thereon are paid or until provision has been made for the payment of such Notes and any additional notes at maturity with interest to maturity, the moneys in the Debt Service Fund shall be applied only to pay the principal of and interest on such Notes and any additional notes at maturity, or on interest on an earlier date as to Notes with a maturity in excess of 12 months. Any moneys remaining in the Debt Service Fund after such Notes and any additional notes and the interest thereon have been fully paid, or provision for such payment has been made, shall be released and transferred to the City for deposit into the General Fund.

Section 8. Investment of Moneys in Note Proceeds Fund and Debt Service Fund. Moneys in the Note Proceeds Fund and the Debt Service Fund may be invested in any authorized investment permitted by the City's Statement of Investment Policy and the State Government Code for the investment of moneys in the City's Treasury. Investment earnings on amounts held in the Note Proceeds Fund shall be held in and credited to the Note Proceeds Fund until June 24, 2027, and on and after such date, all amounts remaining in the Note Proceeds Fund, if any, shall be credited and transferred to the Debt Service Fund and applied, as a credit against the amounts required to be deposited by the City in the Debt Service Fund pursuant to Section 6 hereof, to the payment of principal of and interest due on the Notes at or before the final maturity thereof. Investment earnings on the Debt Service Fund, if any, shall be credited to and retained in such fund until the payment of the Notes at their maturity(ies). Any moneys remaining in the Note Proceeds Fund after the Notes and the interest thereon have been fully paid, or provision for such payment has been made, including any investment earnings earned prior to June 24, 2027, but not credited to the Note Proceeds Fund until the final maturity date of the Notes shall be released and transferred to the City for deposit into the General Fund.

Section 9. Findings Related to Negotiated Sale of the Notes and Selection of Professionals. Pursuant to Sections 371(e)(2) and 371(e)(10) of the City Charter, the Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to current market conditions and the benefits of maintaining flexibility and control of the timing and manner of the sale of the Notes in current market conditions, and upon the advice of its municipal advisor, the use of competitive bidding required under Section 371 of the City Charter to sell the Notes would be undesirable and not advantageous and that it is in the best financial interest of the City to sell the Notes through negotiated sale to one or more of the Underwriters, including pursuant to a private placement with one or more of the Underwriters. The Council hereby approves the City Administrative Officer's recommendation of the Underwriters. The City Administrative Officer or his designee may approve additional underwriters to participate in the underwriting syndicate as the City Administrative Officer or his designee shall approve as being in the best interests of the City, such approval to be conclusively evidenced by the City Administrative Officer's execution and delivery of the Purchase Contract. In addition, pursuant

to Sections 371(e)(2) and 371(e)(10) of the City Charter, the Council hereby adopts the findings and recommendations of the City Administrative Officer that, due to the technical nature of the services required for the sale and issuance of the Notes, which services are of a temporary and occasional character, the use of competitive bidding required under Section 371 of the Charter to select professionals necessary for the sale and issuance of the Notes would not be advantageous or compatible with the City's best interest.

Section 10. Sale of Notes; Purchase Contract. The Purchase Contract, pursuant to which the Notes will be sold to one or more of the Underwriters, including pursuant to a private placement with one or more of the Underwriters, a form of which is before this Council and on file in the Office of the City Administrative Officer, is hereby approved, and 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 one or more Purchase Contracts in substantially the form of the Purchase Contract considered at this meeting, with such additions and changes therein as the City Administrative Officer shall determine is necessary or desirable or otherwise approve as the City Administrative Officer believes to be in conformity with the interests of the City, and as approved as to form by the City Attorney, such determination and approval to be conclusively evidenced by the City Administrative Officer's execution and delivery of such Purchase Contract(s), with such additions or changes. The Underwriters' discount (or purchasers' discount) under a Purchase Contract shall not exceed 0.20% of the aggregate principal amount of the Notes subject to sale under such Purchase Contract.

Section 11. Execution of Notes. The Mayor of the City and the City Treasurer are each hereby authorized to sign the Notes for and in the name of and on behalf of the City by manual or facsimile signature, and the City Clerk (including any interim or acting City Clerk) and any Deputy City Clerk are each hereby authorized to countersign the same by manual or facsimile signature; provided that at least one of the aforesaid signatures is manual. Said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate, and to authenticate the Note or Notes, if necessary or desirable to effectuate the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 12. Delivery of Notes and Related Documents. The officers of the City are hereby authorized and directed to deliver the Notes and to take such other actions to accomplish the issuance and delivery thereof pursuant to this Resolution and to carry out the transactions contemplated by this Resolution, including the execution and delivery of any additional agreements, including any agreement related to a private placement, if applicable, and the execution and delivery of such certificates and documents as are referred to in the Purchase Contract(s). All of the agreements contemplated by this Resolution may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures or signatures scanned into a portable document format (.pdf file) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures, unless stated otherwise in the agreement. All actions heretofore taken by the officers and agents of the City with respect to the authorization, sale and issuance of the Notes are hereby approved, conformed and ratified, and the Mayor of the City, City Administrative Officer, City Controller, City Treasurer, City Attorney and their designees are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any

and all actions and execute and deliver any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and all other applicable law, and to carry out the transactions contemplated by this Resolution.

Section 13. Issuance of Additional Notes. The Council may, by adoption during Fiscal Year 2026-27 of a resolution relating thereto, find and determine that additional notes of the City, in an amount in addition to $1,500,000,000 of Notes authorized hereunder, but not exceeding the limitation of Section 53858 of the Act, shall be issued by the City pursuant to the Act. The additional notes, if and when issued by the City, and the interest payable thereon, shall be payable from Unrestricted Moneys on a date subsequent to the maturity date of the Notes. The City covenants and agrees that the City will not establish any set-aside amounts from Unrestricted Moneys for such additional notes, and the additional notes will not be payable, on or before the maturity date of the Notes. Any additional notes issued to pay or refinance maturing Notes will not have a maturity date, and will not be paid, until after the Notes are paid.

Section 14. Reporting of Listed Events. Capitalized terms used herein shall have the meanings set forth at the end of this Section 14. The City hereby covenants and agrees as follows for the benefit of the holders of the Notes and to assist the Participating Underwriter in complying with the Rule.

Whenever the City knows or learns of the occurrence of a Listed Event, the City, in a timely manner not in excess of ten business days after the occurrence of the event, shall file a notice of such occurrence with each Repository. The City shall have no obligation under this Section 14 to give further notices after the date of the defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the maturity of the Notes, the City shall give notice of such termination in the same manner as for a Listed Event.

Notwithstanding any other provision of this Section 14, the City may amend this Section 14, and any provision of this Section 14 may be waived; provided that the following conditions are satisfied:

(a) the amendment or waiver 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 Notes, 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 Notes, 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 Note holders; or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Note holders.

Nothing in this Section shall be deemed to prevent the City from disseminating any other information, or including any other information in any notice of occurrence of a Listed Event, in

addition to that which is required by this Resolution. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Resolution, the City shall have no obligation under this Resolution to update such information or include it in any future notice of occurrence of a Listed Event.

All notices to be provided under this Section 14 shall be filed in the manner as prescribed from time to time by the MSRB and the SEC.

In the event of a failure of the City to comply with any provision of this Section 14, any Note holder may take such actions as may be necessary and appropriate, including applicable legal remedies to cause the City to comply with its obligations under this Section 14. A default under this Section shall not be deemed an event of default on the Notes or under this Resolution, and the sole remedy under this Resolution in the event of any failure of the City to comply with this Section shall be an action to compel performance.

This Section shall inure solely to the benefit of the City, the Participating Underwriter and holders from time to time of the Notes and no other person shall have any rights hereunder.

"*Financial Obligation*" means a (a) debt instrument; (b) derivative instruments entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of clause (a) or (b) hereof, but excluding municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

"*Listed Event*" means any of the following events relating to the Notes:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Tax-Exempt Notes, or other material events affecting the tax status of the Tax-Exempt Notes;

(g) modifications to rights of Note holders, if material;

(h) note calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution, or sale of property securing repayment of the Notes, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

(m) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

(n) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;

(o) Incurrence of a Financial Obligation 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 Note holders, if material; and

(p) 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.

"*Note holders*" or "*Owners*" means, while the Notes are registered in the name of The Depository Trust Company, or Cede & Co. or any other nominee thereof, any applicable participant in its depository system, or the owner of any Note for federal income tax purposes.

"*Participating Underwriter*" means any of the original purchaser or purchasers of the Notes required to comply with the Rule in connection with offering of the Notes.

"*Repository*" means (a) the Electronic Municipal Market Access established by the Municipal Securities Rulemaking Board ("MSRB"), and (b) other repositories designated from time to time by the Securities and Exchange Commission (the "SEC") in accordance with said Rule.

"*Rule*" means Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 15. Representations and Recitals Correct. It is hereby covenanted and warranted by the City that all representations and recitals contained in this Resolution are true and correct, and that the City and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the taxes, revenue, cash receipts and other moneys pledged hereunder in accordance with the law and for carrying out the provisions of this Resolution.

Section 16. Tax Covenant. The City hereby covenants to comply with all applicable requirements of Sections 103 and 141 through 150 of the Code necessary to maintain the exclusion of the interest on the Tax-Exempt Notes from gross income of the Owners of the Tax-Exempt Notes for federal income tax purposes. Without limiting the generality of the foregoing, the City shall deliver, concurrently with delivery of the Notes to the purchasers thereof, a Tax Certificate for the benefit of the owners from time to time of the Tax-Exempt Notes, in which the City shall affirm such covenant and make additional covenants regarding the qualification for and maintenance of the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes. These covenants shall survive the payment in full or defeasance of the Tax-Exempt Notes. 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 such Tax Certificate, and the City Administrative Officer and other appropriate officers of the City are hereby authorized to provide such certifications and representations in said Tax Certificate as to matters relating to the exclusion from gross income of the interest on the Tax-Exempt Notes, as they shall deem necessary or appropriate to accomplish the issuance and sale of the Tax-Exempt Notes.

Section 17. Notices to be Given Under Resolution. Any notices required to be given to the City with respect to the Notes or this Resolution shall be mailed, first class, or personally delivered to the City Administrative Officer at the following address: City of Los Angeles, City Hall East, Room 1500, 200 North Main Street, Los Angeles, California 90012, and all notices to the Paying Agent shall be mailed, first class, or personally delivered to the Paying Agent at the following address: City Treasurer, Room 201, 200 North Spring Street, Los Angeles, California 90012, or such other address designated in writing by either the City or the Paying Agent, with a copy of each such notice to be e-mailed to the City Administrative Officer at cao.debt@lacity.org. Any notice may be delivered by e-mail transmission to the City or the Paying Agent but shall only be effective if an original copy of said notice is also delivered by mail or personal delivery in accordance herewith.

Section 18. Preliminary and Final Official Statements. The Preliminary Official Statement relating to the Notes, in substantially the form and with substantially the content presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved, and the use of the Preliminary Official Statement (including by the Underwriters) in connection with the offering and sale of the Notes is hereby authorized and approved. The City Administrative Officer is hereby authorized and directed to cause to be made such changes, insertions and omissions in such form of the Preliminary Official Statement as are deemed necessary or desirable in order for the Preliminary Official Statement to be appropriately used for such purpose. The City Administrative Officer is hereby authorized and directed, for and in the name of and on behalf of the City, to certify to the Underwriters that the Preliminary Official Statement has been "deemed final" for purposes of the Rule (as defined in Section 14 hereof). The preparation and delivery of a final Official Statement (the "Official Statement"), and its use

(including by the Underwriters) in connection with the offering and sale of the Notes is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by the City Administrative Officer, such approval to be conclusively evidenced by the execution and delivery of the Official Statement by the City Administrative Officer. 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 final Official Statement.

Section 19. Appointment of Paying Agent. The City hereby appoints the City Treasurer to act as paying agent for the Notes. The City Treasurer shall comply with all provisions of this Resolution expressly providing for actions to be taken or performed by him or her. The City Administrative Officer may, however, in his or her discretion, appoint a bank or trust company to act as a substitute paying agent to implement the provisions of Section 7 of this Resolution for the administration of the Debt Service Fund to be held in the name of the City for the benefit of the owners of the Notes and may enter into related agreements therefor providing for the establishment of necessary funds and accounts, compensation and other matters necessary or desirable to effectuate the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 20. Appointment of Costs of Issuance Fund Custodian. The City hereby appoints Zions Bancorporation, National Association, as custodian (the "Custodian") of certain Note proceeds to be deposited with the Custodian and used for the payment of certain costs of issuance in connection with issuance of the Notes, and hereby directs the Custodian to establish a fund in the name of the City for such purpose and to deposit and disburse such funds pursuant to the written direction of the City Administrative Officer or his designee. 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 an agreement with the Custodian for such purposes.

Section 21. Provisions Constitute Contract. The provisions of this Resolution shall constitute a contract between the City and the holders of the Notes and the provisions hereof shall be construed in accordance with the laws of the State of California.

Section 22. Effective Date. This Resolution shall be effective immediately.

Approved as to Form:

HYDEE FELDSTEIN SOTO,
City Attorney

By _____
Deputy City Attorney

Exhibit A – Form of Note

EXHIBIT A

FORM OF NOTE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., 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

CITY OF LOS ANGELES
2026 TAX AND REVENUE ANTICIPATION NOTE
[SERIES [__]][(TAX-EXEMPT/FEDERALLY TAXABLE)]

Registered No. R-_____ Registered
$_____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____%	June 24, 2027	July __, 2026	_____

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL SUM: _____ DOLLARS

FOR VALUE RECEIVED, the City of Los Angeles (the "City") promises to pay to the person named above, or lawful assigns (the "Registered Owner") at the office of the City Treasurer of the City of Los Angeles (the "Paying Agent") the principal sum shown above in lawful money of the United States of America, on the date shown above, together with interest thereon at the rate per annum shown above in like lawful money from the date hereof until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable to the holder hereof as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. Interest on this Note shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that this Note is one of an authorized issue of Notes in the aggregate principal amount of $_____, all of like tenor, made, executed and given pursuant to and by authority of the Charter of the City and a Resolution

of the City Council, duly adopted on June ___, 2026 (the "Resolution"), under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2 of Title 5 of the California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note does not exceed any limit prescribed by the Constitution or statutes of the State of California. Capitalized undefined terms used herein shall have the meanings set forth in the Resolution.

The principal amount of this Note, together with the interest thereon, shall be payable from taxes, income, revenues (including, but not limited to, revenues from the State and federal governments), cash receipts and other moneys which are received or accrued by the City for the General Fund during Fiscal Year 2026-27 and which are available for the payment of current expenses and other obligations of the City but excluding moneys encumbered for a special purpose ("Unrestricted Moneys"). As security for the payment of the principal of and interest on the Notes, the City has agreed in the Resolution to set aside in the Debt Service Fund certain Unrestricted Moneys by the dates and in the amounts as provided therein. The principal of the Notes and the interest thereon are payable from such moneys set aside in the Debt Service Fund, and to the extent not so paid, shall be paid from any other moneys of the City lawfully available therefor. The City pledges, with a first statutory lien pursuant to Section 53856 of the California Government Code, any Unrestricted Moneys to secure the payment of the principal of the Notes and the interest thereon, including amounts deposited in the Debt Service Fund and pledged to the Notes pursuant to the provisions of the Resolution. The City also pledges the Unrestricted Moneys to secure all deposits to the Debt Service Fund.

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Paying Agent in Los Angeles, California, but only in the manner, subject to the limitations in the Resolution and in this Note, and upon such surrender and cancellation of this Note. Upon such transfer, a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The City and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

IN WITNESS WHEREOF, the City of Los Angeles has caused this Note to be executed by the manual or facsimile signature of the City Treasurer and countersigned by the manual or facsimile signature of the City Clerk and has caused this Note to be dated the __ day of July, 2026.

CITY OF LOS ANGELES

By _____
_____, City Treasurer

Countersigned:

By _____
City Clerk

Exhibit B – Note Purchase Contract

CITY OF LOS ANGELES
2026 TAX AND REVENUE ANTICIPATION NOTES

[$PAR AMOUNT]

NOTE PURCHASE CONTRACT

[PRICING DATE]

City of Los Angeles
Office of the City Administrative Officer
200 North Main Street
Room 1500, City Hall East
Los Angeles, California 90012

Ladies and Gentlemen:

The undersigned Wells Fargo Bank, National Association, on behalf of itself and as representative (the "Representative") of the underwriters named on the signature page hereto (hereinafter, collectively called the "Underwriters"), offers to enter into the following note purchase contract (this "Note Purchase Contract") with the City of Los Angeles (the "City"), which, upon acceptance of this offer by the City, will be binding upon the City and the Underwriters. This offer is made subject to the written acceptance hereof by the City on or before 11:59 p.m., Los Angeles Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written or oral notice given to the City at any time prior to the acceptance hereof by the City.

Section 1. Purchase and Sale.

(a) Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase, and the City hereby agrees to sell all (but not less than all) of [$PAR AMOUNT] principal amount of the City of Los Angeles 2026 Tax and Revenue Anticipation Notes (the "Notes"). The Notes shall be dated the date of delivery thereof, and shall mature on the dates and in the amounts, and shall bear interest at the rates, all as set forth in Schedule I hereto. The purchase price for the Notes shall be [$PURCHASE PRICE] representing the aggregate principal amount of the Notes, plus an original issue premium of [$PREMIUM] less the Underwriters' discount of [$UW DISCOUNT]. On the Closing Date (as defined herein) the Representative shall deliver the amount of [$PURCHASE PRICE] to the City (in accordance with written instructions provided by the City) representing the purchase price.

(b) The City has delivered or caused to be delivered to the Underwriters the City's preliminary official statement, dated [POS DATE], relating to the Notes (said preliminary official statement together with the cover page and any and all appendices thereto and including any amendments or supplements thereto being herein referred to as the "Preliminary Official Statement"). The City confirms that the Preliminary Official Statement was "deemed final" as of

the date thereof, for purposes of Securities and Exchange Commission Rule 15c2-12, as amended ("Rule 15c2-12"), except for certain information permitted to be omitted by said Rule 15c2-12. The Notes are being offered pursuant to the City's final official statement (including the cover page and any and all appendices thereto and including any amendments or supplements thereto prior to the Closing (as defined herein) relating to the Notes, dated [PRICING DATE], being herein referred to as the "Official Statement"). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the City shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Representative (as defined herein). Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings given such terms in the Preliminary Official Statement.

Section 2. The Notes.

The Notes are being issued pursuant to the Charter of the City of Los Angeles (the "Charter"), Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act") and a resolution (the "Note Resolution") adopted on [RESOLUTION ADOPTION DATE], by the Council of the City of Los Angeles (the "City Council"). The terms and provisions of the Notes are set forth in the Note Resolution.

Section 3. Authority.

The Underwriters represent and warrant to the City that they are authorized to take any action under this Note Purchase Contract required to be taken by them, that the Representative is authorized to execute this Note Purchase Contract on behalf of the Underwriters and it has been duly authorized by the Underwriters to act hereunder and, as the representative of the Underwriters, to take all actions, and waive any condition or requirement, required or permitted to be taken or waived hereunder by the Underwriters, and that this Note Purchase Contract has been duly executed by a duly authorized representative of the Representative and is a binding contract of the Underwriters enforceable in accordance with its terms.

Section 4. Establishment of Issue Price.

(a) The Underwriters agree to make a public offering of the Notes at a price not in excess of the initial offering price or prices or yields not less than the yields set forth in the Official Statement, which prices may be changed from time to time by the Underwriters after such initial offering.

(b) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at Closing an "issue price" or similar certificate (or certificates), together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Note Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Notes.

(c) The City will treat the first price at which 10% of each maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Note Purchase Contract, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of the Notes. For purposes of this Section, if Notes mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Notes. Schedule I attached hereto sets forth the maturities of the Notes for which the 10% test has been satisfied as of the date of this Note Purchase Contract (the "10% Test Maturities") and the prices at which the Underwriters have sold such 10% Test Maturities to the public. As shown in Schedule I, all of the maturities are 10% Test Maturities.

(d) The Representative confirms that the Underwriters have offered the Notes to the public on or before the date of this Note Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein, Schedule I also sets forth, as of the date of this Note Purchase Contract, the maturities, if any, of the Notes for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the date hereof as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Notes, the Underwriters will neither offer nor sell unsold Notes of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the City promptly after the close of the fifth (5th) business day after the sale date whether the Underwriters have sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

(e) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Notes of that maturity allocated to it have been sold or it is notified by the

Representative that the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, until either all Notes of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter or dealer that the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Representative or such Underwriter or dealer and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the Underwriter or the dealer and as set forth in the related pricing wires.

(f) The City acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing the issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing

wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes.

(g) The Underwriters acknowledge that sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party to an underwriter,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),

(iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Note Purchase Contract by all parties.

Section 5. Official Statement, Delivery of Other Documents.

The City shall deliver to the Underwriters, within seven business days of the date hereof, and in any event, at least three business days prior to the Closing, the Official Statement, in such quantity as the Underwriters may reasonably request in order for the Underwriters to comply with

the rules of the Municipal Securities Rulemaking Board (the "MSRB") and Rule 15c2-12. The City shall deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission. For the benefit of the holders of the Notes and to assist the Underwriters in complying with Rule 15c2-12, the City is making certain undertakings relating to the filing of certain specified notices pursuant to Section 14 of the Note Resolution.

Section 6. Use of Documents.

(a) The City authorizes the use by the Underwriters of the Note Resolution, the Official Statement (including any supplements or amendments thereto and including in electronic format), and the information therein contained, in connection with the public offering and sale of the Notes. The City also confirms its consent to the use by the Underwriters, prior to the date hereof, of the Preliminary Official Statement (including in electronic format) in connection with the public offering of the Notes.

(b) The Representative shall file the Official Statement, and any supplement or amendment thereto, with the MSRB via its EMMA system in accordance with the rules of the MSRB.

Section 7. Representations and Agreements of the City.

The City hereby represents and warrants as of the date hereof and agrees as follows:

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

(b) The City has the full legal power and authority under the Charter to (i) perform its obligations under the Note Resolution; (ii) execute, deliver and perform its obligations under this Note Purchase Contract; and (iii) execute and deliver the Notes to the Underwriters as provided herein.

(c) The City Council has the power under the Charter to adopt the Note Resolution.

(d) By all necessary City Council action (i) the Note Resolution has been duly adopted by the City Council; (ii) the City Council has duly approved the Preliminary Official Statement and the Official Statement; (iii) the City Council has duly authorized and approved the execution and delivery of, and the performance by the City of its obligations to provide the information described in and its obligations contained in the Note Resolution and this Note Purchase Contract; and (iv) the City Council has duly approved the execution of all certificates and other instruments necessary to effectuate the execution and delivery of the Notes, and the performance of such ministerial acts that are necessary in order to carry out the authority conferred by the Note Resolution or to evidence said authority and its exercise. In connection with the issuance of the Notes, the City has complied in all material respects, (i) with the laws of the State of California and of the United States and (ii) with its obligations on its part contained in the Note Resolution and this Note Purchase Contract.

(e) The Notes and the Note Resolution conform in all material respects to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(f) At or prior to the Closing, the Note Resolution shall have been duly adopted by the City Council and this Note Purchase Contract and the Notes shall have been duly executed by the City and shall be legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject, as to enforceability, to the general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State of California.

(g) Between the date of this Note Purchase Contract and the date of the Closing, except as contemplated by the Official Statement, the City will not incur or issue any material notes, bonds or obligations for borrowed money, other than in the ordinary course of business, and, except as contemplated by the Official Statement (including any issuance of commercial paper as described in the Official Statement), there shall not have been any material adverse change in the financial condition of the City's General Fund other than changes in the ordinary course of business.

(h) The City is not in breach of or default under any applicable existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment, consent decree or court decree binding on the City or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party which would materially adversely affect the ability of the City to pay the principal and interest on the Notes, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such an event of default which would have such effect under any such instrument; and the adoption of the Note Resolution and the execution and delivery of this Note Purchase Contract and the performance by the City of its obligations under the Note Resolution and this Note Purchase Contract will not conflict with or constitute a breach of or default under any existing constitutional provision, law or administrative regulation of the State of California or the United States binding on the City or any existing applicable judgment, consent decree or court decree binding on the City, or any existing loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party, which conflict, breach or default would materially adversely affect the ability of the City to pay the principal and interest on the Notes.

(i) Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no action, suit or proceeding, at law or in equity, before or by any court, pending against the City (service of process against the City having been made) or, to the knowledge of the officer of the City executing this Note Purchase Contract after due inquiry, overtly threatened in writing (i) in any way questioning the existence of the City or the titles of the officers executing the Notes or this Note Purchase Contract to their respective offices; (ii) seeking to prohibit, restrain or enjoin the adoption of the Note Resolution, the execution or delivery of the Notes, or application of the proceeds of sale of the Notes, or in any way contesting the validity of the Note Resolution, the Notes or this Note Purchase Contract, or the tax-exempt status of interest due on the Notes or any authority for the execution and delivery of the Notes, or the execution and delivery by the City

of this Note Purchase Contract; (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or (iv) which would result in any material adverse change to the City's ability to perform its obligations under the Note Resolution or this Note Purchase Contract.

(j) The City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriters as necessary (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions, and will use its commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the Notes; provided, however, that the City shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(k) All approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations in connection with, the execution, sale and delivery of the Notes under this Note Purchase Contract have been obtained or will be obtained as of the Closing Date, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Notes; and, except as disclosed in the Official Statement, all approvals, consents and orders of any California or United States governmental authority having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under, the Note Resolution or this Note Purchase Contract have been obtained or will be obtained as of the Closing Date.

(l) The Preliminary Official Statement (other than the information contained in the Preliminary Official Statement with respect to The Depository Trust Company ("DTC") and the book-entry system, under the caption "UNDERWRITING," any information expressly provided by the Underwriters for inclusion therein, and information permitted to be omitted by Rule 15c2-12, as to which no representation is made) did not, on the date thereof, and through the period up to and including the execution of this Note Purchase Contract, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(m) As of its date, the Official Statement does not, and as of the Closing, the Official Statement will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that no representation is made with respect to the information in the Official Statement relating to DTC or the book-entry system, under the caption

"UNDERWRITING" and any information expressly provided by the Underwriters for inclusion therein.

(n) If the Official Statement is supplemented or amended pursuant to subsection (o) of this Section 7, the City agrees that, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times during the period from the date of this Note Purchase Contract to and including the date which is 25 days after the end of the underwriting period (as determined in accordance with Section 17 hereof), the Official Statement, as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the City shall have no responsibility with respect to the information in the Official Statement relating to DTC or the book-entry system, under the caption "UNDERWRITING" and any information expressly provided by the Underwriters for inclusion therein.

(o) Until twenty-five (25) days from the "end of the underwriting period" (as determined in accordance with Section 17 hereof), if any event shall occur or become known affecting the City which might adversely affect the marketability of the Notes or the market prices thereof, or which might cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City shall notify the Underwriters thereof, and if in the reasonable opinion of the Representative such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will, at its expense, prepare and furnish to the Underwriters a reasonable number of copies of such supplement to, or amendment of, the Official Statement in a form and in a manner approved by the Underwriters. After twenty-five (25) days from the "end of the underwriting period," the City will no longer be obligated to amend or supplement the Official Statement.

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

(q) Any certificate signed by any officer of the City and delivered to the Underwriters pursuant to the Note Resolution or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(r) The City's Audited Financial Statements for the Fiscal Year ended June 30, 2025, fairly and accurately present the financial condition of the City's General Fund as of that date, and, except as referred to in or contemplated by the Official Statement, there has not been, nor does the City reasonably anticipate that there will be, any adverse change of a material nature in the financial position, assets, properties, results of operations, or condition (financial or otherwise) of the City's General Fund.

(s) The description of the application of the proceeds from the sale of the Notes contained in the Official Statement is true, accurate and complete in all material respects.

(t) During the last five years, the City has not failed to materially comply with any previous undertakings relating to continuing disclosure of information pursuant to Rule 15c2-12, except as noted in the Official Statement.

Section 8. Closing.

At 8:30 a.m., Los Angeles time, on [CLOSING DATE], or at such other time or on such later date as shall have been mutually agreed upon by the City and the Representative (the "Closing Date"), the City shall deliver to DTC in Jersey City, New Jersey, on behalf of the Underwriters, the Notes, in definitive form duly executed by the authorized officers of the City, and the Underwriters shall accept such delivery to DTC and shall pay the purchase price of the Notes as set forth in Section 1(a) hereof by delivering federal or other immediately available funds in the amount of such purchase price to the City. The City shall deliver to the Underwriters the other documents hereinafter mentioned at the offices of Kutak Rock LLP ("Note Counsel") in Denver, Colorado or such other place as shall have been mutually agreed upon by the City and the Representative. Such payment and delivery is herein called the "Closing."

The Notes shall be prepared in fully registered form without coupons, in authorized denominations, shall bear CUSIP numbers and shall be registered in the name of "Cede & Co.," as nominee of DTC; the Notes shall be made available for inspection by the Underwriters at least one business day prior to the Closing.

Section 9. Closing Conditions.

The Underwriters have entered into this Note Purchase Contract in reliance upon the representations of the City contained herein and the performance by the City of its obligations hereunder both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Note Purchase Contract shall be conditioned upon the performance by the City of its obligations to be performed hereunder and under the other documents and instruments delivered in connection with the execution and delivery of the Notes and shall also be subject to the following further conditions:

(a) The representations of the City contained herein shall be true, complete and correct in all material respects (except to the extent already qualified by materiality, in which case such representations and warranties shall be true in all respects) on the date hereof and true, complete and correct in all material respects on the date of the Closing.

(b) At the time of the Closing (i) the Note Resolution shall be in full force and effect, and (ii) the City shall perform or have performed its obligations under this Note Purchase Contract and the Note Resolution, as applicable, which are required to be performed at or prior to the Closing.

(c) At or prior to the Closing, the Underwriters shall receive the following documents:

(1) The Official Statement and each supplement or amendment, if any, thereto, executed on behalf of the City by an authorized officer of the City;

(2) A certified copy of the Note Resolution and an executed copy of a tax certificate, in form and substance reasonably satisfactory to Note Counsel, the Underwriters and the City, executed on behalf of the City by an authorized officer of the City;

(3) The opinion of Kutak Rock LLP, Note Counsel, dated the date of the Closing, in substantially the form attached to the Official Statement as Appendix B;

(4) The supplemental opinion of Kutak Rock LLP, Note Counsel, dated the date of the Closing and addressed to the City and the Underwriters, in substantially the form set forth in Exhibit A hereto;

(5) An opinion of the City Attorney, dated the date of the Closing and addressed to the Representative, in substantially the form set forth in Exhibit C hereto;

(6) The opinion of Norton Rose Fulbright US LLP, counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters, to the effect that: (i) the Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Note Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (ii) in their capacity as counsel to the Underwriters in connection with the purchase by the Underwriters of the Notes, without assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement nor making any representation regarding independent verification of the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel advises that no information has come to the attention of the attorneys in the firm representing the Underwriters in connection with their purchase of the Notes that would lead them to believe that the Preliminary Official Statement and the Official Statement (except for information relating to any financial, statistical, economic or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, the information in Appendix B and C, any CUSIP numbers or information relating thereto, statements relating to the treatment of the Notes or the interest, discount or premium, if any, thereon or therefrom for tax purposes under the law of any jurisdiction, statements contained under the captions "TAX STATUS OF INTEREST ON THE NOTES" and "LITIGATION," or any information about book-entry or DTC included therein, as to which no opinion or view need be expressed) as of its date contained, or as of the date of the Closing, contains, any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate of the authorized officer of the City, dated the date of Closing, to the effect that each of the representations set forth in Section 7 of this

Note Purchase Contract is true, accurate and complete in all material respects as of the Closing and each of the agreements of the City, as set forth in this Note Purchase Contract to be complied with at or prior to the Closing, has been complied with in all material respects;

(8) Evidence reasonably satisfactory to the Underwriters that, as of the date of Closing, the Notes are rated "_____" by S&P Global Ratings and "_____" by Moody's Investors Service, Inc.;

(9) The opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, dated the date of Closing and addressed to the City, in substantially the form attached hereto as Exhibit B, together with a letter, dated the date of the Closing, from such Disclosure Counsel addressed to the Representative stating that the Underwriters may rely on such opinion as though it was addressed to them; and

(10) Such additional legal opinions, certificates, instruments and other documents as the Underwriters, Disclosure Counsel, or Note Counsel may reasonably deem necessary to evidence the due execution and delivery of the Notes, the truth and accuracy as of the time of the Closing of the City's representations contained in Section 7 hereof and performance, in all material respects, by the City at or prior to the time of the Closing of all agreements then to be performed and all conditions then to be satisfied by the City pursuant to the Note Resolution and this Note Purchase Contract.

The opinions and certificates and other material referred to above shall be in form and substance reasonably satisfactory to the Representative.

Section 10. Termination.

The Representative shall have the right to terminate the Underwriters' obligations under this Note Purchase Contract to purchase, to accept delivery of and to pay for the Notes by notifying the City of the Underwriters' election to do so if, after the execution hereof and prior to the Closing:

(a) the marketability of the Notes or the market price thereof, in the reasonable opinion of the Representative (after consultation with the City), has been materially adversely affected by (i) an amendment to the Constitution of the United States, (ii) any legislation (A) enacted by the United States or the State of California, (B) recommended to the Congress or, except as disclosed in the Preliminary Official Statement and the Official Statement, otherwise endorsed for passage, by press release, other form of notice or otherwise, by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or (C) presented as an option for consideration by either such Committee, by the staff of such Committee or by the staff of the Joint Committee on Taxation of the United States Congress, or favorably reported for passage to either House of the Congress by any Committee of such House or by a Conference Committee of both Houses to which such legislation has been referred for consideration, or (iii)

any decision of any court of the United States or by any ruling or regulation (final, temporary or proposed) on behalf of the Treasury Department of the United States, the Internal Revenue Service or any other authority of the United States or any comparable legislative, judicial or administrative development affecting the federal or state tax status of the City, its property or income, or the federal or state income tax treatment of interest on its obligations, including the Notes;

(b) there shall have occurred the outbreak or escalation of hostilities involving the United States or a national calamity or crisis, or the declaration by the United States of a national emergency or war, or any other calamity or crisis in the financial markets of the United States or elsewhere, which in the reasonable judgment of the Representative (after consultation with the City) have had a materially adverse effect on the marketability of the Notes or the market price thereof;

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

(d) there shall have been any downgrading, suspension or withdrawal, or any official notice or statement as to a possible downgrading, suspension or withdrawal of any rating on the Notes or any bonds or notes payable from the City's General Fund by any rating service which has rated the Notes, which in the reasonable opinion of the Representative would materially and adversely affect the market price of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes;

(e) a general suspension of trading shall have occurred, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required and be in force on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(f) an event described in subsection (o) of Section 7 shall have occurred or be discovered which in the reasonable opinion of the Representative (after consultation with the City) requires the preparation and publication of a supplement or amendment to the Official Statement, and, in such event, (i) the City refuses to permit the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Representative or (ii) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Representative (after consultation with the City), to materially adversely affect the market price or marketability of the Notes or the ability of the Underwriters to enforce contracts for the sale of the Notes;

(g) a tentative decision with respect to legislation shall be favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States or legislation shall be introduced, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate, or a decision by a court of the United States, or action (including a stop order) shall be taken or a regulation shall be issued by the Securities and Exchange

Commission or other governmental agency having jurisdiction of the subject, the effect of which, in the opinion of the Representative, could be that (i) the Notes are not, or may not be, exempt from the registration, qualification or other similar requirements of the Securities Act of 1933, as amended (the "Securities Act"); (ii) the Note Resolution is not, or may not be, exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); or (iii) the issuance, offering, or sale of obligations of the general character of the Notes, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities law as amended and then in effect;

(h) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Notes, or issued a stop order or similar ruling relating thereto; or

(i) the marketability of the Notes or the market price thereof, in the reasonable opinion of the Representative (after consultation with the City), has been materially adversely affected by the New York Stock Exchange or other national securities exchange, or any governmental authority, shall have imposed additional material restrictions not in force as of the date hereof upon trading in securities generally or shall have imposed, as to any bonds or similar obligations, any material, restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

Section 11. Expenses.

(a) The City shall, except as set forth in subsection (b) hereof, pay any expenses incident to the performance of the City's obligations hereunder, including but not limited to the following: (i) the cost of the preparation, printing and delivery of the Notes; (ii) the fees for ratings with respect to the Notes; (iii) the cost of printing and distribution of the Preliminary Official Statement and the Official Statement; (iv) the fees and disbursements of Note Counsel and Disclosure Counsel; (v) the fees and disbursements of any other engineers, accountants, attorneys and other experts or consultants or advisors retained by the City; (vi) travel expenses of City employees (subject to the City's Travel Policy); and (vii) any other costs and disbursements incurred by the City in connection with the transaction. The City shall reimburse the Underwriters for expenses (included in the expense component of the Underwriters' spread) incurred on behalf of the City's employees which are incidental to implementing this Note Purchase Contract, including, but not limited to, meals, transportation and lodging of those employees.

(b) The Underwriters shall pay their own expenses (which may be included as an expense component of the Underwriter's discount) including but not limited to the fees and disbursements of any attorneys retained by the Underwriters, the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review, if any, and any expenses to qualify the Notes for sale under any Blue Sky Laws, and any fees of the California Debt and Investment Advisory Commission ("CDIAC"). Notwithstanding that such CDIAC fees are solely the legal obligation of the Underwriters, the City agrees to reimburse the Underwriters for such fees.

(c) [The City has agreed to pay the Underwriters' discount set forth in paragraph 1(a) of this Note Purchase Contract, and inclusive in the expense component of the Underwriters'

discount are expenses incurred or paid for by the Underwriters on behalf of the City in connection with the marketing, issuance, and delivery of the Notes, including, but not limited to, fees and expenses of Underwriters' Counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fee, [and transportation, lodging, and meals for the City's employees and representatives].

The City and Underwriters acknowledge that expenses included in the expense component of the Underwriters' discount are based upon estimates. The City and Underwriters agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the City in an amount equal to or greater than [$1,000] (the "Reimbursement Threshold"), the Underwriters shall reimburse to the City the amount that the aggregate estimated expenses exceed the aggregate actual expenses. For the avoidance of doubt, the City acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriters to the City. The City acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Notes.]

Section 12. Notices.

Any notice or other communication to be given to the City under this Note Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by giving the same in writing to the City, Office of the City Administrative Officer, 200 North Main Street, Room 1500, City Hall East, Los Angeles, California 90012, Attention: Debt Management Group; and any notice or other communication to be given to the Underwriters under this Note Purchase Contract may be given by delivering the same in writing to Wells Fargo Bank, National Association, 2141 Rosecrans Avenue, 4th Floor, El Segundo, California 90245; Attention: Julia Kim, Managing Director.

Section 13. Governing Law; Venue.

This Note Purchase Contract was made and entered into in the City and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City, including any applicable statute of limitation, without regard to conflict of law principles. All litigation arising out of, or relating to this Note Purchase Contract, shall be brought in a State or Federal court in the City of Los Angeles in the State of California. The parties irrevocably agree to submit to the exclusive jurisdiction of such courts in the State of California and waive any defense of forum *non conveniens*.

Section 14. Parties in Interest.

This Note Purchase Contract when executed by the City shall constitute the entire agreement between the City and the Underwriters and is made solely for the benefit of the City and the Underwriters (including the successors or permitted assigns of any of the Underwriters but does not include any purchasers of the Notes from the Underwriters). No other person shall acquire or have any right hereunder or by virtue hereof. All of the representations (as of the date such representations were made) of the City contained in this Note Purchase Contract shall remain operative and in full force and effect regardless of any investigation made by or on behalf

of any of the Underwriters. This Note Purchase Contract may not be assigned by any party without the written consent of the other party.

Section 15. Effective Date.

This Note Purchase Contract shall be effective upon the execution hereof by the Representative on behalf of the Underwriters and the City.

Section 16. Headings.

The headings of the sections of this Note Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

Section 17. End of Underwriting Period.

The term "end of the underwriting period" referred to in Sections 7(n) and (o) of this Note Purchase Contract shall mean the later of such time as (i) the City delivers the Notes to the Underwriters or (ii) the Underwriters do not retain an unsold balance of the Notes for sale to the public. Unless the Representative gives notice to the contrary, the end of the underwriting period shall be deemed to be the date of the Closing. Any notice delivered pursuant to this Section 17 shall be delivered in writing to the City at or prior to the date of the Closing, and shall specify a date, other than the date of the Closing (or such other date specified by notice delivered pursuant to this Section 17), to be deemed the end of the underwriting period. In no event shall the "end of the underwriting period" extend beyond the date sixty (60) days from the Closing.

Section 18. Representation by Counsel.

Each party hereto represents and acknowledges that it has been represented by competent counsel in connection with the negotiation and execution of this Note Purchase Contract, and has been fully advised by said counsel with respect to its rights and obligations hereunder.

Section 19. Relationship of the Parties.

The City acknowledges and agrees that: (i) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the City; (iii) the Underwriters are acting solely as principals and are not acting as agents, municipal advisors, financial advisors or fiduciaries to the City and have not assumed any advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the City on other matters); (iv) the only contractual obligations the Underwriters have to the City with respect to the transaction contemplated hereby expressly are set forth in this Note Purchase Contract; and (v) the City has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

Section 20. Counterparts.

This Note Purchase Contract may be executed by manual or facsimile signature in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. The parties further agree that facsimile signatures or signatures scanned into PDF format (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

Section 21. City Standard Provisions.

Each of the Underwriters agrees that it will comply with the Standard Provisions for City Contracts attached hereto as Exhibit E.

Section 22. Iran Contracting Act of 2010

In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at $1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit." Each of the Underwriters shall complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit" prior to the date of the execution of this Note Purchase Contract.

[Signatures appear on next page.]

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION, SIEBERT WILLIAMS SHANK & CO. LLC, CABRERA CAPITAL MARKETS LLC AND RBC CAPITAL MARKETS, LLC

By: _____
Name: Julia Kim
Title: Managing Director
WELLS FARGO BANK, NATIONAL ASSOCIATION, as Representative of the Underwriters

Agreed and Accepted:

This ___ day of June, 2026

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: _____
Name: Benjamin Ceja
Title: Assistant City Administrative Officer

APPROVED AS TO FORM:

HYDEE FELDSTEIN SOTO
City Attorney

By: _____
Name: Amy Pham
Title: Deputy City Attorney

SCHEDULE I

Maturity Date*	Principal Amount	Interest Rate	Yield	Price
06/___/2027	[$PAR AMOUNT]	___.__%	___.___%	_____

* 10% Test Maturity.

EXHIBIT A

FORM OF NOTE COUNSEL'S SUPPLEMENTAL OPINION

[CLOSING DATE]

City of Los Angeles
Los Angeles, California

Wells Fargo Bank, National Association
El Segundo, California

Siebert, Williams, Shank & Co. LLC
Los Angeles, California

Cabrera Capital Markets LLC
Los Angeles, California

RBC Capital Markets, LLC
Los Angeles, California

Re: [$PAR AMOUNT] City of Los Angeles 2026 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Note Counsel in connection with the sale and issuance by the City of Los Angeles, California (the "City") of [$PAR AMOUNT] aggregate principal amount of the City of Los Angeles 2026 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are authorized under applicable provisions of California Law, including the Charter of the City of Los Angeles and Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, being Sections 53850 through 53858 inclusive (the "Act") and a resolution adopted by the City Council of the City (the "City Council") on [RESOLUTION ADOPTION DATE] (the "Resolution"). This supplemental opinion is rendered pursuant to Section 9(c)(4) of the Note Purchase Contract, dated [PRICING DATE] (the "Note Purchase Contract"), by and between the City and Wells Fargo Bank, National Association (the "Representative"), as Representative of itself, Siebert, Williams, Shank & Co. LLC, Cabrera Capital Markets LLC and RBC Capital Markets, LLC (collectively, the "Underwriters"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Note Purchase Contract.

In arriving at the opinions and conclusions hereinafter expressed, we have examined: the Resolution and the Note Purchase Contract. In addition, we have relied upon and examined opinions of counsel to the City, certificates of the City and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have also examined the Preliminary Official Statement, dated [POS DATE] (the "Preliminary Official Statement") and the Official Statement, dated [PRICING DATE], (the "Official Statement") relating to the Notes.

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

Based upon and subject to the foregoing, as of the date hereof and under existing law, we are of the following opinions or conclusions:

1. The statements in the Preliminary Official Statement and the Official Statement under the captions "THE NOTES" and "SECURITY FOR THE NOTES" and in Appendix B—"FORM OF APPROVING OPINION OF NOTE COUNSEL," insofar as such statements expressly summarize provisions of the Resolution and the Notes, are accurate in all material respects for the Preliminary Official Statement as of the date of the Preliminary Official Statement and as of [PRICING DATE], and for the Official Statement as of the date of the Official Statement and as of the date hereof. Except as specifically described in this paragraph, we express no opinion with respect to and have not undertaken to determine independently the accuracy, fairness or completeness of any statements contained or incorporated by reference in the Preliminary Official Statement or the Official Statement.

2. The Note Purchase Contract has been duly authorized, executed and delivered by the City and is a valid, legal and binding agreement of the City, enforceable in accordance with its terms, except that the rights and obligations under the Note Purchase Contract are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases, to limitations on legal remedies against public agencies in the State, and to the application of laws of the State relating to conflicts of interest to which public agencies are subject, and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

3. The Notes are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

This opinion is furnished by us as Note Counsel to the City. No attorney client relationship has existed or exists between our firm and the Underwriters in connection with the Notes or by virtue of this supplemental opinion. This supplemental opinion is furnished to the Underwriters solely for your benefit in your capacity as Underwriters in connection with the original issuance and delivery of the Notes, and may not be provided, quoted or otherwise referred to, or relied upon by you for any other purpose or by any other person. This supplemental opinion is not intended to be relied upon by owners of the Notes or by any other party to whom it is not specifically addressed. We do not undertake to advise you of any subsequent events or developments which might affect the statements contained herein. Our engagement with respect to this matter has terminated as of the date hereof, and we disclaim any obligation to update this opinion.

Respectfully submitted,

EXHIBIT B

FORM OF OPINION OF DISCLOSURE COUNSEL

City of Los Angeles, California
Los Angeles, California

Wells Fargo Bank, National Association, as Representative
Los Angeles, California

Re: City of Los Angeles 2026 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the City of Los Angeles (the "City") in connection with the issuance of [$PAR AMOUNT] aggregate principal amount of its 2026 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution of the City Council of the City of Los Angeles adopted on [RESOLUTION ADOPTION DATE] authorizing the issuance of the Notes (the "Resolution"). This letter is being delivered pursuant to Section 9(c)(9) of the Note Purchase Contract, dated [PRICING DATE] (the "Note Purchase Contract"), by and among the City and Wells Fargo Bank, National Association, on behalf of itself and as representative of the underwriters named therein (collectively, the "Underwriters") relating to the Notes. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Note Purchase Contract.

We have examined the record of proceedings submitted to us relative to the sale and issuance of the Notes and originals or copies certified or otherwise identified to our satisfaction of (i) the Resolution, (ii) the Preliminary Official Statement for the Notes dated [POS DATE] (the "Preliminary Official Statement"), (iii) the Official Statement for the Notes dated [PRICING DATE], including Appendix A thereto (the "Official Statement"), and (iv) certain documents, certificates, opinions of counsel, instructions and records delivered in connection with the issuance of the Notes.

We have assumed, but not independently verified, that the signatures on all documents, letters, opinions, certificates and instructions which we have examined are genuine, that all documents submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations made and opinions expressed in the documents that we have reviewed are true and accurate. Our services did not include financial or other non-legal advice.

We are not passing upon and have not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement and are, therefore, unable to make any representation to you in that regard. Based on our participation in conferences with the City, members of the City Attorney's office, Note Counsel, the City's Municipal Advisor, the Underwriters, Norton Rose Fulbright US LLP, as counsel to the Underwriters, and others, during which conferences the content of the Preliminary Official Statement, the Official Statement, and related matters were discussed, our reliance on the oral and written statements of the City and others, our review of and reliance upon the documents, certificates, instructions and records and the opinions of counsel described above and our understanding of applicable law, and subject to the limitations on our role as Disclosure Counsel to the City, we advise you as a matter of fact but not opinion that no information has come to the attention of the attorneys in

the firm representing the City as Disclosure Counsel on this matter which caused us to believe that: (i) the Preliminary Official Statement as of its date (or through the period up to and including the execution of the Note Purchase Contract), contained any untrue statement of a material fact, or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that we express no view with respect to any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices B and C to the Preliminary Official Statement, information concerning DTC and its book-entry system, the City's compliance with its prior continuing disclosure undertakings, or information permitted to be omitted from the Preliminary Official Statement pursuant to Securities and Exchange Commission Rule 15c2-12), or (ii) the Official Statement as of its date contained, or as of the date hereof contains, any untrue statement of a material fact, or as of its date omitted, or as of the date hereof omits, to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect (except that we express no view with respect to any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or as to Appendices B and C to the Official Statement, information concerning DTC and its book-entry system, or the City's compliance with its prior continuing disclosure undertakings).

By acceptance of this letter, you acknowledge that the preceding paragraph is neither a legal opinion nor a guarantee regarding the Preliminary Official Statement or the Official Statement; rather it is a statement of negative assurance regarding factual information that did not come to the attention of attorneys in our firm working on this matter during the limited activities that we performed as Disclosure Counsel to the City. Further, in accepting this letter the City recognizes and acknowledges that (i) the scope of those activities performed by us were inherently limited and do not encompass all activities that the City may be responsible to undertake in preparing the Preliminary Official Statement and the Official Statement, (ii) those activities performed by us relied substantially on representations, warranties, certifications and opinions made by representatives of the City and others, and are otherwise subject to the matters set forth in this letter, and (iii) while such statements of negative assurance are customarily given to an underwriter of municipal bonds to assist them in discharging their responsibilities under federal securities laws, the responsibilities of the City under those laws may differ from those of the Underwriters in material respects, and the preceding paragraph may not serve the same purpose or provide the same utility to them as it would to the Underwriters.

We advise you that, other than reviewing the various certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered in connection with the issuance of the Notes, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Preliminary Official Statement as of its date and as of [POS DATE] or the Official Statement as of its date and the date hereof.

We call attention to the fact that the foregoing conclusions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or occur (or do not occur), and we expressly disclaim any responsibility to advise you as to events occurring after the date hereof with respect to the Notes or other matters discussed in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as Disclosure Counsel to the City. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Notes or by virtue of this letter.

This letter is delivered to the City as the issuer of the Notes and the Representative (in its capacity as representative of the underwriters of the Notes), is solely for the benefit of the City and the Underwriters, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. We express no opinion herein with respect to the validity of the Notes or the tax treatment of the interest with respect thereto or the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the offer or sale of the Notes. This letter is not intended to be relied upon by holders of the Notes. Our engagement with respect to the Notes terminates as of the date hereof.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF
THE CITY ATTORNEY OF THE CITY OF LOS ANGELES

[CLOSING DATE]

Wells Fargo Bank, National Association,
As Representative
Los Angeles, California

Re: City of Los Angeles
2026 Tax and Revenue Anticipation Notes

Ladies and Gentlemen:

This office has served as counsel to the City of Los Angeles (the "City") in connection with the issuance of the City of Los Angeles2026 Tax and Revenue Anticipation Notes (the "Notes") in the aggregate principal amount of [$PAR AMOUNT]. The Notes are being issued pursuant to the Charter of the City (the "Charter"), Article 7.6 (commencing with Section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and a resolution adopted by the Council of the City (the "City Council") on [RESOLUTION ADOPTION DATE] (the "Note Resolution"). This letter is being delivered pursuant to Section 9(c)(5) of the Note Purchase Contract, dated [PRICING DATE] (the "Note Purchase Contract"), by and among the City and Wells Fargo Bank, National Association, on behalf of itself and as representative of the underwriters named therein (collectively, the "Underwriters") relating to the Notes. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Note Purchase Contract.

In the course of the proceedings relating to the issuance of the Notes and in connection with the delivery of the opinions stated in this letter, we have examined originals or copies of the following: (a) the Charter, (b) the Note Resolution, (c) the Note Purchase Contract, (d) the Official Statement dated [PRICING DATE] (the "Official Statement"), relating to the Notes, (e) the Incumbency and Signature Certificate of the City, dated of even date herewith, and (f) such other records, documents, agreements, instruments, opinions, certificates and other matters as we deemed relevant, necessary or appropriate to render the opinions set forth below.

As to relevant factual matters, we have relied upon without undertaking to verify independently, among other things, the City's factual representations contained in the records, documents, agreements, instruments, certificates, including the certified proceedings and certifications of City official and others furnished to us in connection with the Note and related matters, and other matters described above. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity with originals of all documents submitted to us as copies.

From such examination, on the basis of our reliance upon the assumptions in this letter and our consideration of those questions of existing law we considered relevant, and subject to the limitations and qualifications in this letter, as of the date hereof, we are of the following opinions:

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

2. The Note Resolution was duly adopted by the City Council at a meeting which was held pursuant to the terms of the Charter and all other applicable law and with all required notice having been given, and at which a quorum was present at the time of adoption of such Note Resolution. The Note Resolution has not been modified, amended or rescinded and is in full force and effect on and as of the date hereof.

3. The Note Purchase Contract and the Official Statement have been duly authorized, executed and delivered by the City.

4. To the best of our knowledge, the adoption by the City Council of the Note Resolution and execution and delivery by the City of the Note Purchase Contract, do not, in any material respect, (a) violate any applicable judgment, order or regulation applicable to the City or any Charter provision, law or ordinance of the City, and (b) conflict with or result in a breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which the City is a party or by which it is bound, and with respect to which, where such violation, conflict, breach or default would materially and adversely affect the ability of the City to pay principal and interest on the Notes.

5. To the best of our knowledge, except as otherwise set forth in the Official Statement, there is no action, suit or proceeding before or by any court, public board or body pending (with service of process having been given to the City) or threatened against the City wherein an unfavorable decision, ruling or finding would (a) question the creation, organization, existence or powers of the City or the titles of the executive officers executing the Notes or the Note Purchase Contract to their respective offices, (b) seek to restrain or enjoin the issuance or delivery of any of the Notes, (c) contest the validity of the Notes, the Note Resolution or the Note Purchase Contract, (d) contest the power of the City to issue the Notes or to enter into the Note Purchase Contract, or (e) restrain or enjoin the repayment of the Notes by the City.

We express no opinion on the enforceability of the Notes, the Note Resolution or the Note Purchase Contract against the City.

The law covered by the opinions expressed herein is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction, and we express no opinion as to any Blue Sky laws, federal and state securities laws and tax laws.

We express no opinion with respect to any indemnification, contribution, penalty, lien priority, choice of law, choice of forum, choice of venue, severability or waiver provisions contained in the Note Resolution or the Note Purchase Contract.

For purposes of the matters set forth in paragraph 4, we have assumed that the City will not in the future take any discretionary action (including a decision not to act) permitted by the Note Resolution that would cause the adoption of the Note Resolution and execution and delivery of the Note Purchase Contract and compliance with provisions of the Note Resolution and the Note Purchase Contract under the circumstances thereby to violate any applicable judgment, order or regulation applicable to the City or any Charter provision, law or ordinance of the City, or that would conflict with or result in a breach of any of the provisions of or constitute a default under any indenture, agreement or other instrument to which the City is a party or by which it is bound.

The matters set forth in paragraph 5 are factual confirmations and not legal opinions.

The opinions set forth herein may be affected by actions taken or omitted by the City or other parties, or by events, facts or circumstances occurring after the date hereof. This letter speaks only as of the date hereof and we do not undertake, and expressly disclaim, any obligation to amend or supplement this letter as events, facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect the opinions set forth herein.

The opinions expressed herein are matters of professional judgment and are not a guarantee of result. The opinions are expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This letter is given in an official capacity only and not personally, and no personal liability shall derive herefrom.

This letter is for the sole benefit of the addressees hereof and is not to be used, circulated, quoted or otherwise referred to for any purpose; provided, however, that it may be included in the transcript of record of proceedings relating to the Notes. No other person may rely on this letter without our prior written consent. Other than the City, no attorney-client relationship has existed or exists between our office and the addressees of this letter in connection with the Notes or by virtue of this letter.

Respectfully submitted,

HYDEE FELDSTEIN SOTO, City Attorney

By: _____
Name: Amy Pham
Title: Deputy City Attorney

EXHIBIT D

ISSUE PRICE CERTIFICATE
(REPRESENTATIVE)

CITY OF LOS ANGELES
2026 Tax and Revenue Anticipation Notes

[$PAR AMOUNT]

The undersigned Wells Fargo Bank, National Association (the "Representative"), on its own behalf and on behalf of Siebert Williams Shank & Co. LLC, Cabrera Capital Markets LLC and RBC Capital Markets, LLC (collectively, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Sale of the Notes***. As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A attached hereto.

2. ***Defined Terms***.

(a) *City* means the City of Los Angeles, California.

(b) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Regulatory Underwriter or a Related Party to a Regulatory Underwriter.

(d) *Regulatory Underwriter* means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Related Party*. Generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Tax and Nonarbitrage Certificate* means the Tax and Nonarbitrage Certificate, dated [CLOSING DATE], executed and delivered by the City in connection with the issuance of the Notes.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations set forth in the Tax and Nonarbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Kutak Rock LLP, as Note Counsel to the City, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Notes. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Representative of the Underwriting Group

By _____
Authorized Representative

Dated: [CLOSING DATE]

SCHEDULE A

SALE PRICES OF THE 10% TEST MATURITIES

Maturity Date*	Principal Amount	Interest Rate	Yield	Price
06/___/2027	[$PAR AMOUNT]	____.___%	___.___%	_____

* 10% Test Maturity.

EXHIBIT E

Standard Provisions for City Contracts

Each Underwriter, on its own behalf and not on behalf of any other Underwriter, agrees to comply with the following requirements of the City of Los Angeles (the "City") in connection with the Note Purchase Contract, dated [PRICING DATE] (the "Note Purchase Contract"), between the City and Wells Fargo Bank, National Association, as the Representative (capitalized undefined terms used in this Exhibit have the meanings ascribed thereto in the Note Purchase Contract):

Section 1. Independent Contractor. Each Underwriter is an independent contractor and not an agent or employee of the City. Each Underwriter shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees or agents to be an agent or employee of the City.

Section 2. Retention of Records, Audits and Reports. The Underwriters shall maintain all records, including records of financial transactions, pertaining to the performance of this Note Purchase Contract, in their original form or as otherwise approved by the City. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by the City or (2) the expiration or termination of this Note Purchase Contract. The records will be subject to examination and audit by authorized City personnel or the City's representatives at any time. The Underwriters shall provide any reports requested by the City regarding performance of this Note Purchase Contract. Any subcontract entered into by any Underwriter for work to be performed under this Note Purchase Contract must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, the Underwriters may, upon the City's written approval, submit the required information to the City in an electronic format, e.g. USB flash drive, at the expiration or termination of this Note Purchase Contract.

Section 3. Taxpayer Identification Number ("TIN") and Withholding Taxes. The Representative declares that it has an authorized TIN which will be provided to the City on Form W-9 or such equivalent form prior to payment under the Note Purchase Contract. Payments made under the Note Purchase Contract shall be subject to any federal or state taxes as may be required to be withheld pursuant to any applicable law or regulation, unless otherwise exempted by such applicable law, regulations, or other evidence of exemption.

Section 4. Indemnification. The Underwriters shall defend, indemnify and hold harmless the City and the City's boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to attorneys' fees and costs of litigation, to the extent such suits and causes of action, claims, losses, demands and expenses arise out of or are based upon information provided by the Underwriters to the City for use in the Preliminary Official Statement and the Official Statement under the heading "UNDERWRITING."

Section 5. Insurance. During the term of this Note Purchase Contract, each Underwriter shall provide and maintain at its own expense professional liability insurance in the amount of One Million Dollars ($1,000,000) which covers the services performed pursuant to this Note Purchase Contract, and that it will expend every reasonable effort to keep such insurance or its equivalent in effect at all times during performance of the Note Purchase Contract and for one (1) year after the termination of the Note Purchase Contract. The insurance must: (1) conform to the City's

requirements; (2) comply with the Insurance Contractual Requirements attached to the Request for Qualifications, and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management.

Section 6. Warranty and Responsibility of the Underwriters. The Underwriters warrant that the work performed under this Note Purchase Contract shall be completed in a manner consistent with professional standards practiced among those firms within the Underwriters' profession, doing the same or similar work under the same or similar circumstances.

Section 7. Mandatory Provisions Pertaining to Non-Discrimination in Employment.

Unless otherwise exempt, this Note Purchase Contract is subject to the applicable non-discrimination, equal employment practices, and affirmative action program provisions in the Los Angeles Administrative Code ("LAAC") Section 10.8 et seq., as amended from time to time.

A. Each Underwriter shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Note Purchase Contract, each Underwriter shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.

B. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Note Purchase Contract by reference and will be known as the "Equal Employment Practices" provisions of this Note Purchase Contract.

C. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Note Purchase Contract by reference and will be known as the "Affirmative Action Program" provisions of this Note Purchase Contract.

Any subcontract entered into by any Underwriter for work to be performed under this Note Purchase Contract must include an identical provision.

Section 8. Child Support Assignment Orders. Each Underwriter shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, each Underwriter (and any subcontractor providing services to the City under this Note Purchase Contract) shall (1) fully comply with all State and Federal employment reporting requirements for each Underwriter's or the subcontractor's employees; (2) certify that the principal owner(s) of each Underwriter and applicable subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Note Purchase Contract.

Failure of any Underwriter or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of any Underwriter or applicable subcontractor to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them

personally, shall constitute a default by such Underwriter under this Note Purchase Contract. Failure of any Underwriter or applicable subcontractor or principal owner to cure the default within 90 days of the notice of default will subject this Note Purchase Contract to termination for breach. Any subcontract entered into by any Underwriter for work to be performed under this Note Purchase Contract must include an identical provision.

Section 9. Access and Accommodations.

Each Underwriter represents and certifies that:

A. Each Underwriter shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;

B. Each Underwriter shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;

C. Each Underwriter shall provide reasonable accommodation upon request to ensure equal access to City-funded programs, services and activities;

D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and

E. The buildings and facilities used to provide services under this Note Purchase Contract are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

Each Underwriter understands that the City is relying upon these certifications and representations as a condition to funding this Note Purchase Contract. Any subcontract entered into by each Underwriter for work to be performed under this Note Purchase Contract must include an identical provision.

Section 10. Contractor Responsibility Ordinance. Each Underwriter shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

Section 11. Restrictions on Campaign Contributions and Fundraising in City Elections. Unless otherwise exempt, if this Note Purchase Contract is valued at $100,000 or more and requires approval by an elected City office, each Underwriter, their principals, and any subcontractors expected to receive at least $100,000 for performance under this Note Purchase Contract, and the principals of those subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and Los Angeles Municipal Code ("LAMC") Section 49.7.35. Failure to comply entitles the City to terminate this Note Purchase Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected City officials or candidates for elected City office for twelve months after this Note Purchase Contract is signed. Additionally, any Underwriter subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as

specified by law. Any Underwriter subject to Charter Section 470(c)(12) shall include the following notice in any contract with any subcontractor to receive at least $100,000 for performance under this Note Purchase Contract:

> "Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections.
>
> You are a subcontractor in connection with the Note Purchase Contract, dated [PRICING DATE] (the "Note Purchase Contract"), between the City of Los Angeles (the "City") and Wells Fargo Bank, National Association, as the Representative. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles officials and candidates for elected City office for twelve months after the Note Purchase Contract is signed. You are required to provide the names and contact information of your principals to the underwriting firm and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of the Note Purchase Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960."

Section 12. Contractor's Use of Criminal History for Consideration of Employment Applications. Each Underwriter shall comply with the City's "Contractor Use of Criminal History for Consideration of Employment Applications" Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by any Underwriter for work to be performed under this Note Purchase Contract must include an identical provision.

[Signatures appear on next page.]

IN WITNESS WHEREOF, the Underwriter has caused this Exhibit E (Standard Provisions for City Contracts) of this Note Purchase Contract to be executed by its duly authorized representative as of the date of this Note Purchase Contract.

[UNDERWRITER]

By:_____

Name:_____

Title:_____

Exhibit C – Preliminary Official Statement, including Appendix A (the City's Information Statement)

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

PRELIMINARY OFFICIAL STATEMENT DATED JUNE __, 2026

[DAC LOGO]

NEW ISSUE – FULL BOOK-ENTRY ONLY

RATINGS:
Moody's: "___"
S&P: "___"
See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Note Counsel, based on existing laws, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the Note Resolution and other documents pertaining to the Notes and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations. In the further opinion of Note Counsel, interest on the Notes is exempt from personal income taxes imposed by the State of California. See "TAX STATUS OF INTEREST ON THE NOTES" herein.

**$_____*
CITY OF LOS ANGELES
2026 TAX AND REVENUE ANTICIPATION NOTES
Interest Rate: _____%; Yield: _____%; Price: _____
CUSIP† Number _____**

Dated: Date of Delivery **Due: June 24, 2027**

This cover contains information for general reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The City of Los Angeles 2026 Tax and Revenue Anticipation Notes (the "Notes") described herein will be issued in the aggregate principal amount of $_____. In accordance with the laws of the State of California (the "State") and the Note Resolution adopted by the Council of the City of Los Angeles on June __, 2026 (the "Note Resolution"), the Notes are general obligations of the City of Los Angeles, California (the "City"), payable from the taxes, income, revenues (including, but not limited to, revenues from the State and federal governments), cash receipts and other moneys which are received or accrued by the City for the General Fund of the City during Fiscal Year 2026-27 and which are available for the payment of current expenses and other obligations of the City, but excluding moneys encumbered for a special purpose (collectively, the "Unrestricted Moneys"). The City has established a special fund, designated the "Tax and Revenue Anticipation Notes, Debt Service Fund" (the "Debt Service Fund"), and has agreed to deposit in the Debt Service Fund for the repayment of the Notes, from the Unrestricted Moneys: (a) not later than January 28, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, (b) not later than February 25, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, (c) not later than March 25, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, (d) not later than April 23, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, and (e) not later than May 27, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes (each such payment being a "Set-Aside Payment" and, collectively, the "Set-Aside Payments").

Under the Note Resolution, the City pledges, with a first statutory lien pursuant to Section 53856 of the California Government Code, any Unrestricted Moneys to secure the payment of the principal of the Notes and the interest thereon, including amounts set-aside in the Debt Service Fund and pledged to the Notes in accordance with the Note Resolution. The City also pledges the Unrestricted Moneys to secure all deposits to the Debt Service Fund. In the event there are insufficient Unrestricted Moneys received by the City to permit the deposit into the Debt Service Fund of the full amount required to be deposited on the applicable set-aside date as set forth above, then the amount of the deficiency shall be satisfied and made up from the first Unrestricted Moneys of the City in the month next following said date. See "SECURITY FOR THE NOTES" herein.

The City is authorized to issue additional notes by adoption of an additional resolution during Fiscal Year 2026-27; provided, however, that pursuant to the Note Resolution, any such additional notes may only be payable on a date subsequent to the maturity date of the Notes. See "THE NOTES — Additional Notes" herein.

The Notes are not subject to redemption prior to maturity.

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* Preliminary, subject to change.

† *Copyright© 2026 CUSIP Global Services. See inside cover page for further information regarding CUSIP data.*

The Notes will be delivered in fully registered form. Purchasers of the Notes will not receive physical certificates representing their interests in the Notes. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"). DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of $5,000 and integral multiples thereof. Principal of and interest on the Notes will be payable on the maturity date thereof by the City Treasurer, acting as Paying Agent (the "Paying Agent"), by wire transfer to DTC. DTC is expected to remit such principal and interest payment to its Direct Participants, which in turn will remit such principal and interest to the Indirect Participants or the Beneficial Owners of the Notes, as described herein. See "THE NOTES — Book-Entry Only System" herein.

The Notes are offered when, as and if issued, subject to the final legal opinion of Kutak Rock LLP, Denver, Colorado, Note Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel to the City, and by Hydee Feldstein Soto, City Attorney, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Notes will be available for delivery through the book-entry facilities of DTC on or about July 8, 2026.

Wells Fargo Securities **Siebert Williams Shank**

RBC Capital Markets **Cabrera Capital Markets LLC**

Dated: June __, 2026

CITY OF LOS ANGELES, CALIFORNIA

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*

OFFICIALS OF THE CITY OF LOS ANGELES

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

Note Counsel
Kutak Rock LLP
Denver, Colorado

Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

Montague DeRose and Associates, LLC
Westlake Village, California

Paying Agent
Treasurer of the City of Los Angeles
Los Angeles, California

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[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 Notes 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 Notes.

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

The information set forth herein has been obtained by the City from sources which are believed to be reliable. The information in the section "THE NOTES — Book-Entry Only System" and in APPENDIX C — "DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein has been furnished by The Depository Trust Company and no representation has been made by the City, the Underwriters or the Municipal Advisor 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 Notes 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 documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

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 the Official Statement constitute "forward-looking statements." Such forward-looking statements include, but are not limited to, statements contained in the table titled "CITY OF LOS ANGELES GENERAL FUND CASH FLOW FISCAL YEAR 2026-27 (Projections)." 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.

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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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$_____
CITY OF LOS ANGELES
2026 Tax and Revenue Anticipation Notes

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 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 Note Resolution (as hereinafter defined).

The City of Los Angeles (the "City") is issuing $_____ aggregate principal amount of its 2026 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and a resolution (the "Note Resolution") adopted by the Council of the City (the "City Council") on June __, 2026.

As provided in the Act, the Notes are general obligations of the City payable only from the taxes, income, revenues (including, but not limited to, revenues from the State of California (the "State") and federal governments), cash receipts and other moneys which are received or accrued by the City for the General Fund of the City during Fiscal Year 2026-27 and which are available for the payment of current expenses and other obligations of the City, but excluding moneys encumbered for a special purpose (collectively, the "Unrestricted Moneys"). See "SECURITY FOR THE NOTES" herein.

The proceeds of the Notes will be used to provide cash flow management for revenues and expenditures of the City's General Fund for Fiscal Year 2026-27, including the City's Fiscal Year 2026-27 annual contribution payments to the Los Angeles Fire and Police Pension Plan and the Los Angeles City Employees' Retirement System.

This Official Statement contains brief descriptions of, among other things, the Notes, the Note Resolution and the City. References to the Notes are qualified in their entirety by references to the form of Note included in the Note Resolution. Information regarding the City, including certain financial information, is set forth in APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT" attached hereto. Investors are advised to carefully consider the information set forth in Appendix A hereto and elsewhere in this Official Statement to make an informed investment decision.

THE NOTES

General

The City will issue the Notes in the principal amount of $_____. Pursuant to the Fiscal Year 2026-27 Budget adopted by the City (the "Fiscal Year 2026-27 Adopted Budget") (see APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — Fiscal Year 2026-27 Adopted Budget"), the City has appropriated from amounts in the General Fund of the City, attributable to Fiscal Year 2026-27, an amount sufficient to pay debt service on the Notes. The Notes will be issued in registered form in denominations of $5,000 and integral multiples thereof. Interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable solely on the maturity date thereof. The Notes mature on the date set forth

on the cover of this Official Statement. The Notes are not subject to call or redemption prior to their maturity date.

The Notes will be initially registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), with the interest rate shown on the cover page of this Official Statement. The principal of and interest on the Notes will be payable on their maturity date by the City Treasurer, acting as Paying Agent (the "Paying Agent"), to DTC. DTC in turn is expected to remit such principal and interest to its Direct Participants (as defined in APPENDIX C hereto), which in turn will remit such principal and interest to the Indirect Participants (as defined in APPENDIX C hereto) or to the Beneficial Owners (as defined below) of the Notes. See "—Book-Entry Only System" below and APPENDIX C — "DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein.

Additional Notes

Pursuant to the Note Resolution, the City Council may, by adoption of an additional resolution during Fiscal Year 2026-27, issue additional notes of the City pursuant to the Act. Such additional notes, if and when issued by the City, would be in addition to the $_____ of the Notes authorized under the Note Resolution. The additional notes, if and when issued, and the interest payable thereon would be payable from Unrestricted Moneys on a date subsequent to the maturity date of the Notes. In addition, pursuant to the Note Resolution, the City covenants and agrees that it will not establish for any such additional notes any set-aside amounts from Unrestricted Moneys on or before the maturity date of the Notes. Any additional notes issued to pay or refinance maturing Notes will not have a maturity date, and will not be paid, until after the Notes are fully paid.

Book-Entry Only System

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully registered certificates will be issued in the aggregate principal amount of the Notes and will be deposited with DTC. See APPENDIX C — "DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the records of the Direct Participants and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. Making required payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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.

DTC may discontinue providing its services as depository with respect to the Notes 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, Note certificates are required to be printed and delivered. The City may decide to

discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered. See APPENDIX C — "DTC AND THE BOOK-ENTRY ONLY SYSTEM" herein.

NEITHER THE CITY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (ii) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE NOTES; OR (iii) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DIRECT PARTICIPANTS, AS ASSIGNEES OF DTC AS OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE NOTES

As provided in the Act, the Notes are general obligations of the City payable from Unrestricted Moneys. The proceeds of the sale of the Notes will be deposited in the City's "Tax and Revenue Anticipation Notes, Note Proceeds Fund" (the "Note Proceeds Fund") established pursuant to Section 5.167.1 of the Los Angeles Administrative Code and used and expended by the City for any purpose for which the City is authorized to expend funds from its General Fund, including, but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the City.

The City has also established under Section 5.167.1 a special fund designated the "Tax and Revenue Anticipation Notes, Debt Service Fund" (the "Debt Service Fund"), which shall be held by the City among its City Treasury funds and accounts and separately accounted for by the City. All amounts in the Debt Service Fund shall be held in trust for the benefit of the holders of the Notes and any additional notes issued pursuant to and subject to the limitations set forth in the Note Resolution. Until the Notes and any additional notes and all interest thereon are paid or until provision has been made for the payment of such Notes and any additional notes at maturity with interest to maturity, the moneys in the Debt Service Fund shall be applied only to pay the principal of and interest on such Notes and any additional notes at the respective maturity dates thereof. Any moneys remaining in the Debt Service Fund after the Notes and any additional notes and the interest thereon have been fully paid, or provision for such payment has been made, shall be released and transferred to the City for deposit into the General Fund.

Pursuant to the Note Resolution, as security for the payment of principal of and interest on the Notes, the City has agreed to deposit in the Debt Service Fund for the repayment of the Notes, from the Unrestricted Moneys (each such payment being a "Set-Aside Payment" and, collectively, the "Set-Aside Payments"): (a) not later than January 28, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, (b) not later than February 25, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, (c) not later than March 25, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, (d) not later than April 23, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes, and (e) not later than May 27, 2027, an amount equal to 20 percent of the total principal and interest due on all of the Notes (collectively, the "Pledged Moneys"). In the event there are insufficient Unrestricted Moneys received by the City to permit the deposit into the Debt Service Fund of the full amount required to be deposited on the applicable set-aside date as set forth above, the amount of the deficiency shall be satisfied and made up from the first Unrestricted Moneys of the City in the month next following said date. In addition, in the event there are insufficient Unrestricted Moneys to make the set-aside payment, the City may: (i) borrow from the Reserve Fund (provided that if amounts in the Reserve Fund are below 2.75 percent of all General Fund receipts anticipated for that fiscal year in the adopted budget, including if such borrowing would cause amounts in the Reserve Fund to fall below 2.75 percent of the General Fund receipts anticipated for that fiscal year in the adopted budget, additional action must be taken by City Council to

approve such borrowing); (ii) borrow from special funds as authorized and directed by the City Council for any Set-Aside Payment date that occurs on or before the last Monday in April (i.e., the first four Set-Aside Payment dates); (iii) make budget adjustments through City Council action; and/or (iv) disencumber General Fund cash initially allocated to other uses. See "GENERAL FUND CASH FLOWS" herein. The City has made the required set-aside payments in full and on time as required in connection with each issuance of tax and revenue anticipation notes by the City since Fiscal Year 2004-05, the earliest year for which documentation is available. See APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — Fiscal Year 2026-27 Adopted Budget" for a discussion of amounts projected to be available in the Reserve Fund.

The City pledges, with a first statutory lien pursuant to Section 53856 of the California Government Code, any Unrestricted Moneys to secure the payment of the principal of the Notes and the interest thereon, including amounts set-aside in the Debt Service Fund and pledged to the Notes in accordance with the Note Resolution. The City also pledges the Unrestricted Moneys to secure all deposits to the Debt Service Fund.

Pursuant to the Fiscal Year 2026-27 Adopted Budget (see APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — Fiscal Year 2026-27 Adopted Budget"), the City has appropriated from amounts in the General Fund of the City, attributable to Fiscal Year 2026-27, an amount sufficient to pay debt service on the Notes. Appropriate officials of the City are required to do and perform each and every act that is necessary to collect and apply, and to provide for the collection and application of, a sum sufficient to pay the principal of and interest on the Notes on or before the maturity date thereof.

The additional notes, if and when issued by the City, and the interest payable thereon, shall be payable from Unrestricted Moneys on a date subsequent to the maturity date of the Notes. Pursuant to the Note Resolution, the City covenants and agrees that the City will not establish any set-aside payments from Unrestricted Moneys for such additional notes, and the additional notes will not be payable, on or before the maturity date of the Notes. Any additional notes issued to pay or refinance maturing Notes will not have a maturity date, and will not be paid, until after the Notes are fully paid.

The amount needed to repay all of the Notes on their maturity date is $_____.* The City's Fiscal Year 2026-27 General Fund cash flow projections are set forth below. See "GENERAL FUND CASH FLOWS" herein. See also "BORROWABLE RESOURCES" herein for a description of additional resources available to the City to repay the Notes, if necessary.

THE NOTES SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY LIMITATION OR REQUIREMENT CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, NOR WILL ANYTHING CONTAINED IN THE NOTE RESOLUTION CONSTITUTE, EXCEPT AS EXPRESSLY SET FORTH THEREIN, A PLEDGE OF GENERAL REVENUES, FUNDS OR MONEYS OF THE CITY. THE OBLIGATION OF THE CITY TO PAY PRINCIPAL AND INTEREST WITH RESPECT TO THE NOTES IS NOT AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY TAX OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY TAX.

GENERAL FUND CASH FLOWS

Set forth below is a summary of the City's actual Fiscal Year 2024-25 General Fund cash flows, the City's estimated 2025-26 General Fund cash flows (based on actual data through May 13, 2026) and the City's projected Fiscal Year 2026-27 General Fund cash flows. See APPENDIX A — "CITY OF LOS ANGELES

* Preliminary, subject to change.

INFORMATION STATEMENT — FINANCIAL INFORMATION — OVERVIEW OF THE CITY'S FINANCIAL CONDITION" and "— BUDGET AND FINANCIAL OPERATIONS — Fiscal Year 2026-27 Adopted Budget" attached hereto.

The Fiscal Year 2026-27 General Fund cash flow projections set forth below are based on the City's Fiscal Year 2026-27 Adopted Budget, which was adopted by the City Council on May __, 2026 and approved by the Mayor on June __, 2026. As described in Appendix A, the City's revenue assumptions for Fiscal Year 2026-27 are based on trends in receipts, analyses conducted by departments, and relevant industry forecasts as of [March 2026], and assume that an economic recession will not occur. Future economic uncertainty presents particular challenges in connection with the revenue forecast for Fiscal Year 2026-27. See APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS."

In the Fiscal Year 2026-27 General Fund cash flow projections, the "Available Borrowable Resources" represents amounts that the City Controller may borrow from (i) the Reserve Fund (provided that if amounts in the Reserve Fund are below 2.75 percent of all General Fund receipts anticipated for that fiscal year in the adopted budget, including if such borrowing would cause amounts in the Reserve Fund to fall below 2.75 percent of the General Fund receipts anticipated for that fiscal year in the adopted budget, additional action must be taken by the City Council to approve such borrowing) and (ii) the special funds as authorized and directed by the City Council for any Set-Aside Payment date that occurs on or before the last Monday in April (i.e., the first four Set-Aside Payment dates). See APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — Fiscal Year 2026-27 Adopted Budget" for a discussion of amounts projected to be available in the Reserve Fund.

The Fiscal Year 2026-27 Adopted Budget and Fiscal Year 2026-27 General Fund cash flow projections also include a number of other assumptions relating to the City's revenues and expenditures. Actual circumstances may be significantly different from the assumptions, and such differences may be material and adverse.

Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved. Neither the City's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the estimated and projected cash flows contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the estimated or projected cash flows.

CITY OF LOS ANGELES
GENERAL FUND CASH FLOW
FISCAL YEAR 2024-25
(Actuals as of June 30, 2025)
(In Thousands)

MONTH ENDING	*July 31*	*August 31*	*September 30*	*October 31*	*November 30*	*December 31*	*January 31*	*February 28*	*March 31*	*April 30*	*May 31*	*June 30*	*Total*
BEGINNING CASH BALANCE	$ 783,558	$ 766,734	$ 570,996	$ 431,686	$ 289,245	$ 244,932	$ 799,162	$ 835,024	$ 608,700	$ 432,168	$ 597,959	$ 743,646	
RECEIPTS													
Property Taxes	20,949	87,821	--	--	34,461	778,657	591,556	109,528	8,306	616,218	560,105	104,629	2,912,230
Utility Users Tax	52,565	58,356	50,449	69,440	51,829	57,879	65,513	42,886	71,924	41,736	76,271	55,863	694,711
Licenses, Permits, Fees and Fines	69,360	82,819	106,607	100,327	96,079	106,836	79,371	80,711	102,552	109,537	77,884	361,490	1,373,573
Sales Tax	65,850	49,117	56,120	49,406	53,904	55,787	49,421	62,972	51,833	47,177	66,974	53,398	661,959
Business Tax	20,268	18,518	18,311	16,926	10,939	16,176	66,638	197,663	385,311	29,907	33,470	31,396	845,523
Expenditure Transfers and Reimbursements	81,965	89,930	360,687	277,819	121,496	140,849	101,239	118,119	134,562	178,052	121,967	129,329	1,856,014
Other Revenues	100,748	86,241	93,087	68,749	89,219	110,223	32,921	86,502	66,996	84,703	78,031	255,384	1,152,804
Borrowing from Other Funds	--	--	--	--	75,000	50,000	--	50,000	--	--	--		175,000
Transfer from Proprietary Funds									109,656	54,828	54,828		219,312
2024 TRANs Proceeds	1,566,073	--	--	--	--	--	--	--	--	--	--	--	1,566,073
Total Receipts	1,977,778	472,802	685,261	582,667	532,927	1,316,407	986,659	748,381	931,140	1,162,158	1,069,530	991,489	11,457,199
DISBURSEMENTS													
Salaries	348,136	343,543	487,307	376,672	332,039	381,216	353,656	412,624	542,864	353,444	359,389	381,699	4,672,589
Allocations to Other Funds	57,362	104,545	82,544	61,535	59,436	62,329	79,547	59,556	55,429	82,427	55,238	117,386	877,334
Services, Equipment and Supplies	161,870	160,272	130,142	159,106	118,791	129,376	128,300	111,656	115,285	140,357	120,571	139,675	1,615,401
Other Disbursements	1,427,234	60,180	124,578	127,795	66,974	64,256	65,571	67,146	70,371	96,415	64,921	326,867	2,562,308
Repayment of Borrowings from Other Funds	--	--	--	--	--	125,000	--	--	--	--	--	--	125,000
2024 TRANs Debt Service Fund	--	--	--	--	--	--	323,723	323,723	323,723	323,724	323,724	--	1,618,617
Total Disbursements	1,994,602	668,540	824,571	725,108	577,240	762,177	950,797	974,705	1,107,672	996,367	923,843	965,627	11,471,249
SURPLUS/DEFICIT	(16,824)	(195,738)	(139,310)	(142,441)	(44,313)	554,230	35,862	(226,324)	(176,532)	165,791	145,687	25,862	
ENDING CASH BALANCE	$ 766,734	$ 570,996	$ 431,686	$ 289,245	$ 244,932	$ 799,162	$ 835,024	$ 608,700	$ 432,168	$ 597,959	$ 743,646	$ 769,508	

Source: Office of the City Controller.

CITY OF LOS ANGELES
GENERAL FUND CASH FLOW
FISCAL YEAR 2025-26
(Actuals as of May 13, 2026)[1]
(In Thousands)

MONTH ENDING	*July 31*	*August 31*	*September 30*	*October 31*	*November 30*	*December 31*	*January 31*	*February 28*	*March 31*	*April 30*	*May 31*	*June 30*	*Total*
BEGINNING CASH BALANCE	$ 769,508	$ 771,647	$ 624,323	$ 373,833	$ 325,760	$ 248,029	$ 717,816	$ 784,576	$ 600,120	$ 350,111	$ 566,828	$ 699,511	
RECEIPTS													
Property Taxes	18,389	92,623	--	--	35,537	809,310	617,285	90,187	10,583	647,307	559,554	99,699	2,980,474
Utility Users Tax	68,155	51,549	70,466	67,705	57,158	71,273	61,926	48,401	73,423	52,658	59,670	63,626	746,010
Departmental Receipts	83,854	103,913	101,806	133,677	88,162	152,874	82,281	67,658	127,191	114,299	111,185	462,934	1,629,834
Sales Tax	60,629	54,320	56,448	53,699	55,957	50,234	50,742	76,211	50,660	44,566	65,959	51,245	670,670
Business Tax	25,047	17,675	20,950	18,868	19,222	22,701	66,738	233,695	394,752	30,542	23,612	20,873	894,675
Expenditure Transfers and Reimbursements	80,185	95,297	241,938	313,054	103,136	139,610	115,100	106,869	117,883	115,238	131,907	149,818	1,710,035
Other Revenues	103,780	103,507	83,097	63,960	93,360	72,998	55,409	128,920	74,776	79,261	85,089	121,212	1,065,369
Borrowing from Other Funds	--	--	--	50,000	60,000	--	--	--	--	--	--	--	110,000
Transfer from Budget Stabilization Fund	--	--	--	29,000	--	--	--	--	--	--	--	--	29,000
Transfer from Proprietary Funds	--	--	--	--	--	--	--	--	--	112,891	56,446	56,445	225,782
Revenue Loss Backfill	--	--	--	--	--	--	--	21,993	--	--	--	--	21,993
2025 TRANs Proceeds	1,536,514	--	--	--	--	--	--	--	--	--	--	--	1,536,514
Total Receipts	**1,976,553**	**518,884**	**574,705**	**729,963**	**512,532**	**1,319,000**	**1,049,481**	**773,934**	**849,268**	**1,196,762**	**1,093,422**	**1,025,852**	**11,620,356**
DISBURSEMENTS													
Salaries	378,917	364,515	535,455	358,286	356,436	370,737	357,490	398,907	538,804	361,486	362,047	363,000	4,746,080
Allocations to Other Funds	56,967	121,099	83,300	62,644	60,314	56,147	81,680	55,398	58,790	62,458	53,563	56,027	808,387
Allocations to Reserve Fund	--	--	--	--	--	121,782	--	--	--	--	--	--	121,782
Services, Equipment and Supplies	137,179	119,682	137,657	162,246	103,795	125,636	139,080	107,918	115,588	133,809	157,886	214,164	1,654,640
Other Disbursements	1,401,351	60,912	68,783	194,860	69,718	64,911	87,912	79,608	69,536	105,733	70,684	359,011	2,633,019
Repayment of Borrowings from Other Funds	--	--	--	--	--	110,000	--	--	--	--	--	--	110,000
2025 TRANs Debt Service Fund	--	--	--	--	--	--	316,559	316,559	316,559	316,559	316,559	--	1,582,795
Total Disbursements	**1,974,414**	**666,208**	**825,195**	**778,036**	**590,263**	**849,213**	**982,721**	**958,390**	**1,099,277**	**980,045**	**960,739**	**992,202**	**11,656,703**
SURPLUS/DEFICIT	**2,139**	**(147,324)**	**(250,490)**	**(48,073)**	**(77,731)**	**469,787**	**66,760**	**(184,456)**	**(250,009)**	**216,717**	**132,683**	**33,650**	
ENDING CASH BALANCE	**$ 771,647**	**$ 624,323**	**$ 373,833**	**$ 325,760**	**$ 248,029**	**$ 717,816**	**$ 784,576**	**$ 600,120**	**$ 350,111**	**$ 566,828**	**$ 699,511**	**$ 733,161**	

[1] Based on actual figures through May 13, 2026; figures for the remainder of the Fiscal Year (May 16 – June 30) are estimates.

Source: Office of the City Controller.

CITY OF LOS ANGELES
GENERAL FUND CASH FLOW
FISCAL YEAR 2026-27
(Projections)
(In Thousands)

MONTH ENDING	*July 31*	*August 31*	*September 30*	*October 31*	*November 30*	*December 31*	*January 31*	*February 28*	*March 31*	*April 30*	*May 31*	*June 30*	*Total*
BEGINNING CASH BALANCE													
RECEIPTS													
Property Taxes													
Utility Users Tax													
Departmental Receipts													
Sales Tax													
Business Tax													
Expenditure Transfers and Reimbursements[1]													
Other Revenues[2]													
Borrowing from Other Funds													
Transfer from Budget Stabilization Fund													
Transfer from Proprietary Funds													
2026 TRANs Proceeds[3]													
Total Receipts													
DISBURSEMENTS													
Salaries													
Allocations to Other Funds													
Allocations to Reserve Fund													
Services, Equipment and Supplies													
Other Disbursements[4]													
Repayment of Borrowings from Other Funds													
2026 TRANs Debt Service Fund[5][6]													
Total Disbursements													
SURPLUS/DEFICIT													
ENDING CASH BALANCE													
Available Borrowable Resources[7][8][9]													
Other Borrowable Funds											--	--	
Reserve Funds													
Total Borrowable Funds													

[Footnotes on Following Page]

(1) Expenditure Transfers and Reimbursements represent reimbursements from special funds for direct costs.
(2) Other Revenues include parking fines, transient occupancy tax, documentary transfer tax, parking users' tax, franchise income, interest income, grants, tobacco settlement, surplus transfer from the Special Parking Revenue Fund, and residential development tax.
(3) Includes the Notes.
(4) Other Disbursements include inter-fund billings such as water and electricity, health and dental insurance subsidy, lease payments, and the portion of the City's Fiscal Year 2026-27 annual contributions to the Los Angeles City Employees' Retirement System and the Fire and Police Pension Plan payable from proceeds of the Notes.
(5) The Set-Aside Payment to be made on May 27, 2027 occurs after the City Charter restriction on borrowing from special funds.
(6) 2026 TRANs Debt Service Fund amounts represent the Set-Aside Payments.
(7) Amounts shown are net of allocations to the General Fund and other budgeted disbursements and do not reflect the actual Reserve Fund or "Other Borrowable Funds" balances throughout the fiscal year. The actual amounts available to be borrowed at any given time will depend on a variety of factors and is subject to change.
(8) Pursuant to Section 340 of the City Charter, the City may borrow from special funds up to the last Monday in April during the fiscal year. The City has access to the Reserve Fund all year round.
(9) Requires City Council action to transfer funds.

Totals may not equal component parts due to rounding.

Source: Office of the City Controller.

BORROWABLE RESOURCES

General

Based on the revenue and expenditure assumptions set forth in the Fiscal Year 2026-27 Adopted Budget, the City currently anticipates that sufficient Unrestricted Moneys will be available to make Set-Aside Payments during Fiscal Year 2026-27. If Unrestricted Moneys are insufficient to make a Set-Aside Payment, the amount of the deficiency shall be satisfied and made up from the first Unrestricted Moneys of the City in the month next following said date. In addition, in the event there are insufficient Unrestricted Moneys to make the Set-Aside Payment, the City may: (i) borrow from the Reserve Fund (provided that if amounts in the Reserve Fund are below 2.75 percent of all General Fund receipts anticipated for Fiscal Year 2026-27 in the adopted budget, including if such borrowing would cause amounts in the Reserve Fund to fall below 2.75 percent of the General Fund receipts anticipated for Fiscal Year 2026-27 in the adopted budget, additional action must be taken by City Council to approve such borrowing); (ii) borrow from special funds as authorized and directed by the City Council for any Set-Aside Payment date that occurs on or before the last Monday in April (*i.e.*, the first four Set-Aside Payment dates); (iii) make budget adjustments through City Council action; and/or (iv) disencumber General Fund cash initially allocated to other uses through City Council action.

Reserve Fund

The Reserve Fund is a fund of the City into which surplus moneys of the General Fund are deposited (the "Reserve Fund") and from which the City Council may authorize expenditures by supplemental appropriation. For additional information regarding the City's Reserve Fund, see APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — Budgetary Reserves and Contingencies" attached hereto. In addition to making the budgeted transfers of revenue from the Reserve Fund to the General Fund, the City may, pursuant to the City Charter, borrow from the Reserve Fund on a temporary basis. In the event the City Controller determines that internal cash resources are required to manage timing differences between planned General Fund receipts and disbursements, funds may be borrowed from the Reserve Fund without further City Council action; provided that if amounts in the Reserve Fund are below 2.75 percent of all General Fund receipts anticipated for that fiscal year in the adopted budget, including if such borrowing would cause amounts in the Reserve Fund to fall below 2.75 percent of the General Fund receipts anticipated for that fiscal year in the adopted budget, any such borrowing shall require approval by a two-thirds vote of the City Council with the concurrence of the Mayor, or, in the event of a Mayoral veto, by a three-fourths vote of the City Council. Concurrent with any transfer that would result in amounts in the Reserve Fund being below 2.75 percent of the General Fund receipts anticipated for that fiscal year in the adopted budget, the City Council shall, pursuant to the City Charter, make a finding of urgent economic necessity, the basis for which includes, but is not limited to, a significant economic downturn after the budget is adopted, a natural disaster, such as additional wildfires, an earthquake, civil unrest, or other significant unanticipated events requiring the expenditure of General Fund resources. See the table titled "CITY OF LOS ANGELES GENERAL FUND CASH FLOW FISCAL YEAR 2026-27 (Projections)" for the amounts projected to be in the Reserve Fund at the date of each Set-Aside Payment.

Special Funds

Borrowing from the special funds is authorized by the City Charter up to the last Monday in April within the current fiscal year and must be repaid from *ad valorem* taxes accruing to the City before any other obligation of the City is met from such taxes. Borrowings from the special funds must be authorized and directed by the City Council. The first four dates for Set-Aside Payments of Pledged Moneys occur on or before the last Monday in April and therefore borrowings from special funds (upon authorization and direction by City Council action) may be available to make up any deficiency in such Set-Aside Payments. The Set-Aside Payment due on May 27, 2027, occurs after the last Monday in April and no borrowing from special funds will be available to make up any deficiency.

The City has more than 20 special funds from which it could legally borrow to make payments on the Notes. The projections for borrowable resources set forth in the cash flows under "GENERAL FUND CASH FLOWS" represent the total for [14] of the largest sources. The actual amount available to be borrowed at any given time will depend on a variety of factors, including the actual revenues and expenditures attributable to the special funds over the course of the fiscal year, and any prior borrowings from such special funds, and is subject to change. The amounts in the special funds, together with amounts in the Reserve Fund, which are eligible and may be available for borrowing by the City Controller with City Council action through the last Monday in April 2027 are projected to range from a [low of approximately $2.1 billion to a high of approximately $2.7 billion]. See "Other Borrowable Funds" under the heading "Available Borrowable Resources" in the City's Fiscal Year 2026-27 General Fund projections set forth above under "GENERAL FUND CASH FLOWS" herein.

INVESTMENTS

Pursuant to the Note Resolution, moneys in the Note Proceeds Fund and the Debt Service Fund may be invested in any authorized investment permitted by the City's Statement of Investment Policy and the California Government Code and may be invested for a period of time in the "The City of Los Angeles Pooled Investment Fund General Pool" (the "General Investment Pool"). Investment earnings on amounts held in the Note Proceeds Fund shall be held in and credited to the Note Proceeds Fund until the maturity of all of the Notes, and on and after such date, all amounts remaining in the Note Proceeds Fund, if any, shall be credited and transferred to the Debt Service Fund and applied, as a credit against the amounts required to be deposited by the City in the Debt Service Fund pursuant to the Note Resolution, to the payment of principal and interest as provided in the Note Resolution. Any moneys remaining in the Note Proceeds Fund after the Notes and the interest thereon have been fully paid, or provision for such payment has been made, including any investment earnings earned prior to the maturity of all of the Notes, but not credited to the Note Proceeds Fund until after the maturity of all of the Notes, shall be released and transferred to the City for deposit into its General Fund. Investment earnings on the Debt Service Fund, if any, shall be credited to and retained in such fund until the payment of the Notes at the final maturity date thereof. See "RISK FACTORS — Bankruptcy."

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

The City Treasurer does not invest in long range notes, inverse floating rate investments, or mortgage-derived interest or principal-only strips, among other instruments prohibited by State law and the City's Investment Policy. With respect to the Notes, the City will be in possession of the taxes and other revenues that will be set aside and pledged to repay the Notes and these funds may be invested for a period of time in the General Investment Pool. The City believes that its investments in the General Investment Pool have not caused it to exceed any debt limitation or restriction imposed by the laws of the State. For further information concerning the investment policy of the City, see APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — City Treasury Investment Practices and Policies" attached hereto.

RISK FACTORS

The following factors, along with all other information in this Official Statement, must be considered by potential investors in evaluating the risks inherent in the purchase of the Notes. The following description is not intended to be an exhaustive list of the risks associated with the purchase of the Notes and the order of presentation below does not necessarily reflect the relative importance of the various risks.

The City's Fiscal Year 2026-27 Adopted Budget; City Financial Challenges

The Fiscal Year 2026-27 General Fund cash flow projections set forth above are based on the City's Fiscal Year 2026-27 Adopted Budget. The City's Fiscal Year 2026-27 Adopted Budget is based on a number of assumptions regarding both revenues and expenditures. As described in Appendix A, the City's revenue assumptions for Fiscal Year 2026-27 are based on trends in receipts, analyses conducted by departments, and relevant industry forecasts as of [March 2026], and assume that an economic recession will not occur.

As described in Appendix A, the City is facing significant financial challenges. In addition, future economic uncertainty and the potential impact of changes in federal policy present particular challenges in connection with the revenue forecast for Fiscal Year 2026-27. See APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — OVERVIEW OF THE CITY'S FINANCIAL CONDITION" and "—BUDGET AND FINANCIAL OPERATIONS — Fiscal Year 2026-27 Adopted Budget." Accordingly, the City's actual Fiscal Year 2026-27 cash flows may differ from the above projections and such differences may be material and adverse. Inclusion of the projected cash flows in this Official Statement should not be regarded as a representation by any person that the results contained in the projected cash flows will be achieved.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the City, may become subject to the exercise by the United States of America of the powers delegated to it by the Constitution, or 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 and the limitations on remedies against public agencies in the State.

Bankruptcy

The enforceability of the rights and remedies of the owners of the Notes (including the enforceability and priority of the statutory lien pursuant to Section 53856 of the California Government Code), and the obligations incurred by the City, may become subject to the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, or equity principles which may limit the specific enforcement under State law of certain remedies. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

The City is authorized under California law to file for bankruptcy protection under Chapter 9 of the Bankruptcy Code. However, third parties cannot bring involuntary bankruptcy proceedings against the City.

Should the City become a debtor in a federal bankruptcy proceeding, the owners of the Notes would continue to have a lien on Pledged Moneys because that lien is imposed by statute. Unlike other types of pledges and liens that are cut off by the Bankruptcy Code upon the filing of the bankruptcy case, statutory liens continue both after the filing and the conclusion of the case. In 1996, in the case of *Alliance Capital Management L.P. v. County of Orange*, a part of the Chapter 9 proceeding of Orange County, the United States District Court for the Central District of California held that the lien imposed pursuant to Section 53856 of the California Government Code creates a statutory lien for purposes of the federal Bankruptcy Code. Accordingly, the City believes that, in a Chapter 9 case of the City, pursuant to Section 53856 of the California Government Code holders of the Notes would have a first priority statutory lien on Pledged Moneys. While a decision outside of California (in the bankruptcy case of the Commonwealth of Puerto Rico) has questioned certain aspects of the reasoning of the Alliance Capital Management decision, it remains the governing case law in California for the proposition that, in a Chapter 9 case of the City, the owners of the Notes would have statutory lien on the Pledged Moneys.

In another 1996 decision in the Chapter 9 case of Orange County, in the case of *County of Orange v. Merrill Lynch & Co., Inc.*, et al. the bankruptcy court held 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 moneys 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 court was not required to directly address Section 53856 of the California Government Code. With respect to the Notes, the City will be in possession of the taxes and other revenues that will be set-aside and pledged to repay the Notes and these funds may be invested for a period of time in the General Investment Pool. See APPENDIX A — "CITY OF LOS ANGELES INFORMATION STATEMENT — FINANCIAL INFORMATION — BUDGET AND FINANCIAL OPERATIONS — City Treasury Investment Practices and Policies" attached hereto. If the City were to file for bankruptcy relief 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 Notes do not have a valid and/or prior lien on the Pledged Moneys where such amounts are deposited in the General Investment Pool and may not provide the owners of the Notes with a priority interest in such amounts. In that circumstance, unless the owners could "trace" the funds from the Debt Service Fund that have been deposited in the General Investment Pool, the owners would be unsecured creditors of the City. There can be no assurance that the owners of Notes could successfully so "trace" the Pledged Moneys and other revenues in the General Investment Pool or that they will have a priority in such funds under the statutory lien imposed pursuant to Section 53856 of the California Government Code.

Regardless of any specific determinations by a bankruptcy court in a City bankruptcy proceeding, the mere filing by the City for bankruptcy protection likely would have a material adverse effect on the marketability and market price of the Notes.

TAX STATUS OF INTEREST ON THE NOTES

In General

In the opinion of Kutak Rock LLP, Note Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Notes is excluded from gross income for federal income tax purposes, is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and is exempt from current State of California personal income taxes. The opinions described in the preceding sentence assume compliance by the City with covenants made in connection with the issuance of the Notes designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Notes. Failure to comply with such covenants and requirements could cause interest on the Notes to be included in gross income for federal and State of California income tax purposes retroactive to the date of issuance of the Notes. The City has covenanted in the Note Resolution and the Tax and Nonarbitrage Certificate executed and delivered in connection with the issuance of the Notes to comply with such requirements. Note Counsel has expressed no opinion regarding other federal or state tax consequences arising with respect to the Notes. Interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations.

The opinions expressed by Note Counsel are made in reliance upon the opinion of Note Counsel that the Notes constitute legally valid and binding obligations of the City and that the Notes are enforceable in accordance with their terms.

The accrual or receipt of interest on the Notes may otherwise affect the federal income tax liability of the owners of the Notes. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Note Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Notes, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts, or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health care plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Notes.

The amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service Notice 94-84, 1994 2 C.B. 559. Notice 94 84 states that the Internal Revenue Service is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (a) the stated interest payable at maturity, or (b) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the Internal Revenue Service provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Notes as the amount excluded from gross income for federal income tax purposes. An amount equal to the excess of the issue price of a Note over its stated redemption price at maturity constitutes original issue premium on such Note. An initial purchaser of a Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Code. Purchasers of a Note with original issue premium should consult their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning Notes with original issue premium.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX STATUS OF INTEREST ON THE NOTES" or adversely affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes or the market value thereof would be impacted thereby. Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Note Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of

issuance and delivery of the Notes and Note Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LITIGATION

There is no action, suit or proceeding pending (with service of process having been given) against the City or, to the knowledge of its respective officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting or affecting the validity of the Notes or the Note Resolution or any proceedings of the City taken with respect to the issuance or sale of the Notes, or the pledge or application of any moneys or security provided for the payment of the Notes or the use of the proceeds of the Notes.

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

CERTAIN LEGAL MATTERS

Kutak Rock LLP, Denver, Colorado, Note Counsel to the City, will render its approving opinion with respect to the validity of the Notes on the date of the issuance of the Notes in substantially the form set forth in APPENDIX B — "FORM OF APPROVING OPINION OF NOTE COUNSEL" attached hereto. Note Counsel expresses no opinion regarding the accuracy or completeness of this Official Statement. Certain legal matters will be passed on for the City by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel to the City, and by the City Attorney, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. Compensation for Note Counsel, Note Counsel, and Disclosure Counsel's services is entirely contingent upon the sale and delivery of the Notes.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Notes 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 Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025 (the "Financial Statements"), including the Independent Auditor's Report, are available on the EMMA website at https://emma.msrb.org/P11922136.pdf. The Financial Statements are incorporated herein by reference thereto. 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

Moody's Investors Service Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned ratings of "___" and "___" respectively, to the Notes. 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: Moody's at *https://www.moodys.com* and S&P at *http://www.standardandpoors.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 Notes. The City undertakes no responsibility to maintain any rating on the Notes or to take any action, except as may be required by the provisions of the Note Resolution relating to its continuing disclosure obligations, in the event of a downgrade, suspension or withdrawal of a rating.

CONTINUING DISCLOSURE

The City has agreed in the Note Resolution, in a timely manner not in excess of ten business days after the occurrence of certain "Listed Events," to report the occurrence of such event to the Municipal Securities Rulemaking Board (the "MSRB") through its EMMA website at *http://emma.msrb.org*. Listed Events include any of the following events with respect to the Notes: (1) principal and interest payment delinquencies, (2) non-payment related defaults, if material, (3) unscheduled draws on debt service reserves reflecting financial difficulties, (4) unscheduled draws on credit enhancements reflecting financial difficulties, (5) substitution of credit or liquidity providers, or their failure to perform, (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes, (7) modifications to rights of Note holders, if material, (8) note calls, if material, and tender offers, (9) defeasances, (10) release, substitution, or sale of property securing repayment of the Notes, if material, (11) rating changes, (12) bankruptcy, insolvency, receivership or similar event of the City; provided that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, (13) consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such 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 paying agent, or the change of name of a paying agent, if material, (15) incurrence of a Financial Obligation 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 Note 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. "Financial Obligation" means a (A) debt instrument, (B) derivative instruments entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (C) guarantee of (A) or (B) above, but excluding municipal securities as to which a final official statement has been provided to MSRB consistent with Rule 15c2-12, promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). These covenants have been made in order to assist the Underwriters (as defined hereafter) in complying with Rule 15c2-12. The City's failure to comply with any of such covenants shall not be deemed an event of default on the Notes or under the Note Resolution, and the sole remedy under the Note Resolution in the event of any failure by the City to comply with such covenants shall be an action to compel performance.

The City and its related entities issue a variety of bonds, notes and obligations ("Obligations"), including Obligations issued through its proprietary enterprise programs and for its housing program and other conduit borrowers, as well as Obligations secured by special taxes and special assessments. The representations made by the City in this section regarding its previous continuing disclosure undertakings relate only to those

Obligations which are managed by the City Administrative Officer and its staff, including Obligations secured by the City's general fund (including the bonds and notes issued through the Corporation), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds. The City's Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into separate continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

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

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC, Westlake Village, California (the "Municipal Advisor") has served as independent registered municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor assisted the City in preparation of this Official Statement and in other matters related to the planning, structuring, execution and delivery of the Notes. The Municipal Advisor will receive compensation upon the sale and delivery of the Notes.

The Municipal Advisor has not audited, authenticated or otherwise independently verified 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. Because of this limited participation, 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.

UNDERWRITING

Pursuant to the terms and conditions of a Note Purchase Contract for the Notes (the "Purchase Contract") between the City and Wells Fargo Bank, National Association, on behalf of itself and as representative of RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, Cabrera Capital Markets LLC (collectively, the "Underwriters"), the Underwriters have agreed to purchase the Notes from the City at an aggregate purchase price of $_____, representing the aggregate principal amount of the Notes, plus an original issue premium of $_____, and less the Underwriters' discount of $_____.

The Purchase Contract provides, among other things, that the obligations of the Underwriters are subject to certain terms, conditions and precedents, and that the Underwriters will be obligated to purchase all of the Notes offered under the Purchase Contract, if any of the Notes offered thereunder are purchased.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City

(directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters have provided the following paragraphs for inclusion on the Official Statement.

RBC Capital Markets, LLC (RBCCM), an underwriter of the Notes, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Notes.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Notes, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) ("WFA"), for the distribution of certain municipal securities offerings, including the Notes. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Notes with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the No. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

MISCELLANEOUS

This Official Statement contains brief descriptions of, among other things, the Notes, the Note Resolution 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 Notes are qualified in their entirety by reference to the form of Note included in the Note 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 Notes.

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

CITY OF LOS ANGELES

By: _____
Assistant City Administrative Officer

DRAFT[1] (5/20/2026)

APPENDIX A

CITY OF LOS ANGELES INFORMATION STATEMENT

[1] Appendix A to be updated as appropriate prior to being finalized for the posted Preliminary Official Statement, including to reflect information contained in the 2026-27 Adopted Budget and the 2025-26 Year-End 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.

CITY FINANCIAL CHALLENGES

As described herein, the City is facing a number of significant financial challenges, including the following:

2025 Palisades Fire. 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 percent of eligible costs to restore facilities damaged as a result of natural disasters to their pre-disaster condition and 100 percent 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 ("AB 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 eighteen loan requests to CalOES totaling approximately

$113 million. The City has received $15 million from CalOES through this effort for two projects: Los Angeles Fire Department response activities ($14.6 million), and the Department of Water and Power water distribution ($0.4 million). Of the remaining $98.2 million, $78.2 million has been recommended by CalOES staff for approval. The reduced amount represents a hedge by CalOES against FEMA obligating a lower amount. There is currently no timeline as to when CalOES approval may occur.

As of May 2026 the City has submitted 53 projects under FEMA's Public Assistance Program of which 49 are considered active projects under review. The total estimated costs for these active projects is $214.5 million. This includes over $136 million in damage or destruction to structures and equipment owned by the City and Los Angeles Department of Water and Power ("LADWP"). These estimates are expected to change as the actual repair and replacement of the structures and equipment are completed. 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 costs prior to any potential reimbursement. The City is in the process of determining the timing of this front-funding need and any portions that may require a General Fund appropriation. The Fiscal Year 2025-26 Adopted Budget included $17.7 million in special funds set aside for erosion control and signs and signal work to front fund some of these costs. The Fiscal Year 2026-27 [Proposed] Budget does not include a specific General Fund appropriation to front-fund any of the City projects. However, receipt of AB 100 loan funds will assist the City with front-funding needs for several of the non-LADWP projects including the Palisades library and pumping plants operated by the Bureau of Sanitation.

The Palisades Fire is also expected to have long-term impacts on the City's fiscal condition and the local economy with 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." In addition, the Mayor and the City Council (the "Council") approved waivers of plan check and permit fees associated with reconstruction of private property damaged in the Palisades Fires, with an aggregate cap limiting the total costs of the waivers to $90 million over three years. [The City Council expects to consider a draft ordinance waiving such fees by the end of Fiscal Year 2025-26. As of May 8, 2026, the City has suspended $11.3 million in fees. The City expects that these suspended fees will be waived following the adoption of the ordinance.] The Fiscal Year 2026-27 [Proposed] Budget allocates $20 million toward the repayment of special funds for such fee waivers.

Litigation Relating to the Palisades Fire. Several hundred lawsuits have been filed against the City and LADWP, a proprietary department of the City, and other entities by thousands of plaintiffs claiming damage from the Palisades Fire, including two putative class actions that have been consolidated into a single class action complaint. Additional lawsuits continue to be filed. Pursuant to an order of the judge overseeing the litigation, on October 8, 2025, individual plaintiffs liaison counsel (i.e., counsel appointed to organize the individual plaintiffs) filed a master complaint containing allegations that are intended to be common to claims by individuals and businesses alleging damages from the fire. Plaintiffs later filed a Revised Master Complaint (the "Revised Master Complaint") in December 2025 to correct minor errors in the original filing. The Revised Master Complaint brings claims relating to LADWP's water system and power system, and clearance of brush from City-owned lots. As to both the power system and the water system, the Revised Master Complaint asserts claims for inverse condemnation. The Revised Master Complaint also asserts tort claims as to the power system for dangerous condition of public property and nuisance. In addition to the claims under the Revised Master Complaint, lawsuits have been filed by certain insurance carriers asserting subrogation rights and at least one public entity. These lawsuits allege claims based on inverse condemnation. The doctrine of inverse condemnation is a "takings clause" cause of action under the State and federal constitutions that entitles property owners to just compensation if their private property is damaged by a public use. California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency's infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. 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 insurance carrier plaintiffs asserts a damages figure of greater than $3 billion. The City and LADWP deny all liability claims. The City intends to vigorously defend

against all of these lawsuits, and any others that may be filed. However, 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.

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

Investigations Relating to the Palisades Fire. A number of investigations and reviews of the fire events and of local agency preparation and response actions are being undertaken, including 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 the LADWP's overhead transmission facilities that are near, but outside of, the area where the Palisades Fire reportedly ignited. The ATF has not issued publicly its cause and origin report, and the City does not have information regarding if or when the ATF will issue such 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.

On October 15, 2025, a federal grand jury indicted Mr. Rinderknecht on one count of destruction of property by means of fire, one count of arson affecting property used in interstate commerce, and one count of timber set afire. Mr. Rinderknecht's trial is set for June 8, 2026.

Future Initiatives. An initiative submitted by business leaders in the City has qualified for the November 3, 2026 ballot that, if approved by the voters, will repeal the gross receipts tax on all businesses other than cannabis businesses, effective January 1, 2028. The Fiscal Year 2026-27 [Proposed] Budget includes $896 million in Business Tax receipts, approximately 10 percent of the General Fund. Of the $896 million, approximately $64 million is cannabis business tax revenue that would not be impacted by the measure if approved. The CAO estimates that, should the initiative receive voter approval, the annual General Fund revenue loss would be $860 million on average for the first five years starting in Fiscal Year 2027-28. [The Fiscal Year 2026-27 [Adopted] Budget instructs that, if the measure passes in November 2026, the City will prepare a Declaration of Fiscal Emergency (allowing the layoff process to begin), eliminate new positions supported by the General Fund that were added in the Fiscal Year 2026-27 Adopted Budget, cancel the January 2027 police class, and seek amendments to existing MOUs to cancel increases and seek ongoing reductions.]

The California Secretary of State announced on April 21, 2026 that a Statewide ballot initiate titled the Local Taxpayer Protection Act to Save Proposition 13 ("Taxpayer Protection Act"), has qualified for the November 3, 2026 ballot. The Taxpayer Protection Act, proposes to amend the California Constitution to require a two-thirds supermajority vote to approve all local special taxes, including those proposed by voter initiative. Currently, local special taxes sponsored by a governing body (such as a city council or board of supervisors) require two-thirds voter approval, but special taxes proposed through a voter initiative process may be approved by a simple majority. If approved, the Taxpayer Protection Act would repeal existing property transfer taxes such as Measure ULA, amongst other property-related special taxes, that were approved by less than two-thirds of voters as of December 31, 2028. For Fiscal Year 2026-27, the City projects it will collect $505 million in Measure ULA taxes. The Taxpayer Protection Act also proposes to limit the property transfer tax rate imposed

by local governments to approximately 0.11% and repeal existing property transfer taxes whose rate exceeds 0.11%. If approved, the City's current base real property transfer tax rate of 0.45% would be repealed as of December 31, 2028. For the Fiscal Year 2026-27 Adopted Budget, the City projected it would collect approximately $203 million in property transfer taxes [(excluding ULA documentary transfer taxes described below)].

The United Firefighters of Los Angeles City, the union representing LAFD firefighters, has launched a petition, for a 0.5% sales tax hike to fund LAFD, aiming to raise at least $345 million in its first year for new fire stations, staffing, and equipment. If approved, the measure would raise the Los Angeles city sales tax from 9.75% to 10.25%. [The initiative requires 154,000 signatures to qualify for the November 3, 2026 ballot and the City has received a petition to verify that sufficient signatures have been obtained and, if so, place the initiative ordinance on the November 3, 2026 ballot.] As an initiative, it would currently only require simple majority approval as a special tax; however, the Statewide initiative discussed above would invalidate such approval.

There are also other statewide or local initiatives which potentially could be placed before voters which would materially impact City revenues. See "LIMITATIONS ON TAXES AND APPROPRIATIONS – Future Initiatives."

Homelessness. The City faces challenges in connection with its large homeless population. Voters approved Measure H in 2017, increasing County-wide sales taxes by ¼ percent to fund services to the homeless population. On November 5, 2024, voters approved Los Angeles County Measure A, which repealed the Measure H ¼ percent sales tax and replaced it with a sales tax of ½ percent with the primary objective of expanding efforts to address the driver of homelessness through affordable housing construction, homelessness prevention, and support for vulnerable renters. Voters also approved Proposition HHH in 2016, authorizing $1.2 billion in City general obligation bonds to finance low income and supportive housing, which has been issued in its entirety. 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 2026-27 [Proposed] Budget anticipates approximately $788.1 million in spending to combat homelessness. This includes $323.1 million in General Fund spending, a decrease of $27.4 million as compared to the Fiscal Year 2025-26 Adopted Budget. The Fiscal Year 2026-27 [Proposed] Budget also includes $465.0 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.

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 ("2022 Agreement"). Plaintiffs alleged that the City has engaged in various breaches of the 2022 Agreement which resulted, following an evidentiary hearing, in the Court, on June 24, 2025, ordering the City to take certain actions going forward, including selecting a third party monitor, subject to the Court's approval. On October 14, 2025, over the City's objection, the Court ordered the appointment of a third party monitor with a data team to be assisted by the City Controller. The Court further issued an Order to Show Cause re Contempt concerning various allegations that the City has delayed in reporting information required under the 2022 Agreement and an evidentiary hearing on the Order to Show Cause. The City appealed to the Ninth Circuit Court of Appeals, the District Court's June 24, 2025 Order, the subsequent October 14, 2025 Order appointing the third party data monitor, and a January 6, 2026 Order requiring the City to pay attorneys' fees and costs to Plaintiff and Intervenors; the consolidated appeals are pending.

In May 2026, the City, Plaintiffs, and Intervenors, executed an Agreement Regarding Disputes Relating to the 2022 Settlement Agreement between Plaintiffs and the City ("2026 Agreement"); the disputes were the subject of the ongoing evidentiary hearings and pending appeals. On May 8, 2026, the District Court entered the parties' joint stipulation seeking approval of the 2026 Agreement. Certain information regarding the terms

of the 2026 Agreement are set forth under the caption "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, amended the City's 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 were filed attempting to invalidate the ULA special tax but to date the ULA special tax has been upheld by the courts and the California Supreme Court denied the plaintiff's petition for review. See "LITIGATION—*Measure ULA Special Tax*" for more information regarding such lawsuits. [Plaintiffs have until early June 2026 to file a petition to the U.S. Supreme Court.] Should the U.S. Supreme Court grant Plaintiffs' petition, the City will continue to defend its interest in these matters.

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 Fiscal Year 2026-27 [Proposed Budget] projects that Fiscal Year 2025-26 total ULA special tax revenues will be approximately $515.7 million ($505.0 million in tax receipts and $10.7 million in interest). From the total $1.2 billion in ULA special tax revenues collected since April 2023, the City has appropriated approximately $743 million through the end of Fiscal Year 2025-26. The Fiscal Year 2026-27 [Proposed Budget] appropriates an additional $515.7 million in ULA special tax revenues.

A voter initiative appearing on the November 3, 2026 ballot would repeal existing property transfer taxes such as Measure ULA. If it is approved by the voters, the City would cease collection of the ULA special tax on December 31, 2028. All revenue collected prior to that date would be retained by the City, to be spent according to Measure ULA provisions. See, "—*Future Initiatives,"* above.

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 January 2026, the City has expended approximately $355 million in compliance with the *Willits* litigation settlement.

[The Fiscal Year 2026-27 [Proposed Budget] appropriates $207.2 million (of which $45.1 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 $36.3 million appropriated in said budget pursuant to the *Willits* litigation settlement). 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.

The amount and timing of expenditures relating to maintenance of streets and sidewalks in the City, and compliance with the ADA related thereto, is uncertain. There can be no assurances that the annual cost of such work will not significantly increase from the levels in the Fiscal Year 2026-27 [Proposed Budget] in future fiscal years, whether due to existing or 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 initiative, which requires the implementation of various street improvements. The cost to implement major components of the measure is projected to be over $3 billion. 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."

Liability Claims Account Budget. 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 (defined below)). Actual General Fund payments for liability claims totaled approximately $276.4 million in Fiscal Year 2024-25. The Fiscal Year 2025-26 Adopted Budget appropriated $200 million for General Fund liability claims, including $20 million appropriated in the Unappropriated Balance, which is less than actual expenditures in the prior two fiscal years. The Year End FSR [(defined below)] indicates that as of the date of that report, the Office of the City Attorney is expecting to exceed its budget for liability claims by $___ million [[and recommends a transfer of $20 million from the UB – Reserve for Extraordinary Liability to address the overspending]]. The Fiscal Year 2025-26 Adopted Budget also included $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. After transactions in the Year End FSR and prior FSRS, the balance in the UB – Reserve for Mid-Year Adjustments is [$40.2 million]. See the caption "BUDGET AND FINANCIAL OPERATIONS—Risk Management and Retention Program." The Fiscal Year 2026-27 [Proposed] Budget continues the $200 million General Fund appropriation for liability claims, including $20 million in the Unappropriated Balance.

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 $7.4 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. [The current federal administration has implemented policies and taken actions which potentially affect all or a portion of federal funding to states and local governments and present a financial risk to the City. In the Fiscal Year 2026-27 [Proposed] Budget, City departments (excluding proprietary departments) project $422 million in federal grant receipts, which includes $138 million of funds from competitive grants and $255 million from formula grants. In response the City has joined litigation to protect these funds and prevent federal agencies from enforcing certain of such requirements. Additionally, President Trump has discussed phasing out FEMA, which could shift significant disaster costs to the State and City, although implementation of such plans remains uncertain.

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 addition, 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 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.]

There can be no assurances that future actions or policies of the current federal administration will not materially adversely impact the City or its finances.

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, each with related revenues and expenditures reported in special revenue funds.

The City is a charter city; under the State Constitution, charter cities such as the City are generally independent of the State Legislature and certain general laws 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 38 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 (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 2024-25 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, 2025 reported a deficit balance for the governmental activities' unrestricted net position of $6.249 billion, largely due to a net long-term pension liability of $6.256 billion and a net liability of $817 million 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)

	2021	*2022*	*2023*	*2024*	*2025*
Assets					
Cash and Pooled Investments[1]	$ 1,856,003	$1,992,342	$2,160,051	$1,845,716	$1,778,291
Other Investments	762	727	305	328	521
Taxes Receivable	782,303	1,116,337	874,789	825,201	1,060,101
Accounts Receivable	139,628	147,123	178,284	196,101	252,141
Special Assessments Receivable	3,550	4,459	4,693	5,245	5,430
Investment Income Receivable	7,812	10,463	18,025	17,610	15,185
Intergovernmental Receivable	193,305	284,965	215,079	162,112	197,231
Leases Receivable	-	1,977	1,623	1,451	803
Loans Receivable	1,331	1,382	1,417	7,337	7,426
Due from Other Funds	104,675	111,970	95,198	111,863	189,539
Inventories	39,760	39,228	49,643	51,047	50,689
Prepaid Items and Other Assets	34	408	430	548	549
Advances to Other Funds	21,374	26,859	19,863	23,581	17,342
Properties Held for Housing Development	-	-	15,438	41,323	44,784
Total Assets	$ 3,150,537	$3,738,240	$3,634,838	$3,289,463	$3,620,032
Liabilities:					
Accounts, Contracts and Retainage Payable	$ 272,990	$ 286,482	$ 278,353	$ 288,474	$ 325,653
Obligations Under Securities Lending Transactions	19,333	39,182	11,690	2,793	9,295
Accrued Salaries and Overtime Payable	120,242	181,678	160,568	179,257	212,525
Accrued Compensated Absences Payable	11,529	5,385	10,869	14,083	138,969[6]
Estimated Claims and Judgments Payable	37,511	42,358	51,899	171,103	83,788
Intergovernmental Payable	882	953	948	5,477	3,279
Due to Other Funds[2]	174,796	102,491	122,554	158,772	154,911
Unearned Revenue	322,085	302,455	105,235	68,202	31,923[7]
Deposits and Advances	11,901	21,739	14,967	22,806	18,427
Advances from Other Funds	81,148	56,130	6,451	38,697	88,696
Other Liabilities	89,104	66,079	78,502	75,649	81,189
Total Liabilities	$ 1,141,521	$1,104,932	$ 842,036	$1,025,313	$1,148,655
Deferred Inflows of Resources					
Real Estate Tax	$ 88,635	$ 86,191	$ 88,413	$ 105,327	$ 134,975
Taxes Other than Real Estate	431,719	699,740	531,063	464,310	661,641
Receivables from Other Government Agencies	142,325	135,673	133,824	132,793	135,820
Interest Receivable on Loans and Others	122,360	212,092	184,500	122,643	201,354
Leases	-	1,918	1,422	1,429	740
Total Deferred Inflows of Resources	$ 785,039	$1,135,614	$ 939,222	$ 826,502	$1,134,530
Fund Balances					
Nonspendable[3]	$ 61,168	$ 66,495	$ 69,936	$ 75,176	$ 68,580
Restricted	-	-	-	-	-
Committed	71,733	85,078	52,600	93,011	115,283
Assigned[4]	426,654	724,278	397,413	377,040	338,048
Unassigned[5]	664,422	621,843	1,333,631	892,421	814,936[8]
Total Fund Balances	$ 1,223,977	$1,497,694	$1,853,580	$1,437,648	$1,336,847
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 3,150,537**	**$3,738,240**	**$3,634,838**	**$3,289,463**	**$3,620,032**

(1) Includes securities held under securities lending transactions, offset by the Liability "Obligations Under Securities Lending Transactions."

(2) Includes approximately $90.8 million, $34.8 million, $29.9 million, $53.4 million, and $51.2 million to be paid to the City's wastewater enterprise fund for Fiscal Years 2020-21, 2021-22, 2022-23, 2023-24, and 2024-25, respectively, which may be accelerated in connection with potential budgetary constraints of the wastewater enterprise fund.

(3) Includes inventories and certain advances to other funds.

(4) Includes encumbrances, various revolving funds, and certain net receivables.

(5) Primarily consists of the City's Reserve Fund and BSF (defined below).

(6) The increase in Fiscal Year 2024-25 is due to the City's adoption of the Governmental Accounting Standards Board (GASB) Statement No. 101 "Compensated Absences" effective July 1, 2024 that amended and updated certain previously required disclosures.

(7) Represents unspent cash balances of American Rescue Plan Act ("ARPA") receipts.

(8) Unassigned Fund Balance, which includes the Budget Stabilization Fund ($206.2 million) and the Reserve Fund ($608.7 million), reflects the audited balance at June 30, 2025. See Table 4 for the adjusted Reserve Fund as of July 1, 2025, which was $401.9 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)

	2021	*2022*	*2023*	*2024*	*2025*
Revenues:					
Property Taxes	$ 2,401,848	$ 2,492,320	$ 2,658,390	$ 2,794,794	$ 2,914,112
Sales Taxes	562,217	694,218	704,915	676,722	662,059
Utility Users Taxes	610,946	632,433	705,538	684,071	701,237
Business Taxes	686,520	756,960	817,325	782,139	849,091
Other Taxes	521,955	778,563	820,981	754,788	760,587
Licenses and Permits	29,390	31,493	33,344	28,640	29,212
Intergovernmental	28,145	43,171	53,143	42,055	47,336
Charges for Services	358,772	341,191	367,473	489,930	482,534
Services to Enterprise Funds	328,481	327,326	377,220	376,943	406,696
Fines	100,559	116,805	120,670	114,892	112,129
Special Assessments	1,731	2,691	2,592	3,177	2,998
Investment Earnings	28,579	35,770	77,448	98,062	92,646
Change in Fair Value of Investments	(34,572)	(145,900)	(40,425)	43,959	71,922
Program Income	-	-	22	-	2
Other	46,107	62,094	46,360	55,547	48,096
Total Revenues	$ 5,670,678	$ 6,169,135	$ 6,744,996	$ 6,945,719	$ 7,180,657
Expenditures:					
Current:					
General Government[1]	$ 1,478,060	$ 1,573,832	$ 1,585,693	$ 1,891,972	$ 1,694,255
Protection of Persons and Property	3,221,865	3,414,251	3,419,259	3,746,815	3,926,373
Public Works	147,933	201,042	259,554	309,147	311,785
Health and Sanitation	121,325	164,898	210,706	232,064	255,636
Transportation	112,490	139,871	125,186	157,079	131,568
Cultural and Recreational Services	44,018	79,454	92,120	87,000	102,628
Community Development	134,074	108,209	163,922	193,244	211,225
Capital Outlay	29,164	53,975	67,738	135,936	174,292
Debt Service: Principal	-	20,682	35,589	36,636	36,482
Debt Service: Interest[2]	5,194	3,752	38,970	49,710	58,977
Debt Service: Cost of Issuance	1,103	867	806	677	863
Total Expenditures	$ 5,295,226	$ 5,760,833	$ 5,999,543	$ 6,840,280	$ 6,904,084
Excess (Deficiency) of Revenues Over Expenditures	$ 375,452	$ 408,302	$ 745,453	$ 105,439	$ 276,573
Other Financing Sources (Uses)					
Transfers In[3]	$ 584,808	$ 910,652	$ 460,094	$ 317,081	$ 347,424
Transfers Out[4]	(728,412)	(1,060,079)	(864,763)	(873,378)	(858,703)
Loans from Financed Purchase	-	-	-	-	8,264
Lease and Subscription Liabilities Issued[5]	-	14,842	15,102	34,926	125,641
Total Other Financing Sources (Uses)	$ (143,604)	$ (134,585)	$ (389,567)	$ (521,371)	$ (377,374)
Net Change in Fund Balance	$ 231,848	$ 273,717	$ 355,886	$ (415,932)	$ (100,801)
Fund Balances, July 1	$ 992,129	$ 1,223,977	$ 1,497,694	$ 1,853,580	$ 1,437,648
(Decrease) Increase in Reserve for Inventories	-	-	-	-	-
Fund Balances, July 1 Restated	-	-	-	-	-
Fund Balances, June 30	**$ 1,223,977**	**$ 1,497,694**	**$ 1,853,580**	**$ 1,437,648**	**$ 1,336,847**

(1) 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. [The decrease in Fiscal Year 2024-25 relates to _____.]

(2) Increase in Fiscal Years 2022-23, 2023-24, and 2024-25 primarily reflects an increase in interest rates for the City's Tax and Revenue Anticipation Notes financing.

(3) 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.

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

(5) Represents certain privately placed financings for the acquisition of capital assets and Subscription-Based Information Technology Arrangements as required by GASB Statement 96. The increase in Fiscal Year 2024-25 is primarily driven by lease liabilities related to the Bureau of Sanitation ($86.7 million) and a temporary housing facility ($14.9 million).

Source: City of Los Angeles, ACFRs.

City's Budgetary Process

The City's fiscal year extends from July 1 through June 30. Under the Charter, the Mayor is required each year to submit to the Council a Proposed Budget (the "Proposed Budget") by April 20. The Proposed Budget for Fiscal Year 2026-27 was released on April 20, 2026 and is available online at the following website: https://cao.lacity.gov/budget. [[After several weeks of Council and Committee meetings during which Council [made several amendments to the Proposed Budget, the Council approved the Fiscal Year 2026-27 Adopted Budget on May __, 2026. The Mayor concurred with the Council changes on June __, 2026.]]

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 2025-26 Results

The City ended 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 consideration by the City Council 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).

[REFLECT YEAR-END FSR]The CAO released the Mid-Year FSR on February 27, 2026. The Mid-Year FSR states that General Fund receipts through January 2026 are $141.6 million above the Fiscal Year 2025-26 Adopted Budget revenue plan. The report, however, cautions that changes to economic activity, recent interest rate cuts, new tariffs, and the partial federal government shutdown are not yet fully reflected in current receipts. The Mid-Year FSR identifies risks to current year revenues including risks to departmental receipts and property tax as the current surpluses in these revenue sources are due to the delayed collection of revenue originally assumed in Fiscal Year 2024-25. The report also highlights that while the Fiscal Year 2025-26 Adopted Budget's property tax projections assumed 4.1 percent growth for the City's assessed value, actual growth in assessed value has been closer to 3.0 percent based on property tax remittances for the 2026 tax year. The report further identifies downside risk to transient occupancy tax receipts due to the decline in international tourism.

The Mid-Year FSR also identified $209.4 million in projected overspending largely due to overspending in the Fire Department ($70.6 million) due to sworn salary and bonus costs and resource deployments for wildfires

outside the City, the Police Department ($38.6 million) for civilian and sworn salary costs and costs for contract security, the Office of the City Attorney ($14.7 million) due to litigation and outside counsel costs, and the General Services Department ($19.4 million) due to unbudgeted salary payouts, increased contract costs and increased utility prices. The report recommends $112.6 million in solutions and $59.0 million in potential future actions to reduce year-end overspending to $37.8 million. Such potential actions include use of the UB–Reserve for Mid-Year Adjustments ($40.2 million), the MediCal Intergovernmental Transfer Program Fund ($15.3 million), and other funds and accounts ($3.6 million). To address the remaining $37.8 million in overspending (net of identified solutions), the Mid-Year FSR recommends that departments absorb or manage remaining costs within existing funds and retain projected surpluses to the greatest extent possible. Any such overspending that cannot be absorbed or otherwise managed may require a transfer from the Reserve Fund.

With respect to the Fiscal Year 2025-26 Adopted Budget's elimination of filled positions, 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 recommended 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 City has also reached an agreement with the Los Angeles Police Protective League ("LAPPL") for the implementation of a Voluntary Overtime Bank to defer costs 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 507 positions (from 614 positions assumed in the Fiscal Year 2025-26 Adopted Budget to 72 positions as of May 7, 2026). Due to the EAA, Coalition, and LAPPL deals, the City will continue to hold the layoff process in abeyance in Fiscal Year 2025-26 for those 72 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. See "Labor Relations."

The Mid-Year FSR identifies the potential need for up to $90 million in front funding for wildfire repairs, (discussed above in "City Financial Challenges") and for which the City has yet to determine the timing of the need and potential sources of funding. The Mid-Year FSR also states that on February 14, 2026 the federal government entered a partial shutdown impacting various federal departments and agencies. The Mid-Year FSR states that it is too early to estimate the impacts of the partial government shutdown and states that the City does not have the capacity to replace federal programs or services that are negatively impacted by the shutdown.

Finally, the report identifies that after accounting for transactions approved since July 1, 2025, pending transfers, and the recommendations in the Mid-Year FSR, the City's Total General Fund Reserves are $656.4 million (8.0 percent of budgeted revenues), which includes an adjusted Reserve Fund balance of $432.3 million or 5.29 percent of budgeted revenues. The Mid-Year FSR states that if the City is not able to identify solutions to address the approximately $37.8 million of overspending unresolved in the report, the City's use of the Reserve Fund would result in the Reserve Fund dropping below five percent of the Fiscal Year 2025-26 Adopted General Fund revenues. Due to internal and external factors that may also require the use of the Reserve Fund, including the realization of downside risks to revenues, the CAO recommended in the Mid-Year FSR that the City maintain the Reserve Fund at the five percent minimum policy and refrain from using the Reserve Fund to fund new programs, program expansions or service restorations.]

Fiscal Year 2026-27 [Proposed] Budget

The City's Fiscal Year 2026-27 [Proposed] Budget is balanced, with total General Fund revenues and appropriations of $8.59 billion. The Fiscal Year 2026-27 [Proposed] Budget projects overall General Fund revenue growth of 3.9 percent as compared to the revised Fiscal Year 2025-26 General Fund revenues estimated in the [Year-End Financial Status Report] when transfers from the Budget Stabilization Fund and Reserve Fund are excluded. Of the $412 million in General Fund revenue growth, the Fiscal Year 2026-27 [Proposed] Budget

appropriates $363 million for obligatory employee-related cost increases, including salaries and benefits, and $24 million for the full-year costs of police officer hiring above the Fiscal Year 2025-26 Adopted Budget. See the caption "BUDGET AND FINANCIAL OPERATIONS—Fiscal Year 2026-27 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 2026-27 [Proposed] Budget projects Total General Fund Reserves of approximately $722 million, or 8.40 percent of Fiscal Year 2026-27 budgeted General Fund revenues. The Fiscal Year 2026-27 Adopted Budget does not include transfers from the Reserve Fund, but actual results may vary from the Fiscal Year 2026-27 Adopted Budget resulting in the need for transfers from the Reserve Fund during Fiscal Year 2026-27.

Revenue assumptions used for the Fiscal Year 2026-27 [Proposed] Budget were based on trends in receipts, historical growth, analyses conducted by departments, relevant economic and industry forecasts, and limited adjustments for the impact of the Iran war and inflationary pressure. Fiscal Year 2026-27 [Proposed] Budget revenues include one-time Los Angeles County remittances related to the settlement of housing-related litigation (Alliance) and County Measure A housing funds, increased Solid Waste Fee fund reimbursements due to the second year of fee adjustments, and various other fee increases. Future economic uncertainty further complicated by the Iran War presents particular challenges in connection with the revenue forecast for Fiscal Year 2026-27, as well as future fiscal years included in the General Fund Budget Outlook.

The Fiscal Year 2026-27 [Proposed] Budget fully funds approved compensation adjustments in approved labor agreements, includes $38 million in the UB – Reserve for Mid-Year Adjustments in an effort to mitigate the impacts of overspending, appropriates $26 million to implement the LATAX System for the management and collection of tax revenue, includes $24 million for police officer hiring above the Fiscal Year 2025-26 Adopted Budget, and increases the appropriation for settlements and judgments by $23 million.

The following table presents the Fiscal Year 2026-27 [Proposed] 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. [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 overspending 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 overspending 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 liability claims and Palisades Fire response costs.] [In Fiscal Year 2025-26, the CAO projects General Fund receipts of $8.30 billion, approximately $120 million above the adopted revenue budget of $8.18 billion, primarily due to business tax, utility users tax, and sales tax receipts. Overspending of $244 million in Fiscal Year 2025-26 include the Fire Department, Police Department, and litigation and outside counsel costs.]

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. The budget accounts for revenues on a cash basis (budget), meaning receipts are recognized when cash is received, rather than on an accrual basis (GAAP), which recognizes revenues on a "modified accrual" basis. Inter-fund transfers and other transactions are also 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

	2022-23	*2023-24*	*2024-25*	*2025-26*	*[2026-27]*
General Fund Revenues					
Property Taxes [1]	$ 2,535,005,000	$ 2,640,250,000	$ 2,770,359,000	$ 2,839,082,000	
Property Tax – Ex-CRA Tax Increment	153,800,000	143,730,000	142,560,000	172,622,000	
Other Taxes [2]	2,783,590,000	2,897,065,000	2,863,875,000	2,828,613,000	
Departmental Receipts [3]	1,526,675,386	1,620,128,165	1,683,757,194	1,903,623,145	
Intergovernmental [4]	229,721,000	236,502,000	227,481,000	227,943,000	
Other General Fund [5]	180,646,799	288,661,081	260,485,874	122,032,827	
Interest	36,610,000	77,000,000	84,501,000	84,340,000	
Total General Fund Revenue	**$ 7,446,048,185**	**$ 7,903,336,246**	**$ 8,033,019,068**	**$ 8,178,255,972**	
General Fund Appropriations					
Fire Department	$ 771,870,860	$ 826,191,237	$ 813,637,423	$ 891,786,218	
Police Department	1,803,434,641	1,785,894,868	1,910,326,288	1,921,163,423	
Other Budgetary Departments	1,097,320,359	1,222,282,938	1,176,842,306	1,104,797,406	
Tax and Revenue Anticipation Notes [6]	1,336,147,626	1,373,059,172	1,430,690,005	1,413,851,517	
Capital Finance Administration [7]	228,856,646	178,053,731	192,889,836	198,879,816	
Human Resources Benefits	805,331,098	861,864,205	915,695,993	947,667,548	
Other General Fund Appropriations	1,403,086,955	1,655,990,095	1,592,937,217	1,700,110,044	
Total General Fund Appropriations	**$ 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 Year 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 2026-27 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

[REFLECT YEAR-END FSR]The CAO released the Mid-Year FSR on February 27, 2026. The Mid-Year FSR states that General Fund receipts through January 2026 are $141.6 million above the Fiscal Year 2025-26 Adopted Budget revenue plan. The report, however, cautions that changes to economic activity, recent interest rate cuts, new tariffs, and the partial federal government shutdown are not yet fully reflected in current receipts. The Mid-Year FSR identifies risks to current year revenues including risks to departmental receipts and property tax as the current surpluses in these revenue sources are due to the delayed collection of revenue originally assumed in Fiscal Year 2024-25. The report also highlights that while the Fiscal Year 2025-26 Adopted Budget's property tax projections assumed 4.1 percent growth for the City's assessed value, actual growth in assessed value has been closer to 3.0 percent based on property tax remittances for the 2026 tax year. The report further identifies downside risk to transient occupancy tax receipts due to the decline in international tourism.

The Mid-Year FSR also identified $209.4 million in projected overspending largely due to overspending in the Fire Department ($70.6 million) due to sworn salary and bonus costs and resource deployments for wildfires outside the City, the Police Department ($38.6 million) for civilian and sworn salary costs and costs for contract security, the Office of the City Attorney ($14.7 million) due to litigation and outside counsel costs, and the General Services Department ($19.4 million) due to unbudgeted salary payouts, increased contract costs and increased

utility prices. The report recommends $112.6 million in solutions and $59.0 million in potential future actions to reduce year-end overspending to $37.8 million. Such potential actions include use of the UB–Reserve for Mid-Year Adjustments ($40.2 million), the MediCal Intergovernmental Transfer Program Fund ($15.3 million), and other funds and accounts ($3.6 million). To address the remaining $37.8 million in overspending (net of identified solutions), the Mid-Year FSR recommends that departments absorb or manage remaining costs within existing funds and retain projected surpluses to the greatest extent possible. Any such overspending that cannot be absorbed or otherwise managed may require a transfer from the Reserve Fund.

With respect to the Fiscal Year 2025-26 Adopted Budget's elimination of filled positions, 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 recommended 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 City has also reached an agreement with the Los Angeles Police Protective League ("LAPPL") for the implementation of a Voluntary Overtime Bank to defer costs 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 507 positions (from 614 positions assumed in the Fiscal Year 2025-26 Adopted Budget to 72 positions as of May 7, 2026). Due to the EAA, Coalition, and LAPPL deals, the City will continue to hold the layoff process in abeyance in Fiscal Year 2025-26 for those 72 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. See "Labor Relations."

The Mid-Year FSR identifies the potential need for up to $90 million in front funding for wildfire repairs, (discussed above in "City Financial Challenges") and for which the City has yet to determine the timing of the need and potential sources of funding. The Mid-Year FSR also states that on February 14, 2026 the federal government entered a partial shutdown impacting various federal departments and agencies. The Mid-Year FSR states that it is too early to estimate the impacts of the partial government shutdown and states that the City does not have the capacity to replace federal programs or services that are negatively impacted by the shutdown.

Finally, the report identifies that after accounting for transactions approved since July 1, 2025, pending transfers, and the recommendations in the Mid-Year FSR, the City's Total General Fund Reserves are $656.4 million (8.0 percent of budgeted revenues), which includes an adjusted Reserve Fund balance of $432.3 million or 5.29 percent of budgeted revenues. The Mid-Year FSR states that if the City is not able to identify solutions to address the approximately $37.8 million of overspending unresolved in the report, the City's use of the Reserve Fund would result in the Reserve Fund dropping below five percent of the Fiscal Year 2025-26 Adopted General Fund revenues. Due to internal and external factors that may also require the use of the Reserve Fund, including the realization of downside risks to revenues, the CAO recommended in the Mid-Year FSR that the City maintain the Reserve Fund at the five percent minimum policy and refrain from using the Reserve Fund to fund new programs, program expansions or service restorations.]

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 [April] 2026 to reflect the Fiscal Year 2026-27 [Proposed] 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 Years 2027-28 and 2028-29 and surpluses in Fiscal Years 2029-30 and 2030-31, 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 0.9 percent in Fiscal Year 2027-28 to 3.8 percent in Fiscal Year 2028-29, the latter reflecting historical growth rates. The Outlook does not assume the occurrence of a recession. Property tax estimates reflect impacts to secured assessed value related to the Palisades Fire. Business tax receipts reflect increased tax discovery and collection efforts. Sales tax revenue estimates reflect lower consumer demand under current economic conditions, and the continuing shift of receipts to other jurisdictions.

- The Outlook does not assume revenue impacts from pending and proposed ballot measures. See "CITY FINANCIAL CHALLENGES—*Future Initiatives*."

- 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. Consistent with the systems' assumed investment rates of return, the City projects a 7.0 percent rate of return in Fiscal Year 2026-27 and each year thereafter. As of April 2026, on a preliminary, unaudited basis, the rate of return for Fiscal Year 2025-26 was approximately 11.8 percent and 10.9 percent (gross of fees) for LACERS and LAFPP, respectively. If the annual rate of return falls short of the 7.0 percent assumption, or other assumptions are not realized, the City's contributions in future years may exceed the amounts that the Outlook projects. See "RETIREMENT AND PENSION SYSTEMS."

- The Outlook includes employee compensation adjustments for Fiscal Year 2026-27 consistent with existing agreements, and all other required salary adjustments. Fiscal Years 2027-28 through 2030-31 reflect adjustments required by existing labor agreements. The Outlook includes a 2.0 percent annual increase to account for natural salary growth (for example due to the net impact of turnover and step increases), but does not include any projections for compensation adjustments from future labor agreements. 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 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 $72.2 million increase in the General Fund portion of the City's Homelessness Budget in Fiscal Year 2026-27. The Outlook assumes the Fiscal Year 2026-27 appropriation of $58.3 million relative to the Alliance Settlement Agreement will not continue in the outgoing years as the terms will end in Fiscal Year 2026-27.

- 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 includes debt service costs associated with the Los Angeles Convention Center Expansion Project (the "LACC Expansion Project"). For information concerning the LACC Expansion Project, see "BUDGET AND FINANCIAL OPERATIONS – Los Angeles Convention Center Expansion and Modernization Project."

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 2026-27 [Proposed] Budget
($ in millions)

	[Proposed] 2026-27	2027-28	2028-29	2029-30	2030-31
ESTIMATED GENERAL FUND REVENUE					
General Fund Base[1]	$8,178.3	$8,590.2	$8,669.0	$8,994.4	$9,315.3
Incremental Revenue Growth:					
Property Related Taxes [2]	108.5	167.3	164.4	190.5	182.7
Business, Sales Taxes and Utility Taxes	172.3	39.1	55.2	56.1	53.8
Departmental Receipts[3]	211.1	(89.3)	82.2	49.5	75.5
Other Fees, Taxes, and Transfers[4]	(80.0)	(38.3)	23.6	24.8	26.0
Total Revenue	**$8,590.2**	**$8,669.0**	**$8,994.4**	**$9,315.3**	**$9,653.3**
General Fund Revenue Increase $[5]	$411.9	$78.8	$325.4	$320.9	$338.0
General Fund Revenue Increase %[5]	5.0%	0.9%	3.8%	3.6%	3.6%
ESTIMATED GENERAL FUND EXPENDITURES					
General Fund Base[1]	$8,178.3	$8,590.2	$8,855.9	$9,033.8	$9,293.3
Incremental Expenditure Growth:					
Employee Compensation Adjustments[6]	176.4	202.2	58.3	65.9	80.1
City Employees' Retirement System[7]	96.5	36.5	(5.0)	15.4	25.1
Fire and Police Pension	37.3	21.7	(7.2)	(2.2)	(0.5)
Benefits	53.1	51.0	47.5	42.9	51.0
Comprehensive Homeless Strategy[8]	72.2	(58.3)	-	-	-
Net–Other Additions and Deletions[9]	(23.6)	12.6	84.3	137.5	97.6
Total Expenditures	**$8,590.2**	**$8,855.9**	**$9,033.8**	**$9,293.3**	**$9,546.6**
Expenditure Growth (Reduction) $	$411.9	$265.7	$177.9	$259.5	$253.3
Expenditure Growth (Reduction) %	5.0%	3.1%	2.0%	2.9%	2.7%
REVENUES OVER (BELOW) EXPENDITURES[10]	$-	($186.9)	($39.4)	$22.0	$106.7

[FOOTNOTES APPEAR ON FOLLOWING PAGE]

[FOOTNOTES TO TABLE 3B]

(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. Fiscal Years 2027-28 through 2030-31 assume increasing, then above average assessed value growth, attributed to reconstruction following the Palisades Fire.

(3) Increase in Fiscal Year 2026-27 includes one-time Alliance Settlement reimbursements from the County of Los Angeles, ongoing reimbursements for services in support of proprietary departments and the solid waste collection and sewer funds, and ambulance transport reimbursements from the State of California. Fiscal Years 2028-29 through 2030-31 assume lower than average growth for ongoing receipts to bring growth closer to average historical growth.

(4) Assumes a reduction to base revenue with the expiration of solid waste franchise agreements, with the full year loss reflected in Fiscal Year 2027-28. See the caption "MAJOR GENERAL FUND REVENUE SOURCES—Franchise Income". In addition, the Fiscal Year 2025-26 Adopted Budget transfer of $29 million from the Budget Stabilization Fund is backed out from Fiscal Year 2026-27.

(5) Increase in Fiscal Year 2026-27 is in comparison to Fiscal Year 2025-26 Adopted Budget.

(6) The Fiscal Year 2026-27 amount includes employee compensation adjustments consistent with existing labor agreements and all other required salary adjustments. The Outlook does not include projections for future compensation adjustments from future labor agreements, although it includes a two percent annual increase to account for natural salary growth. Most agreements for civilians expire in Fiscal Years 2027-28 and 2028-29. The majority of agreements for sworn personnel expire in Fiscal Year 2026-27.

(7) 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, an increase in the combined contribution rates, and a one-time true-up payment.

(8) Fiscal Years 2027-28 through 2030-31 assume the appropriation relative to the Alliance Settlement Agreement will not continue, as the terms will end in Fiscal Year 2026-27.

(9) The increases in Fiscal Years 2028-29 through 2030-31 are primarily due to debt service costs associated with the Los Angeles Convention Center Expansion Project.

(10) Represents the surplus (or deficit) projected to be generated that fiscal year, under the assumptions used in the forecast and 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 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 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).

[UPDATE TO REFLECT YEAR-END FSR] [The Mid-Year FSR reports a Reserve Fund balance of $432.2 million, or 5.29 percent of budgeted General Fund revenues, after transactions approved since July 1 and pending transfers, which resulted in a net increase of approximately $30.3 million from the July 1, 2025 balance of $401.9 million. The report states that the use of the Reserve Fund to address the $37.8 million (net of identified solutions) in anticipated overspending identified in the Mid-Year FSR and any additional overspending would bring the Reserve Fund below the five percent minimum Reserve Fund policy level. See the caption "—Fiscal Year 2025-26 Financial Status."]

The Fiscal Year 2026-27 [Proposed] Budget complies with the Reserve Fund policy with a projected July 1, 2026 balance of $489 million or 5.70 percent of General Fund revenue.

The Budget Stabilization Fund ("BSF"). Pursuant to the ordinance that regulates the BSF, as part of the annual budget process, a portion of the economically sensitive revenues projected to be above the historical average must be deposited into the BSF, which can then be used to help fund future expenditures when these revenues are stagnant or is in decline. The economically sensitive revenues consist of seven General Fund tax revenue sources: property, utility users, business, sales, transient occupancy, documentary transfer, and parking occupancy taxes. When the growth of these revenues falls short of the historical average, the budget may include a withdrawal from the BSF. For purposes of the Fiscal Year 2026-27 [Proposed] Budget, the growth rate used to determine BSF contributions was calculated to be 3.8 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 2026-27 Proposed Budget of 5.2 percent is above the average annual ongoing growth threshold by approximately 1.4 percent or $82 million; therefore, a deposit of $8.2 million to the BSF is required under the policy. The Fiscal Year 2026-27 [Proposed] Budget includes an appropriation of $9 million for the BSF in compliance with this policy. The estimated July 1, 2026 BSF balance is $195 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 2026-27 [Proposed] Budget sets aside a total of $151 million in the UB (a decrease of $140 million, or 48 percent, from the Fiscal Year 2025-26 Adopted Budget), including $52 million for the Ground Emergency Medical Transport Quality Assurance Fee Program, $38 million as a Reserve for Mid-Year Adjustments (considered part of the City's Total General Fund Reserves), $20 million as a Reserve for Extraordinary Liability, and $11 million for election expenses.

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 adjusted Reserve Fund balance as of July 1, 2026, the City expects to begin Fiscal Year 2026-27 with budgetary Total General Fund Reserves totaling approximately $722 million (8.4 percent of Fiscal Year 2026-27 budgeted General Fund revenues). [REFLECT YEAR-END FSR] As described herein, the Mid-Year FSR contemplates the use of reserves to address overspending identified in the Mid-Year FSR if no other solutions are identified.]

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 reported an Adjusted Reserve Fund of $401.9 million as of July 1, 2025. 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 included a $121.8 million transfer to the Reserve Fund which was made on December 24, 2025. Similarly, the Fiscal Year 2025-26 Adopted Budget Reserve Fund included 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 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
(As of July 1)
($ in millions)

	2017-18	*2018-19*	*2019-20*	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26*	*[2026-27]*
Adopted Budget Reserve Fund										
Emergency Reserve	$ 160.2	$ 170.2	$ 180.7	$ 183.9	$ 206.4	$ 204.8	$ 217.3	$ 220.9	$ 224.9	$ 236.2
Contingency	138.1	180.7	229.7	59.4	303.5	272.7	350.2	186.0	195.0	253.2
	$ 298.3	$ 350.9	$ 410.4	$ 243.3	$ 509.9	$ 477.5	$ 567.5	$ 406.9	$ 419.9[1]	$ 489.4
Total Budgeted General Fund Revenues[2]	**$ 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**	**$ 8,178.3**
Reserve Fund as % of Budgeted General Fund Revenues	5.12%	5.67%	6.25%	3.64%	6.80%	6.41%	7.18%	5.07%	5.13%	5.70%
Budget Stabilization Fund (BSF)	$ 95.1	$ 107.3	$ 113.9	$ 116.6	$ 118.0	$ 192.1	$ 196.8	$ 202.4	$ 179.1	$ 194.5
Reserves for Mid-Year in UB	20.0	20.3	35.0	30.1	14.9	24.3	30.0	59.4	125.0	38.0
Total General Fund Budget Reserves	**$ 413.3**	**$ 478.6**	**$ 559.4**	**$ 390.0**	**$ 642.8**	**$ 693.9**	**$ 794.3**	**$ 668.7**	**$ 724.0**	**$ 721.9**
Total General Fund Budget Reserves as % of Budgeted General Fund Revenues	7.09%	7.73%	8.51%	5.83%	8.57%	9.32%	10.05%	8.32%	8.85%	8.40%
Adjusted Reserve Fund										
Emergency Reserve	$ 160.2	$ 170.2	$ 180.7	$ 183.9	$ 206.3	$ 204.8	$ 217.3	$ 220.9	$ 224.9	
Contingency	194.3	175.6	226.5	119.8	440.7	396.9	431.0	109.7	177.0	
	$ 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	6.08%	5.59%	6.20%	4.54%	8.62%	8.08%	8.20%	4.12%	4.91%	
Total General Fund Reserves	**$ 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	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 which was made on December 24, 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 2025-26 Results," "—Fiscal Year 2026-27 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 [Mid-Year 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 2026-27 [Proposed] Budget does not satisfy this policy as it projects $149 million in one-time revenues, while appropriating $146 million toward one-time expenditures. Thus, the Fiscal Year 2026-27 [Proposed] Budget applies approximately $3 million of one-time revenues to pay for ongoing services.

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 2026-27 [Proposed] Budget does not comply with this policy, appropriating 1.24 percent of General Fund revenues (equivalent to $106 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 geographic size and its financial capacity, the City has long followed the practice of directly assuming most insurable risks without procuring commercial insurance policies. The extent and variety of City exposure is such that the cost of the premiums outweighs the benefits of such coverage. The City administers, adjusts, settles, defends and pays claims from budgeted resources. The City is self-insured for workers' compensation as permitted under State law. The City procures commercial insurance when required by bond or lease financing covenants and for other limited purposes.

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

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

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

	Total Amount Budgeted				
Fiscal Year	*General Fund[2]*	*Special Funds*	*Unappropriated Balance*	*Total*	*Total Claims Paid (Actual)*
2022-23	$80.0	$7.4	$20.0	$107.4	$172.6[3]
2023-24	80.0	7.4	20.0	107.4	254.8[4]
2024-25	80.0	7.4	20.0	107.4	280.6[5]
2025-26	180.0	7.4	20.0	207.4	100.2[6]
[2026-27]	180.0	30.4	20.0	230.4	-

(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 to the UB as a "Reserve for Extraordinary Liabilities," shown separately.

(3) Increase from budget due to various liability payments, the largest of which was 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 December 31, 2025, the City had paid $100.2 million (including but not limited to $48.8 million for claims filed against the Police Department, $20.0 million for claims filed against the Bureau of Street Services, and $6.1 million for claims filed against the Fire Department), and approved an additional $28.5 million. Of the $100.2 million in Fiscal Year 2025-26 liability claims payments, $97.3 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, 2025, 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 $206.9 million to be

payable in Fiscal Year 2025-26, although other potential, additional liabilities were noted. The Year-End FSR estimates $____ million in claims liabilities to have been paid in Fiscal Year 2025-26.] 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.

To address increasing liability claims expenditures, the Fiscal Year 2025-26 Adopted Budget appropriated $187.4 million (which includes $7.4 million in special funds) as well as the additional $20 million traditionally allocated 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 $70 million below the actual expenditure level for Fiscal Year 2024-25. The Fiscal Year 2025-26 Adopted Budget included $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. The Fiscal Year 2026-27 [Proposed] Budget appropriates $210.4 million to the Liability Claims account (which includes $30.4 million in special funds) and sets aside an additional $20 million in the UB for liability claims expenditures.

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. The filing period for such claims has expired.

Also, in the City's ACFR (Note 4 (N): Risk Management—Estimated Claims and Judgments Payable), as of June 30, 2025, the City reported its workers' compensation liability at $2.3 billion. Of this amount, $235.1 million was estimated to be payable in Fiscal Year 2025-26. See Table 6 for recent and budgeted expenditures for this liability.

The City generally does not maintain flood or 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 flood, 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)

	2022-23	*2023-24*	*2024-25*	*2025-26*	*[Proposed] Budget 2026-27*
Civilian FLEX Program[2]	$ 306,756	$ 340,888	$ 378,923	$ 398,980	$ 433,064
Contractual Services	32,680	32,933	34,333	34,333	33,933
Employee Assistance Program	1,828	1,844	2,094	2,209	2,232
Fire Health and Welfare Program	65,289	68,730	72,789	77,197	81,069
Police Health and Welfare Program	160,360	163,780	169,853	174,906	182,352
Supplemental Civilian Union Benefits	6,086	6,228	7,252	6,398	6,604
Unemployment Insurance	2,175	2,277	2,500	4,180	3,400
Workers' Compensation/Rehabilitation	239,432	257,223	268,600	249,464	258,177
Total	**$ 814,605**	**$ 873,904**	**$ 936,344**	**$ 947,668**	**$ 1,000,832**
Change from Prior Year	**6.2%**	**7.3%**	**7.1%**	**1.2%**	**5.6%**

(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 35,521 full-time and 9,941 part-time City employees (including employees of the Airport and Harbor Departments, but excluding LADWP employees) that are represented by 23 labor unions/employee associations. The remaining approximately 926 full-time and 1,933 part-time employees are not represented.

For a number of years, the City has accumulated liability for banked Los Angeles Police Department ("LAPD") uncompensated overtime, valued at approximately $143.7 million as of February 7, 2026. Those hours that are not used as leave become more expensive over time due to promotions and other salary increases of applicable LAPD personnel.

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

Table 7
STATUS OF LABOR CONTRACTS
LARGEST EMPLOYEE ORGANIZATIONS

Organization	*Employees Represented*[1]	*Number of Bargaining Units*	*Status of Memorandum of Understanding*	*Base Wage Adjustments*[2]
Los Angeles Police Protective League	8,602	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	3,348	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[3]	24,619	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	898	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	5,939	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	892	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 February 24, 2026]].
(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 2025-26 Adopted Budget.
(3) The Coalition of LA City Unions is comprised of six recognized employee organizations, including: American Federation of State, City and Municipal Employees, various locals; California Teamsters Public, Professional and Medical Employees Union, Local International Union of Operating Engineers, Local 501; Laborers' International Union of North America, Local 777; Los Angeles/Orange Counties Building and Construction Trades Council; and, Service Employees International Union, Local 721.
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 Council to increase LAPD hiring levels above the 240 police officer positions funded in the Fiscal Year 2025-26 Adopted Budget. During its consideration of the Second FSR the Council approved the hiring of an additional 40 police officers and identified funding to support this increase. In February 2026, the Council identified

additional funding and approved the hiring of an additional 130 police officers, authorizing a total of 410 new police officers in Fiscal Year 2025-26. While the costs of the additional police officers are fully funded through transfers from General Fund accounts, the CAO reported an ongoing General Fund impact of an estimated $25 million. The Council and Mayor instructed the CAO, as part of the Fiscal Year 2026-27 Budget development process, to recommend $25 million in ongoing reductions within the Police Department, or additional revenues, to offset the incremental costs of the additional sworn hiring. As of the Mid-Year FSR, the Police Department has hired the 240 budgeted police officers and is on track to hire the additional 170 police officers by the end of Fiscal Year 2025-26. As of December 27, 2025, there are 8,711 officers deployed citywide.]]

With respect to the Fiscal Year 2025-26 Adopted Budget's elimination of filled positions, 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. Savings generated from these agreements will be used to offset, in part or in whole, the cost of continuing employment through Fiscal Year 2025-26 for employees in positions that were eliminated in the Adopted Budget. 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 City has also 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 507 positions (from 614 positions assumed in the Fiscal Year 2025-26 Adopted Budget to 72 positions as of May 7, 2026). Due to the EAA, Coalition, and LAPPL deals, the City will continue to hold the layoff process in abeyance in Fiscal Year 2025-26 for those 72 positions while continuing 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)]

	2022-23	*2023-24*	*2024-25*	*2025-26*	*[2026-27]*
Sworn					
Police	10,557	10,597	10,599	10,600	10,591
Fire	3,510	3,520	3,520	3,478	3,497
Subtotal Sworn	14,067	14,117	14,119	14,078	14,088
Civilian					
Police	3,292	3,321	3,256	3,007	3,007
Fire	392	415	357	358	407
All Others	16,670	17,353	16,588	15,843	16,208
Subtotal Civilian	20,354	21,089	20,201	19,208	19,622
Total	**34,421**	**35,206**	**34,320**	**33,286**	**33,710**

(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 [3,189] for Fiscal Year 2026-27. 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 March 31, 2026

Portfolio Funds	*Amount of Funds at Market Value*	*Percent of Investment Pool*	*Effective Yield*	*Average Weighted Maturity*
Core Portfolio	$ 5,927,255,785	36.7%	3.20%	106 Days
Reserve Portfolio	6,931,634,737	42.9	3.20	2.8 Years
Extended Reserve Portfolio	3,305,527,228	20.4	3.75	7.0 Years
Total Investment Pool	$ 16,164,417,750	**100.0%**	**3.31%**	**2.7 Years**

Source: City of Los Angeles, City Treasurer.

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

Table 10
POOLED INVESTMENT FUND
GENERAL POOL
As of March 31, 2026

Description	*Par Value*	*Market Value*	*Percent of Total Funds (Market Value)*	*Average Days*
Bank Deposits[(1)]	$ 59,079,409	$ 59,079,409	0.37%	0
Money Market Funds	80,935,563	80,935,563	0.50	0
LAIF (State of California)	4,581,119	4,581,119	0.03	0
Subtotal: Cash and Overnight Investments	$ 144,596,091	$ 144,596,091	0.89%	0
Commercial Paper	$ 2,447,297,000	$ 2,439,508,413	15.09%	30
Negotiable Certificates of Deposit	0	0	0.00	0
Corporate Notes	569,000,000	566,787,281	3.51	215
U.S. Agencies/Munis/Supras	885,604,000	881,599,481	5.45	59
U.S. Treasuries	1,910,389,000	1,894,764,519	11.72	202
Subtotal: Pooled Investments	$ 5,812,290,000	$ 5,782,659,694	35.77%	109
Total Short-Term Core Portfolio	$ 5,956,886,091	$ 5,927,255,785	36.67%	106
Money Market Funds	$ 2,113,898	$ 2,113,898	0.01%	0
Corporate Notes	1,341,000,000	1,343,852,779	8.31	1011
Asset-Backed Securities	26,917,507	26,959,119	0.17	1,161
U.S. Agencies/Munis/Supras	478,540,000	464,884,071	2.88	1,487
U.S. Treasuries	8,597,000,000	8,399,352,098	51.96	1,596
Total Long-Term Reserve Portfolios	$10,445,571,405	$10,237,161,965	63.33%	1,513
Total Cash and Pooled Investments	**$16,402,457,496**	**$16,164,417,750**	**100.00%**	**997**

(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

After a number of years without a formal citywide capital improvement program, the City adopted a revised Capital and Technology Improvement Policy in May 2020 to help guide the City's process for planning, identifying, evaluating, and prioritizing funding for new capital and technology projects. Under this policy, the CAO produced a Five-Year Capital and Technology Improvement Plan (the "CTIP"). The CTIP identified $943 million of existing and potential municipal facilities and technology projects for the period from Fiscal Year 2025-26 through 2029-30. Total potential funding sources identified in the CTIP included approximately $229 million in General Funds and approximately $495 million in lease financings (the debt service for which is usually paid from General Fund appropriations). The Fiscal Year 2025-26 Budget appropriated [$20,849,616] in General Funds and [$121,250,825] in proceeds from the proceeds of lease financing to municipal facilities projects; [$7,155,300] from the General Fund for Technology projects; and [$10,575,601 for various physical plant projects (Los Angeles River, streets and bridges). The Fiscal Year 2026-27 [Proposed] Budget appropriated [$17,451,130] in General Funds and [$92,481,379] in proceeds from the proceeds of lease financing to municipal facilities project; [$37,012,095] from the General Fund and [$6,500,000] from lease revenue bond proceeds for Technology projects; and [$67,464,994] in lease revenue bond proceeds for a physical plant project (Glendale-Hyperion bridges). The funding of the remaining projects identified in the CTIP would be determined in the future and will depend on a variety of factors.

The CTIP was viewed as functioning more as a funded project list than as a strategic capital planning tool. In response, the Mayor's Office of Infrastructure prepared a new 2026 Capital Infrastructure Program (the "2026 CIP"), intended to address broader capital planning goals including communicating policy priorities, documenting maintenance funding, and identifying strategic unfunded projects. While the initial 2026 CIP is Olympic Games-focused and does not yet contain a multi-year funding program, a comprehensive citywide CIP with planning horizons of at least five years is targeted for delivery by December 2026. Included in the 2026 CIP is a review of 29 Olympic and Paralympic capital projects intended to prepare the City for 2028 and leave lasting investments for communities across L.A., sixteen of which are currently funded in the FY 2026-27 Proposed Budget.

The 2026 CIP is intended to be transitional, with the two planning processes continuing on a parallel track until the CTIP is fully replaced — a transition expected to take approximately two years. The 2026 CIP requires approval of the City Council.

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 are not reflected in the 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. An additional $2 billion in recreation and park facility needs have also been identified. Physical plant improvements could include more than an additional $5 billion for street and sidewalk (including access and curb ramp) repairs.

The City is also exposed to major costs associated with compliance with the Clean Water Act, 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 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.

Los Angeles Convention Center Expansion and Modernization Project

In connection with the implementation of a major expansion and modernization of the Los Angeles Convention Center (the "LACC Expansion Project"), the City entered into a Project Agreement, dated September

30, 2025 (the "Project Agreement"), between the City and AEG Plenary Conventions Los Angeles LLC (the "Project Developer"), a special purpose entity initially formed by a joint venture of the Anschutz Entertainment Group and the Plenary Group. Immediately prior to the execution of the Project Agreement, Anschutz Entertainment Group withdrew itself as part of the Project Developer. As a special purpose entity, the Project Developer has no assets, capital, or creditworthiness and is best described as a legal business structure created for the specific objective of executing the LACC Expansion Project. In order to implement the LACC Expansion Project, the Project Developer has entered into a contract with PCL Webcor Joint Venture (the "DB Contractor"), which will be responsible for substantially all of the Project Developer's design and construction obligations under the Project Agreement, which obligations are passed down to the DB Contractor through their contract with the Project Developer. The DB Contractor consists of two general contractors, PCL Construction Services, Inc. and Webcor. The DB Contractor is required to provide the City with payment and performance bonds as well as parent company guarantees from the parent companies of the DB Contractor.

The Project Agreement provides that the Project Developer will design and build the LACC Expansion Project. The currently expected total cost of the LACC Expansion Project is approximately $2.62 billion. This amount includes pre-development costs of approximately $82.4 million, approximately $1.99 billion payable to the Project Developer pursuant to the Project Agreement for design and construction costs (subject to adjustments as set forth in the Project Agreement), and approximately $552.55 million of City-Retained Costs. "City-Retained Costs" include amounts reserved for project and construction management and legal fees, furniture, fixtures, equipment and other costs, City staff and administrative costs, and unforeseen contingencies and changes in cost under the Project Agreement for which the City is responsible, including but not limited to increased costs due to tariffs, delays or LADWP performing work related to required utilities for the LACC Expansion Project, or potential acceleration of the construction schedule.

Pursuant to the Project Agreement, construction of the LACC Expansion Project commenced in October 2025 with the majority of physical construction work expected to be completed before the 2028 Olympics. Pursuant to the Project Agreement, shortly before the scheduled commencement of the 2028 Olympics in July 2028, the Project Developer is required to pause construction activities on the Los Angeles Convention Center ("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 ("Olympic Readiness"). Events scheduled to be held at the LACC are fencing, taekwondo, judo, wrestling, table tennis, para taekwondo, wheelchair fencing, para judo, boccia, and para table tennis.

In connection with the approval of the Project Agreement, the City noted that extensive coordination, planning, and the possible implementation of contingency intervention plans will be necessary to mitigate the consequences of a delay in achieving Olympic Readiness. Failure to achieve Olympic Readiness could result in serious financial and public relations consequences to the City under arrangements with Olympic organizers and related parties involved in the Olympics. See "OTHER MATTERS - 2028 Olympic and Paralympic Games."

The balance of the construction work would be completed after the 2028 Olympics with final completion of the LACC Expansion Project expected on or before May 11, 2029, subject to adjustment as set forth in the Project Agreement.

The Project Agreement provides that the amount payable to the Project Developer can be increased and/or the scheduled completion date of the LACC Expansion Project can be extended for circumstances outside of the control of the Project Developer, including City change orders, latent structural defects in existing LACC structures, City-caused delays, delays in the issuance of permits, unforeseen site conditions, earthquakes, terrorism, delays by LADWP in performing work related to required utilities for the LACC Expansion Project, force majeure events, changes in law, and other circumstances. These circumstances could result in increases beyond the City-Retained Costs.

During the Council and the Board of Public Works consideration of the LACC Expansion Project and Project Agreement, the City Administrative Officer and the City's Chief Legislative Analyst prepared reports that

identified a number of significant risks relating to the overall construction schedule in general, and the achievement of Olympic Readiness in particular. Such risks include, among others, the minimal "float" time available in the project schedule to account for delays during construction and the potential inability of LADWP and/or Project Developer to complete construction activities on the schedule contemplated by the Project Agreement.

Beginning February 2026, the Bureau of Engineering and City Administrative Officer have prepared monthly status reports on the LACC Expansion Project. These reports include updates on the construction schedule and progress, key risk items and proposed mitigations, project costs and expenditures, [signage commercial dates], bond financing updates, and local job hiring.

In order to pay the costs of the LACC Expansion Project, the City plans to use proceeds from the prior issuance of bonds in November 2025 [and an additional issuance as early as late 2026 (together, the "Convention Center Bonds") to finance the currently estimated $1.7 billion costs of the LACC Expansion Project not funded from the proceeds of the November 2025 issuance.] The Convention Center Bonds are payable from the City's General Fund. Aggregate average annual lease payments, net of capitalized interest, over a 30-year operating period with respect to the Convention Center Bonds, which are expected to commence in 2029, are currently estimated to be $168.9 million.

On an average annual basis over a 30-year operating period, commencing in Fiscal Year 2028-29, the LACC Expansion Project is expected to cost approximately [$228.9 million] (which includes lease payments with respect to the Convention Center Bonds described above as well as operating and maintenance costs). The City anticipates that a portion of this cost may be offset by revenues projected to be generated from the LACC including $120.4 million in projected average annual LACC revenues, consisting of revenues from events ($52.4 million), parking ($23.9 million), signage ($38.2 million), and other adjustments ($5.9 million), as well as an anticipated $21.8 million in additional General Fund revenue resulting from the LACC Expansion Project (including anticipated additional hotel and sales taxes resulting from the LACC Expansion Project), for a total of $142.2 million in potential average annual revenues. There can be no assurances that the projected revenues will be generated in amounts and at the times contemplated by the City.

Assuming that the City's cost and revenue estimates are achieved, implementation of the LACC Expansion Project is expected to result in net General Fund costs of approximately $86.7 million annually over the 30-year operating period commencing upon completion of construction (expected to occur in Fiscal Year 2028-29). Projected net costs for Fiscal Year 2028-29 are $44.9 million, rising to approximately $145.5 million in Fiscal Year 2030-31, and then gradually declining through Fiscal Year 2057-58. The estimates above are also based on other assumptions, including but not limited to the interest rates and other terms of additional financings. There can be no assurance that actual conditions will not materially adversely differ from such assumptions.

[The estimates of the cost of construction of the LACC Expansion Project and the annual net costs described above do not take into account any potential cost increases that are required to be borne by the City under the Project Agreement in excess of the amounts available from the City-Retained Costs described above. While the Project Agreement mitigates certain risks to the City, given the scope and schedule of the LACC Expansion Project, as well as its multi-billion dollar cost, there can be no assurances that significant cost increases required to be paid by the City will not occur. Depending on the magnitude of any additional costs, the City may be required to undertake material additional financings payable from the General Fund to pay such costs.]

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.

Calendar year 2025 began with multi-day fires causing great loss of lives and property in the Pacific Palisades and across Los Angeles County. The multi-year economic loss is now projected to be as high as $10.1 billion and with tax revenue loss of $1.6 billion. Soon after the fires, President Donald Trump's second term introduced further economic uncertainty with on-and-off tariffs, federal spending cuts, layoffs and shutdowns, and aggressive immigration and border enforcement. Retaliatory trade actions and US product and tourism boycotts subsequently followed. The onset of the Iran war on February 28, 2026, has further driven up global energy prices and heightened inflationary pressures. These combined factors represent risks to City receipts and present challenges to developing accurate revised and proposed-year revenue estimates for the budget.

The adopted Fiscal Year 2025-26 General Fund revenue budget represented below-average growth of 3.7 percent for ongoing revenues from the 2024-25 revised budget, lower than 20-year average growth of 4.0 percent. The reduction in growth anticipated the impacts of Palisades Fire-related losses and tax relief on property tax and business tax receipts, as well as lower estimates for sales tax and transient occupancy tax receipts due to the Palisades Fire and economic uncertainty from the federal administration's policies. Fiscal Year 2025-26 General Fund revenues are now projected to exceed Fiscal Year 2025-26 Adopted Budget estimates by $119.9 million, representing 5.4 percent growth from Fiscal Year 2024-25 actual receipts, driven by increased business tax and electricity users tax receipts

[Total General Fund revenue in the Fiscal Year 2026-27 [Proposed] Budget reflects an increase of $320.9 million (3.9 percent) from projected Fiscal Year 2025-26 receipts, after the $29 million transfer from the BSF to the General Fund in Fiscal Year 2025-26 is excluded from Fiscal Year 2025-26 revenues.]

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 2022-23, 2023-24, and 2024-25, projected revenues for Fiscal Year 2025-26, and budgeted revenues for Fiscal Year 2026-27.

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

	2022-23	*2023-24*	*2024-25*	*Estimated 2025-26*	*[Proposed] Budget 2026-27*	*% of Budget 2025-26*
Property Tax	$2,562,881	$2,664,437	$2,759,317	$2,850,970	$ 2,954,152	34.4%
Property Tax Increment (Former CRA/LA)	136,762	140,163	152,913	151,497	155,613	1.8
Departmental Receipts	1,232,107	1,307,939	1,373,573	1,666,210	1,856,060	21.6
Business Tax	825,799	779,296	845,523	889,470	895,950	10.4
Utility Users Tax	707,127	681,696	694,711	746,010	769,790	9.0
Sales Tax	713,603	678,857	661,959	670,670	681,500	7.9
Transient Occupancy Tax	310,017	311,383	305,787	304,070	313,500	3.6
Power Revenue Transfer	232,043	244,695	219,312	225,782	219,662	2.6
Documentary Transfer Tax	221,265	159,781	177,369	193,128	203,006	2.4
Franchise Income	173,496	145,509	138,391	140,974	130,274	1.5
Parking Occupancy Tax	125,064	129,239	140,265	147,400	151,910	1.8
Parking Fines	108,274	109,552	108,319	125,600	125,600	1.5
Interest Income	59,922	87,967	77,825	74,000	80,000	0.9
Grants Receipts	106,480[2]	53,557[3]	174,202[4]	42,931[5]	21,085[5]	0.2
Special Parking Revenue Transfer	30,426	32,388	24,623	19,544	12,215	0.1
Tobacco Settlement	10,714	9,555	9,064	9,064	9,064	0.1
State Motor Vehicle License Fees	3,994	4,812	6,147	5,960	5,960	0.1
Residential Development Tax	5,087	4,010	3,726	5,905	4,740	0.1
Subtotal General Fund Revenues	$7,565,062	$7,544,837	$7,873,024	$8,269,186	$ 8,590,080	100.0%
Reserve Fund Transfer	16,648	136,370	-	-	-	-
Budget Stabilization Fund Transfer	-	-	-	29,000	-	-
Total General Fund	**$7,581,710**	**$7,681,208**	**$7,873,024**	**$8,298,186**	**$ 8,590,080**	**100.0%**
% Growth in Revenue	(0.2%)	1.3%	2.5%	5.4%	3.5%	
% Growth in Revenue w/o ARPA and Reserve Transfers[6]	10.1%	(0.3%)	4.3%	5.0%	3.9%	
% Growth in Seven Major General Fund Taxes[7]	8.2%	(1.0%)	3.5%	3.2%	3.3%	

(1) Cash basis.
(2) Includes $96.3 million in FEMA reimbursement.
(3) Includes $38.7 million in FEMA reimbursement.
(4) Includes $161.8 million in FEMA reimbursement.
(5) Includes $23.7 million and $8.0 million in FEMA reimbursement for Fiscal Years 2025-26 and 2026-27 respectively. Anticipated FEMA reimbursements for the Palisades Fire response and recovery efforts are not included as they will be deposited in the Disaster Assistant Trust Fund for disbursement.
(6) Fiscal Year 2021-22 General Fund receipts included $639,483 from American Rescue Plan relief funds.
(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.

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

Property Tax

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

The assessed valuation of property is established by the County Assessor as of each January 1, except for public utility property, which is assessed by the State Board of Equalization. Real property is reassessed at market value on the date property changes ownership (with limited exceptions) or upon completion of new construction. Upon such reassessment, a supplemental tax is collected for the remainder of the tax year. Under the State Constitution and legislation, *ad valorem* taxes on real property (other than taxes relating to certain voter-approved

indebtedness) are limited as described under "LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIA of the California Constitution – Proposition 13."

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

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

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

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

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

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

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

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

Table 12
ASSESSED VALUATION[1]

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

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

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

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

The following table summarizes the City's receipt of the basic 1 percent property tax and those reallocations received as property tax. This table excludes property tax attributable to the dissolution of the Los Angeles Community Redevelopment Agency and the *ad valorem* tax levied to pay general obligation bond debt service; the latter is not reported in the General Fund. The Fiscal Year 2025-26 estimates reflect the County of Los Angeles Assessor's 3.5 percent growth in assessed value for the City as well as $22.0 million in state assistance to offset losses related to Palisades Fire tax relief and assessed value adjustments. Mid-year revisions to assessed value and deferred payments with extended tax due dates for property owners impacted by the 2025 Palisades Fire have translated to lower growth in actual secured tax receipts. The County of Los Angeles Assessor no longer provides a preliminary estimate for property tax growth for the upcoming year. The Fiscal Year 2026-27 [Proposed] Budget assumes 4.1 percent growth in Countywide assessed valuations. Variances 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 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)

	2022-23	*2023-24*	*2024-25*	*Estimated 2025-26*	*[Proposed] Budget 2026-27*
Secured	$ 1,839,844	$ 1,914,827	$ 1,978,454	$ 2,019,855	$ 2,111,344
Unsecured	65,648	69,764	69,810	73,264	75,460
Homeowner Exemption	7,705	7,442	7,315	7,188	7,066
Supplemental	52,401	41,467	36,811	42,540	45,090
Redemptions	34,327	34,694	37,237	38,350	38,350
County Admin Charges	(23,211)	(24,871)	(27,690)	(27,299)	(28,413)
Refunds	(23,456)	(26,639)	(19,450)	(23,780)	(23,915)
Adjustments	202	(298)	131	22,095	-
Miscellaneous Property	9,606	13,146	12,901	11,426	14,000
1% Property Tax	$ 1,963,067	$ 2,029,531	$ 2,095,519	$ 2,163,639	$ 2,238,982
Percent Change[2]	11.4%	3.4%	3.3%	3.3%	3.5%
State Vehicle License Fee Replacement	599,815	634,906	663,798	687,332	715,170
Property Tax All Sources	$ 2,562,881	$ 2,664,437	$ 2,759,317	$ 2,850,970	$ 2,954,152
Percent Change	10.3%	4.0%	3.6%	3.3%	3.6%

(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 2025-26, 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 2025-26 SECURED PROPERTY TAXPAYERS

Property Owner	*Primary Land Use*	*Secured Assessed Valuation 2025-26*	*Percent of Secured AV*[(1)]
Douglas Emmett LLC	Office Building	$ 2,007,950,758	0.23%
Essex Portfolio LP	Apartments	1,531,902,071	0.18
CP Propco LLC	Hotel & Residences	1,531,902,071	0.16
Century City Mall LLC	Shopping Center	1,415,994,582	0.14
Next Century Partners LLC	Hotel	1,181,083,911	0.14
Valero Energy Corporation	Petroleum	1,174,197,079	0.13
FSP South Flower Street	Office Building	1,112,741,680	0.12
Phillips 66	Petroleum	1,044,264,195	0.12
CJDB LLC	Shopping Center	1,031,986,273	0.12
Hanjin International Corp	Hotel	1,006,077,390	0.11
Rochelle H. Sterling	Apartments	911,137,124	0.10
Anheuser Busch Commercial	Industrial	897,079,333	0.10
Marathon Petroleum	Petroleum	872,547,109	0.10
Delta Airlines Inc	Airline Terminal	865,680,830	0.09
One Hundred Towers LLC	Office Building	747,835,213	0.09
Trizec 333 LA LLC	Office Building	744,644,130	0.08
Maguire Partners 355 S. Grand LLC	Office Building	729,339,835	0.08
BRE HH Property Owner LLC	Office Building	682,082,790	0.08
Tishman Speyer Archstone Smith	Apartments	663,300,209	0.08
Olympic and Georgia Partners LLC	Hotel	647,093,291	0.08
TOTAL		**$ 19,913,513,822**	**2.31%**

(1) Based on Fiscal Year 2025-26 Local Secured Assessed Valuation of $860,491,943,059.
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 & Wakefield report, the commercial office vacancy rate for Greater Los Angeles was 23.6 percent as of the first quarter of 2026, compared to 24.5 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 1,169,410 in the first half of Fiscal Year 2019-20 (prior to the COVID shutdowns) to 919,159 for the first half of Fiscal Year 2025-26.

Commercial office space constitutes approximately 14.4 percent of the total assessed valuation of property in the City. Residential properties constitute approximately 76.9 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 Palisades Fire. As noted under the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—City Financial Challenges—Palisades Fire," 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. Tax relief and assessed value adjustments extended to property owners impacted by the Palisades Fire pose risks to property tax receipts, though the Fiscal Year 2025-26 Adopted Budget includes assumptions for both. [In the Mid-Year FSR, the CAO reports that tax relief and assessed value adjustments have had a greater impact on property tax receipts than assumed in the adopted budget. With regards to wildfire relief set aside in the State budget to offset property tax losses, no receipts are budgeted for Fiscal Year 2025-26 although the Mid-Year FSR reports that the City received $22.0 million from the State.]

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 $292.7 million or 21.3 percent over Fiscal Year 2024-25, which among other factors, reflect one-time reimbursements for prior year related costs, increases in ambulance billing due to prior fiscal year payments and increased ambulance service rates, delayed Los Angeles County Metropolitan Transportation Authority reimbursements, and the prior year reimbursements from the County of Los Angeles related to the *Alliance* settlement.

The table below shows receipts from departmental receipts.

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

	2022-23	*2023-24*	*2024-25*	*Estimated 2025-26*	*[Proposed] Budget 2025-26*
Ambulance Fees	$ 147,173	$ 162,496	$ 225,693	$ 205,101	$ 193,000
Services to Dept. of Airports	83,421	83,590	104,813	96,116	116,542
Services to Harbor Dept.	45,136	41,722	44,872	54,867	62,760
Services to LADWP	44,961	35,076	36,709	41,938	44,153
Services to Sewer Program	127,098	119,834	106,826	129,890	146,659
Solid Waste Fee[2]	22,629	5,133	-	31,019	95,455
Gas Tax Reimbursements	26,303	30,699	34,958	55,309	49,647
Services to Stormwater Fund	-	2,185	1,925	1,320	-
Special Funds Related Costs	267,764	280,648	305,988	380,346	432,204
LACMTA Reimbursement[4]	84,739	117,820	75,720	145,394	134,369
One Time Reimbursements	23,625	53,676	30,847	104,779	159,251
Library Reimbursements	77,768	74,782	82,033	82,394	85,411
Recreation and Parks Reimbursements	64,725	64,725	91,957	111,957	114,479
MICLA Financing Reimbursements	-	-	-	-	7,894
State Mandated	3,234	32,416[3]	12,290	11,131	2,750
Other Departmental Receipts	213,529	218,941	154,136	214,650	211,486
Total General Fund	**$ 1,232,107**	**$1,307,939**	**$1,373,573**	**$1,666,210**	**$1,856,060**
Change from Prior Year	6.7%	6.2%	5.0%	21.3%	11.4%

(1) Cash basis.
(2) In Fiscal Years 2022-23 and 2023-24, the solid waste fee did not generate full cost recovery. Accordingly, 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 did not receive any reimbursement from the SWRRF for overhead costs. Reimbursements to the General Fund increased significantly in Fiscal Year 2025-26 as adjustments to the solid waste fee went into effect 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 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 2026-27 [Proposed] Budget included cannabis business tax revenue projected at $64.0 million (7.1 percent of total business tax revenue).

The table below shows receipts from business tax.

Table 16
BUSINESS TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$825,799	9.0%
2023-24	779,296	(5.6)
2024-25	845,523	8.5
2025-26 Estimated	889,470	5.2
2026-27 [Proposed] Budget	895,950	0.7

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

The City's business tax receipts are anticipated to end Fiscal Year 2025-26 approximately $64.5 million above the conservative estimate in the Fiscal Year 2025-26 Adopted Budget that was informed by the Palisades Fire and federal and state policy actions, including State legislation that reduced cannabis-related taxes as well as tax relief measures in response to the Palisades Fire, which extended the business tax filing deadline to April and waived taxes for impacted businesses. While Fiscal Year 2026-27 cannabis-related business tax revenue is expected to continue its post-pandemic decline, Fiscal Year 2026-27 business tax revenue from non-cannabis business activity assumes average growth, which aligns with Fiscal Year 2025-26 trends, and includes $8 million in one-time revenue assumed for prior year taxes identified through increased tax discovery efforts.

There are state wide or local initiatives which potentially could be placed before voters which would materially impact City revenues. See OVERVIEW OF THE CITY'S FINANCIAL CONDITION—City Financial Challenges—*Future Initiatives*" and "LIMITATIONS ON TAXES AND APPROPRIATIONS—Future Initiatives."

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, 2026

State Rate		
General Fund Portion	3.9375%	
Local Revenue Fund	1.5625%	To support local health program costs (1991 realignment) and public safety services (2011 realignment).
Local Public Safety	0.50%	For the Local Public Safety Fund, approved by the State voters in 1993 as Proposition 172 to support local criminal justice activities. The City has budgeted $57.6 million in Fiscal Year 2026-27 receipts, which are deposited in a special fund and appropriated to the Police and Fire Departments.
Total State Rate	**6.00%**	
Uniform Local Tax Rate (Statewide)		
County Transportation	0.25%	The County allocates a small portion of this to the City.
Local Point of Sale	1.00%	This is the "Bradley-Burns" sales tax, allocated to cities and counties (for unincorporated areas) by point of sale.
Total Uniform Local Rate	**1.25%**	
Total Statewide Rate	**7.25%**	
Optional Local Rates[1]		
Proposition A (LACMTA)	0.50%	Voter-approved measures to improve public transit and reduce traffic congestion. The City receives a portion of these funds, with the percentage varying by measure.
Proposition C (LACMTA)	0.50%	
Measure R (LACMTA)[2]	0.50%	
Measure M (LACMTA)[2]	0.50%	
Measure A (LA County)[2][3]	0.50%	Voter-approved measure for homeless services.
Total Optional Local Rate	**2.50%**	
Total Sales Tax Rate	**9.75%**	

(1) State law permits optional voter approval of local tax rates, up to a combined maximum, which is 2.0 percent in the County. These rates are levied in 0.25 percent and 0.5 percent increments.

(2) Measure R, Measure M, and Measure A are exempt from the 2.0 percent cap on local tax rates. The remaining local capacity as of June 1, 2026 is 1.0 percent.

(3) 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 City attributes the downturn in Fiscal Year 2023-24 and Fiscal Year 2024-25 sales tax revenues to persistent inflation and high interest rates. Modest growth in Fiscal Year 2025-26 is attributed to federal reserve rate reductions. Increasing gas prices, inflation, and stalled federal reserve rate reductions contribute to downside risk to Fiscal Year 2026-27 sales tax revenue.

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

Fiscal Year	*Receipts*[1]	*Change from Prior Year*
2022-23	$713,603	3.8%
2023-24	678,857	(4.9)
2024-25	661,959	(2.5)
2025-26 Estimated	670,670	1.3
2026-27 [Proposed] Budget	681,500	1.6

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

Utility Users Taxes

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

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 is projected to grow 3.5 percent in Fiscal Year 2026-27 based on forecasts for higher natural gas prices and consumption. Fiscal Year 2026-27 Projected revenues for the electricity users tax are based on estimates provided by LADWP. Communication users tax receipts continue to decline 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)

	2022-23	*2023-24*	*2024-25*	*Estimated 2025-26*	*[Proposed] Budget 2025-26*
Electric Users Tax	$ 453,634	$ 480,776	$ 500,598	$ 550,700	$ 573,600
Gas Users Tax[2]	144,552	87,254	93,236	95,910	99,270
Communications Users Tax	108,940	113,667	100,877	99,400	96,920
Total	**$ 707,127**	**$ 681,696**	**$ 694,711**	**$ 746,010**	**$ 769,790**
Change from Prior Year	10.8%	(3.6)%	1.9%	7.4%	3.2%

(1) Cash basis.
(2) 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. Budgeted receipts for Fiscal Year 2026-27 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 example, for hotel and motel rooms or other dwellings (collectively "hotel room") occupied for 30 days or less. The tax is collected from hotel room guests, 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 a decline in receipts in Fiscal Year 2024-25 that continued in Fiscal Year 2025-26 due to decreasing international tourism and boycotts in response to U.S. policy actions. The City projects modest growth in Fiscal Year 2026-27 revenue based on trends in current receipts and the tourism industry forecast for the Los Angeles region, which includes the impact of the 2026 FIFA World Cup and the 2027 Super Bowl.

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.

On February 12, 2026, the City Council approved the submission of two separate TOT ballot propositions to the voters for the June 2, 2026 Primary Election. The first measure (Initiative Ordinance TT) proposes to temporarily increase the TOT (which is currently 14%) to 16% through 2028 and then permanently to 15% thereafter and levy the TOT on all charges imposed for a hotel room by online travel companies. The second measure (Initiative Ordinance TC) proposes to levy the current TOT on all charges imposed for a hotel room by online travel companies. The CAO estimates that, if approved by the voters, the Initiative Ordinance TT would generate $44 million in annual revenue through 2028 and $22 million annually in 2029 and after. The CAO also estimates that, if approved by the voters, Initiative Ordinance TC would generate $5 million annually.

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

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$310,017	29.6%
2023-24	311,383	0.4
2024-25	305,787	(1.8)
2025-26	304,070	(0.6)
2026-27 [Proposed] Budget	313,500	3.1

(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. 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.

As of February 2026, the Street Lighting Maintenance Assessment Fund, which is subsidized by the General Fund, is projected to owe approximately [$88.1 million] by the end of Fiscal Year 2025-26 in outstanding fees payable to LADWP for street lighting energy costs. In April 2026, the City mailed Proposition 218 ballots to approximately 550,000 property owners proposing a 120% increase in street lighting assessments, which would add $144 per year (on average) to property tax bills. If approved, the assessment would fund approximately $112 million annually for future repairs and new solar lights (but the new assessment would not pay amounts owed to LADWP for prior year energy costs). Ballots must be returned by June 2, 2026, and will be weighted by the proposed assessment amount. Majority approval is required to increase the assessment.

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 actual Fiscal Year 2025-26 transfer amount approved by the Board of LADWP Commissioners was $225.8 million, which is $2.1 million below the amount budgeted for Fiscal Year 2025-26.

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)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$232,043	3.1%
2023-24	244,695	5.5
2024-25	219,312	(10.4)
2025-26	225,782	3.0
2026-27 [Proposed] Budget	219,662	(2.7)

(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.

With several federal reserve rate reductions since September 2024, documentary transfer tax receipts have been recovering from the post-pandemic low. Projected growth in Fiscal Year 2026-27 is based on real estate industry forecasts for a continuing recovery in sales and volume, contingent on anticipated mortgage rate reductions. There is risk to the projected revenue due to recent mortgage rate increases.

The table below presents receipts from this revenue source.

Table 22
DOCUMENTARY TRANSFER TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$221,265	(28.3)%
2023-24	159,781	(27.8)
2024-25	177,369	11.0
2025-26	193,128	8.9
2026-27 [Proposed] Budget	203,006	5.1

(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 $5.3 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—City Financial Challenges—*Homelessness*" and "—*Future Initiatives"* 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)

	2022-23	*2023-24*	*2024-25*	*Estimated 2025-26*	*[Proposed] Budget 2026-27*
Solid Waste Collection[2]	$ 49,536	$ 52,871	$ 57,391	$ 59,844	$ 46,620
Cable Television[3]	29,183	25,228	22,617	19,130	18,585
Natural Gas[4]	88,039	60,841	51,122	54,600	57,490
Official Police Garage[5]	3,444	3,305	3,561	3,860	4,260
Pipelines[6]	2,745	2,799	2,867	2,839	2,839
Other	549	465	833	701	480
Total	$ 173,496	$ 145,509	$ 138,391	$ 140,974	$ 130,274
Change from Prior Year	63.7%	(16.1)%	(4.9)%	1.9%	(7.6)%

(1) Cash basis.

(2) The City adopted an exclusive franchise system for solid waste collection from commercial and multi-family properties, with receipts first recorded in Fiscal Year 2017-18. The decrease in Fiscal Year 2026-27 reflects the expiration of solid waste franchise agreements.

(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. The Fiscal Year 2025-26 estimates are based on trends in current-year receipts. Growth in Fiscal Year 2026-27 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. Fiscal Years 2025-26 and 2026-27 reflect increases due to rate adjustments approved by the Police Commission.

(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.*" While the City's litigation is ongoing, the City has determined that the existing franchise fee structure for solid waste collection is not sustainable and has elected not to renew franchise agreements upon their expiration on January 31, 2027. The City anticipates that the existing franchise fee will be replaced by a cost-recovery administrative fee charged to contracted haulers, structured to satisfy the exemptions from the definition of "tax" under Proposition 26. General Fund receipts from this replacement fee are estimated at $5.7 million annually — compared to approximately $60 million generated annually under the prior franchise fee structure.

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. Projections for Fiscal Year 2025-26 and 2026-27 assume additional receipts from the implementation of the automated bus lane enforcement program.

The table below shows receipts from all parking fines.

Table 24
PARKING FINES RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$108,274	(1.8)%
2023-24	109,552	1.2
2024-25	108,319	(1.1)
2025-26 Estimated	125,600	16.0
2026-27 [Proposed] Budget	125,600	-

(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. After a significant drop and recovery in parking occupancy revenue during and after the pandemic, growth has normalized. The Fiscal Year 2025-26 estimate is based on the current trend in receipts which includes receipts attributed to the prior fiscal year. The Fiscal Year 2026-27 projection assumes growth in line with historical receipts.

Table 25
PARKING OCCUPANCY TAX RECEIPTS
($ in thousands)

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$125,064	23.8%
2023-24	129,239	3.3
2024-25	140,265	8.5
2025-26 Estimated	147,400	5.1
2026-27 [Proposed] Budget	151,910	3.1

(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. 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 Fiscal Year 2025-26 estimate has been reduced by $17.1 million from the Fiscal Year 2025-26 Adopted Budget to reflect the payment of prior-year parking

management services. The Fiscal Year 2026-27 projection of $12.2 million is below the previously assumed base transfer amount of $16.5 million.

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

Fiscal Year	*Receipts*[(1)]	*Change from Prior Year*
2022-23	$30,426	258.9%
2023-24	32,388	6.4
2024-25	24,623	(24.0)
2025-26 Estimated	19,544	(20.6)
2026-27 [Proposed] Budget	12,215	(37.5)

(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 2026-27 or thereafter.

LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution – Proposition 13

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

Article XIIIA defines "full cash value" to mean the County assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed or when a change in ownership has occurred after the 1975 assessment period. The full cash value may be adjusted annually to reflect inflation at a rate, as determined by the consumer price index, not to exceed 2 percent per year. "Full cash value" base may be reduced in the event of declining property values caused by damage, destruction or other factors. Under the California Revenue and Taxation Code, county assessors that

have reduced assessed valuation may be able to recapture such value (up to the pre-decline value of the property) at a rate higher than 2 percent per year in some circumstances.

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

Article XIIIB of the California Constitution

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

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

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

Table 27
APPROPRIATIONS LIMITS AND APPROPRIATIONS SUBJECT TO LIMITATION

Fiscal Year	*City Appropriations Limit*	*Appropriations Subject to Limitations*	*Amount Appropriations Are Under Limit*
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
2025-26	9,235,505,368	6,032,705,795	3,202,799,573

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

Articles XIIIC and XIIID of the California Constitution – Proposition 218

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

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

Article XIIID contains provisions generally making it more difficult for local agencies to levy and maintain "assessments" (any levy or charge upon real property for a special benefit conferred upon the real property) for municipal services and programs and "property-related fees and charges" (any levy other than an *ad*

valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service). Assessments shall not be imposed if there is a majority protest by property owners submitting ballots on the issue. Property-related fees or charges for services other than sewer, water and refuse collection services may not be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

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

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

Proposition 26

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

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

Proposition 1A

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

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

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

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

Future Initiatives

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

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 measure has qualified for the November 3, 2026 ballot. The Fiscal Year 2026-27 [Proposed] Budget includes $896 million in Business Tax receipts, approximately 10 percent of the General Fund. Of the $896 million, approximately $64 million is cannabis business tax revenue that would not be impacted by the measure if approved. The CAO estimates that, should the initiative receive voter approval, the annual General Fund revenue loss would be $860 million on average for the first five years starting in Fiscal Year 2027-28. See the caption "CITY FINANCIAL CHALLENGES—*Future Initiatives*."

On April 2, 2026, the Los Angeles City Charter Reform Commission (the "Commission") released a report with a number of recommendations for amendments to the City Charter. The report included a recommendation for the City Council to place on the ballot a proposal to increase the Charter-mandated appropriation to the Department of Recreation and Parks from the current minimum appropriation of 0.0325 percent of assessed value of all property as assessed for City taxes annually to 0.065 percent. The City Council will consider the measure for inclusion on the November 3, 2026 ballot. In the event that the City Council accepts the recommendation and the measure is approved by the voters, the potential preliminary General Fund impact is approximately $303 million.

On February 25, 2026, proponents of the Local Taxpayer Protection Act to Save Proposition 13 ("Taxpayer Protection Act"), a statewide ballot initiative, announced they had submitted over 1.3 million signatures to county officials for verification. On April 21, the California Secretary of State certified that this ballot initiative had qualified for the November ballot. The Taxpayer Protection Act proposes to amend the California Constitution to require a two-thirds supermajority vote to approve all local special taxes, including those proposed by voter initiative. Currently, local special taxes sponsored by a governing body (such as a city council or board of supervisors) require two-thirds voter approval, but special taxes proposed through a voter initiative process may be approved by a simple majority. If approved, the Taxpayer Protection Act would repeal existing property transfer taxes such as Measure ULA, amongst other property-related special taxes, that were approved by less than two-thirds of voters as of December 31, 2028. For Fiscal Year 2026-27, the City projects it will collect $505 million in Measure ULA taxes. The Taxpayer Protection Act also proposes to limit the property transfer tax rate imposed by local governments to approximately 0.11% and repeal existing property transfer taxes whose rate exceeds 0.11%. If approved, the City's current base real property transfer tax rate of 0.45% would be repealed as of December 31, 2028. For the Fiscal Year 2026-27 [Proposed] Budget, the City projected it would collect approximately $203 million in property transfer taxes, [(excluding the ULA documentary tax described under the caption "CITY FINANCIAL CHALLENGES—*Future Initiatives*").]

Proposition CB – Applying Cannabis Business Taxes to Unlicensed Cannabis Businesses – will be on the June 2, 2026 ballot. If approved by the voters Proposition CB is estimated to generate $30 million to $35 million annually for 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 June 1, 2026.

Table 28
GENERAL OBLIGATION BONDS
As of June 1, 2026

Date of Election	*Projects*	*Amount Authorized*	*Amount Issued*[2]	*Amount Outstanding*[1]	*Amount Authorized but Unissued*
11/7/00	Fire Facilities (Proposition F)	$ 378,506,000	$ 378,506,000	$ --	$ --
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)	1,200,000,000	1,200,000,000	960,010,000	--
	Total	**$2,678,506,000**	**$2,618,006,000**	**$1,036,090,000**	**$ 60,500,000**

(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
2025-26 TYPICAL TAX RATE PER $100 OF ASSESSED VALUATION[(1)]

Countywide 1%	1.000000%
City of Los Angeles	.012232
Los Angeles Unified School District	.119605
Los Angeles Community College District	.048543
Metropolitan Water District	.007000
Total	**1.187380%**

(1) Tax Rate Areas 00067, 00013, 00016 and 00004, which are the four largest within the City in terms of assessed valuation: Source: California Municipal Statistics, Inc.

Lease Obligations

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

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

Table 30
GENERAL FUND BONDED AND OTHER FINANCING LEASE OBLIGATIONS
As of June 1, 2026

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	176,450,000	149,460,000	5/1/43
MICLA Lease Revenue Bonds, Series 2025-A (dated November 25, 2025)	Los Angeles Convention Center	851,630,000	851,630,000	5/1/55
MICLA Lease Revenue Bonds, Series 2025-B (Taxable) (dated November 25, 2025)	Los Angeles Convention Center	116,235,000	116,235,000	5/1/34
MICLA Lease Revenue Bonds, Series 2026-A (dated March 10, 2026)	Capital Equipment and Real Property	219,685,000	219,685,000	5/1/46
Subtotal Public Offerings		$2,964,001,000	$ 2,263,328,000	
Private Placements				
MICLA 2017 Streetlights Financing (dated April 18, 2017)[1]	Capital Equipment and Fixtures	$ 39,297,800	$ 4,388,739	6/1/27
MICLA 2019 Streetlights Financing (dated September 30, 2019)[1]	Capital Equipment and Fixtures	17,845,461	6,308,742	6/1/29
MICLA 2020 Streetlights Financing (dated November 1, 2020)[1]	Capital Equipment and Fixtures	9,088,272	4,746,917	6/1/31
Subtotal Private Placements		$ 66,231,533	$ 15,444,399	
Total Financing Lease Obligations		**$3,030,232,533**	**$ 2,278,772,399**	

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

Commercial Paper Programs

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

In 2004, the City and MICLA established a commercial paper program authorizing MICLA to issue lease revenue CP notes to finance and refinance capital equipment, the acquisition and improvement of real property, and other financing needs of the City (the "General MICLA CP"). The General MICLA CP program increased from time to time and is currently authorized for up to $425 million. The City expects to issue lease revenue bonds through MICLA from time to time to refund the General MICLA CP. [As of June 1, 2026, approximately $189.4 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 June 1, 2026, approximately $5 million in LACC CP principal remains outstanding.]

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

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

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

Table 31
LEASE REVENUE COMMERCIAL PAPER NOTES LETTERS OF CREDIT

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

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

Revenue Bonds

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

Conduit Debt Obligations

The City has issued bonds or entered into installment purchase contracts secured by and payable from loans and installment sale contracts to provide conduit financing for single and multi-family housing, industrial

development and unrelated third-party 501(c)(3) nonprofit corporations. These conduit bonds and certificates of participation are not managed by the CAO and are not obligations of the General Fund or other City revenues.

Cash-flow Borrowings

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

Table 32
TAX AND REVENUE ANTICIPATION NOTES

Fiscal Year	*LACERS*	*Fire and Police Pensions*	*Other Cashflow*	*Total Par Amount*
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
2026-27 Estimated			--[1]	

(1) Historically, the City issued TRANs for temporary cash flow borrowing. The Fiscal Year 2026-27 [Proposed] Budget assumes that all temporary cash flow borrowing will be managed with borrowing from the City's special funds.

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

Summary of Long-Term Borrowings

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

Table 33
NET DIRECT DEBT
As of June 1, 2026

	Outstanding
General Obligation Bonds	$ 1,036,090,000
Lease Obligations[1] [2]	2,278,772,399
Gross Direct Debt Subtotal	$ 3,314,862,399
Revenue Bonds[2]	
Power Revenue (LADWP)[2]	$13,393,090,000
Water Revenue (LADWP)[2][3]	6,057,385,000
Department of Airports[2]	12,061,820,000
Harbor Department[2][4]	261,515,000
Wastewater System	
Senior Revenue Bonds	602,075,000
Subordinate Revenue Bonds[2][5]	1,743,430,000
Solid Waste Resources Fee	226,405,000
Revenue Bonds Subtotal	$34,345,720,000
TOTAL CITY DEBT	$37,660,582,399
Less:	
Revenue Bonds	(34,345,720,000)
NET DIRECT DEBT	$ 3,314,862,399
Plus:	
Overlapping Debt[6]	$14,760,091,944
NET OVERALL DEBT	$18,074,954,342

(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 June, 2026. See Table 41.

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

Table 34
DEBT SERVICE TO MATURITY ON DEBT PAYABLE
FROM *AD VALOREM* PROPERTY TAXES
As of June 1, 2026

	General Obligation Bonds		
Fiscal Year	***Principal***	***Interest***	***Total***
2026[(1)]	$ 74,690,000	$ 31,418,583	$ 106,108,583
2027	73,915,000	33,366,548	107,281,548
2028	76,985,000	30,373,303	107,358,303
2029	78,440,000	27,880,542	106,320,542
2030	73,725,000	25,378,274	99,103,274
2031	66,165,000	23,109,024	89,274,024
2032	66,085,000	21,006,491	87,091,491
2033	60,615,000	18,958,701	79,573,701
2034	60,615,000	16,956,028	77,571,028
2035	60,615,000	14,940,264	75,555,264
2036	60,610,000	12,935,447	73,545,447
2037	60,610,000	10,916,328	71,526,328
2038	60,610,000	8,876,071	69,486,071
2039	56,295,000	6,893,166	63,188,166
2040	42,485,000	5,238,466	47,723,466
2041	42,485,000	3,830,801	46,315,801
2042	42,485,000	2,407,915	44,892,915
2043	31,885,000	1,387,083	33,272,083
2044	12,415,000	767,400	13,182,400
2045	4,525,000	342,090	4,867,090
2046	4,525,000	114,030	4,639,030
Total	**$ 1,110,780,000**	**$ 297,096,552**	**$ 1,407,876,552**

[(1)] Includes payments made on or prior to June 1, 2026. Principal payments are made on September 1.
Source: City of Los Angeles, Office of the City Administrative Officer.

Table 35
DEBT SERVICE TO MATURITY ON FINANCING LEASE OBLIGATIONS
As of June 1, 2026

Fiscal Year	*Principal*	*Interest*	*Total*
2026[(1)]	$ 121,139,302	$ 72,306,779	$ 193,446,081
2027	137,129,518	107,206,105	244,335,622
2028	115,977,013	100,627,108	216,604,121
2029	128,625,289	95,563,679	224,188,968
2030	120,434,184	90,021,701	210,455,885
2031	125,992,395	84,450,412	210,442,807
2032	119,613,000	78,842,590	198,455,590
2033	114,466,000	73,441,908	187,907,908
2034	108,305,000	68,204,836	176,509,836
2035	109,824,000	63,449,760	173,273,760
2036	114,800,000	58,459,009	173,259,009
2037	104,977,000	53,116,192	158,093,192
2038	79,173,000	48,864,219	128,037,219
2039	68,801,000	45,424,210	114,225,210
2040	58,595,000	42,385,693	100,980,693
2041	58,285,000	39,524,701	97,809,701
2042	55,435,000	36,750,238	92,185,238
2043	49,215,000	34,209,763	83,424,763
2044	43,770,000	31,749,013	75,519,013
2045	45,955,000	29,560,513	75,515,513
2046	48,250,000	27,262,763	75,512,763
2047	42,345,000	24,850,263	67,195,263
2048	44,460,000	22,733,013	67,193,013
2049	46,795,000	20,398,863	67,193,863
2050	49,250,000	17,942,125	67,192,125
2051	51,835,000	15,356,500	67,191,500
2052	54,595,000	12,596,075	67,191,075
2053	57,505,000	9,688,350	67,193,350
2054	60,570,000	6,625,325	67,195,325
2055	63,795,000	3,398,725	67,193,725
Total	**$ 2,399,911,701**	**$ 1,415,010,428**	**$ 3,814,922,129**

(1) Includes the full fiscal year debt service including amounts paid on or prior to June 1, 2026.
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*	*2024-25*	*Adopted Budget 2025-26*	*[Proposed] Budget 2026-27*
Total Direct Debt Service as Percent of General Revenues[(1)]	15.0%	3.92%	3.72%	3.73%
Non-Voted Direct Debt Service as Percent of General Revenues[(1)]	6.0%[(2)]	2.53%	2.39%	2.43%

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

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

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

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

Table 37
FINANCIAL RATIOS

As of June 30	*Net Direct Debt*	*Net Debt Per Capita*	*Net Debt as Percent of Net Assessed Valuation*
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
2026	3,314,862,399	871	0.39

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

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

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

Fiscal Year	*Total Debt Service*	*Paid From Special Revenue Funds*	*Net General Fund Debt Service[(2)]*	*General Fund Revenues[(3)]*	*Gross as Percent of GF*	*Net as Percent of GF*
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 Estimated	172,214,892	19,373,119	152,841,773	8,298,186,314	2.08	1.84
2026-27 [Proposed] Budget						

(1) Cash basis.

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

(3) Excludes transfers from the Reserve Fund.

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

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

Table 39
RETIREMENT OF NET DIRECT DEBT
As of June 1, 2026

	General Obligation Bonds		*Financing Leases*		*Total*	
Maturing Within	*Maturing Principal*	*Cumulative % of Debt Retired*	*Maturing Principal*	*Cumulative % of Debt Retired*	*Maturing Principal*	*Cumulative % of Debt Retired*
>0 to 5 years	$ 369,230,000	35.6%	$ 628,158,399	27.6%	$ 997,388,399	30.1%
>5 to 10 years	308,540,000	65.4	567,008,000	52.4	875,548,000	56.5
>10 to 15 years	262,485,000	90.8	369,831,000	68.7	632,316,000	75.6
>15 to 20 years	95,835,000	100.0	242,625,000	79.3	338,460,000	85.8
>20 to 25 years	-	100.0	234,685,000	89.6	234,685,000	92.9
>25 to 30 years	-	100.0	236,465,000	100.0	236,465,000	100.0
Total	**$ 1,036,090,000**		**$2,278,772,399**		**$ 3,314,862,399**	

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.

Table 40
PROPOSED SCHEDULE OF BOND ISSUANCES DEBT CALENDAR[(1)]
As of June 1, 2026

	Expected Sale Date	*Estimated Amount*
Fiscal Year 2026-27 Debt Issuance		
MICLA Lease Revenue Refunding Bonds	July 2026	[TBD]
MICLA Lease Revenue Bonds (Los Angeles Convention Center)	Fall 2026	$1.80 billion
Future Fiscal Years		
Solid Waste Resources Revenue Bonds	TBD	TBD
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 June 1, 2026

2025-26 Assessed Valuation: $887,463,129,803

Redevelopment Incremental Valuation: $80,037,584,683

OVERLAPPING DEBT REPAID WITH PROPERTY TAXES:	Outstanding Debt 6/1/26	Estimated % Applicable	Estimated Share of Overlapping Debt 6/1/26
Metropolitan Water District	$16,045,000	20.851%	$ 3,345,543
Los Angeles Community College District	4,703,750,000	72.022	3,387,734,825
Beverly Hills Unified School District	564,167,909	0.163	919,594
Inglewood Unified School District	309,995,000	0.636	1,971,568
Las Virgenes Joint Unified School District	245,124,432	0.861	2,110,521
Los Angeles Unified School District	10,581,455,000	87.982	9,309,775,738
Other School Districts	577,199,729	Various	386,611
City of Los Angeles Community Facilities District No. 4	27,120,000	100.	27,120,000
City of Los Angeles Community Facilities District No. 8	4,745,000	100.	4,745,000
City of Los Angeles Community Facilities District No. 11	20,220,000	100.	20,220,000
Mountains Recreation and Conservation Authority Assessment Districts	10,620,000	100.	10,620,000
Los Angeles Unified School District supported general obligation bonds			-201,975,878
OTHER OVERLAPPING DEBT:			
Los Angeles County General Fund Obligations	$3,757,654,203	40.639%	$1,527,073,092
Los Angeles County Superintendent of Schools Certificates of Participation	1,824,136	40.639	741,311
Pasadena Area Community College District Certificates of Participation	27,885,000	0.001	279
Inglewood Unified School District Certificates of Participation	900,000	0.636	5,724
Los Angeles Unified School District Judgment Obligation Bonds	338,147,726	87.982	297,509,132
Los Angeles Unified School District Certificates of Participation	206,200,000	87.982	181,418,884
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$186,370,000	100. %	$186,370,000
SUBTOTAL, OVERLAPPING DEBT			$14,760,091,944
City of Los Angeles General Obligation Bonds	$1,036,090,000	100. %	$1,036,090,000 [1]
City of Los Angeles General Fund Obligations	2,278,772,398	100.	2,278,772,398
TOTAL CITY OF LOS ANGELES DIRECT DEBT			**$3,314,862,398**
TOTAL DIRECT AND OVERLAPPING DEBT			$18,074,954,342 [2]

[1] Excludes general obligation bonds to be sold

[2] 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 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 2026, with data through Calendar Year 2024. [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.]

For the first time, the Fiscal Year 2026-27 [Proposed] Budget includes a Climate Budget, which describes the appropriations and financing that the Fiscal Year 2026-27 [Proposed] Budget authorizes for climate change mitigation and climate change adaptation activities in City operations. Climate change mitigation activities help reduce greenhouse gas emissions in both the municipal and community inventories through strategies including, reducing vehicle miles traveled, waste reduction, decarbonization, energy efficiency, urban greening, and electrification. Climate change adaptation activities are those that prepare for and adjust to current and projected impacts of climate change by addressing one or more of the following: extreme heat, drought, sea level rise, wildfire, flooding, and climate-related public health. The Fiscal Year 2026-27 [Proposed] Budget includes $895 million ($45 million General Fund, $273 million from MICLA lease revenue bond proceeds, and $577 million from various special funds) for these expenditures.

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 aligned with climate change mitigation and/or climate change adaptation goals.

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 Preparedness and Threat Landscape

[[DISCUSS UPDATED DISCLOSURE]]

The City relies on a large and complex technology environment to conduct its operations, acting as both a recipient and provider of personal, private, and sensitive information. Consequently, the City and its departments face multiple cyber threats, including hacking, viruses, and malware targeting its digital networks and systems. To

coordinate preparation and response, the City established the Cyber Intrusion Command Center (the "CICC") in 2013 and an Integrated Security Operations Center (the "ISOC") in 2015, utilizing cybersecurity professionals and law enforcement experts. The CICC assists in establishing policies for data classification, information handling, and incident response protocols, while the City continuously refines its defenses through its Critical Asset Protection program, annual "penetration tests," and weekly cyber vulnerability scanning. The City maintains a comprehensive Information Security Policy Manual, regularly conducts employee cybersecurity training and phishing tests, and participates in tabletop exercises with local and federal agencies. In 2022, the City initiated weekly cyber vulnerability scans for over 7,000 digital assets. In summer 2025, the City launched the High Value Target (HVT) Training Initiative to provide tailored cybersecurity education for personnel in sensitive, high-risk roles.

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.

Infrastructure and Security Advancements. In recent years, the City has continually upgraded its technological infrastructure. The ISOC successfully enabled secure remote access for approximately 18,000 City workers during the COVID-19 pandemic. The City has also deployed Multi-Factor Authentication, a single sign-on service, Attack Surface Management ("ASM"), and a "Cybersecurity Risk Score" system to provide department managers with better visibility into their security preparedness. In 2023, the City advanced a strict "Zero Trust" strategy to identify and secure applications across departments. By 2025, the City initiated the Endpoint Protection Program and completed the deployment of advanced endpoint protection agents to more than 21,000 devices.

[Historical Cyber Incidents and Limitations of Assurances. To date, the City has experienced only limited cyber-attack disruptions on its computer systems. For example, a 2019 attack on a cloud-hosted departmental system potentially exposed the personal information of about 20,000 LAPD applicants. The City mitigated the attack, immediately notified affected individuals, and enhanced its defenses by installing a web application firewall and endpoint protection systems. More recently in March 2026, a cyber criminal organization claimed responsibility for a data breach affecting the Los Angeles City Attorney's Office. The group exploited a vulnerability in an internal third-party digital storage tool utilized by the office to share legal discovery documents with opposing counsel and litigants. This unauthorized access resulted in the subsequent leak of approximately 340,000 files of court records. City officials and the LAPD have publicly confirmed that the breach was entirely isolated to this external City Attorney third-party file-sharing application, and was not connected to any internal City of Los Angeles systems, municipal networks, or other services. This event did not disrupt City of Los Angeles services or operations. While the investigation into this recent incident is ongoing, the City continues to work closely with departments to help identify other potential external, non-City tools and help secure them to prevent possible future events.]

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 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 TMDL compliance deadlines are spread out through 2037, with several key deadlines having already passed in certain watersheds. The City will likely become responsible for more TMDLs in the coming years. Currently, a new Bacteria TMDL is being considered for the Dominguez Channel. A draft basin plan amendment was released on March 10, 2026 and an adoption hearing is scheduled for June 25, 2026. As written, this new TMDL would result in costs to the City of up to [$2.1] billion.

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 Dry Weather 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 compliance deadlines 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 on July 15, 2026. These upcoming deadlines are primarily for wet weather TMDLs, which presents an enormous challenge in terms of regulatory compliance, given the large volume of water that must be captured and treated during storm conditions in order to meet water quality standards.

The City's share of the costs of the approved WMP projects required to meet the TMDLs through 2037 is estimated to be approximately $7.4 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 2026-27 [Proposed] 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 $314.9 million through Fiscal Year 2029-30 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. It is worth noting that as the regional program matures and more projects are implemented, the proportion of regional funds allocated to operation and maintenance of those projects will increase and a smaller proportion of funds will be available for new projects.

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 2026-27 is approximately

$16.6 million, which includes General Fund subsidies for the Solid Waste Resources Revenue Fund ($7.2 million), the Citywide Recycling Trust Fund ($9.0 million), and the Used Oil Collection Fund ($0.4 million). In April 2025, the 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 took effect in late November 2025. Subsequent increases will be implemented annually in July. While not at full cost recovery, the adoption of the new rate reduced the General Fund subsidy from $89.4 million in Fiscal Year 2025-26 to $7.2 million in Fiscal Year 2026-27.

The City uses exclusive, competitively selected contracts to provide waste collection, hauling, and disposal services to multi-family residential developments and commercial and industrial business operations located in the City under a program known as RecycLA. The RecycLA program administration and costs are funded by the Citywide Recycling Trust Fund ("CRTF"). Under the current RecycLA contracts, which are effective through January 31, 2027 and can potentially be extended through January 31, 2037, the City participates in the Removing Barriers to Recycling ("RBR") Program. The RBR Program stipulates that in lieu of charging any applicable access and distance fees on recycling bins to RecycLA customers, the City pays RecycLA services providers ("RSPs") 50 percent of the revenue loss associated with waiving these fees. The City pays an annual amount within a defined "Normalization" schedule allowing a stabilized growth of costs to the City each year. In Fiscal Year 2026-27, this amount is estimated at $15.1 million. Any amount owed to the RSPs for the RBR Program above the Normalization cap rolls over, but must be paid by January 31, 2027, or upon termination of the RBR Program, whichever is earlier. The City made a mid-term RBR rollover payment of $23.6 million to RSPs in Fiscal Year 2022-23 after adjustments. The CRTF was unable to absorb the full cost of this rollover payout and required a General Fund subsidy of $18.5 million to support its operations that year. The remaining RBR rollover payout, due in Fiscal Year 2026-27, is currently estimated at $58.0 million. The Fiscal Year 2026-27 [Proposed] Budget includes a General Fund subsidy of [$18.1 million] to shoulder a portion of the RBR rollover cost for the CRTF. In January 2026, the Council approved the termination of the RBR Program effective January 31, 2027. The City is also preparing to issue new RecycLA contracts under its competitive request for proposals. The new contracts are expected to be executed and effective February 1, 2027, incorporate the services currently provided via the RBR Program, establish minimum service levels, and eliminate the need for a CRTF or General Fund subsidy.

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 2026-27 [Proposed] Budget is approximately $290.5 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 2026-27 [Proposed] Budget include $110.1 million to supplement special fund revenues for the police and fire services, $23.7 million to support the Los Angeles Zoo, $23.3 million for maintenance and improvement of the street lighting system, $22.8 million to subsidize certain planning and land use applications, and $17.9 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 $286.0 million annually and the annual ongoing revenue within the Proposition A Local Transit Assistance (Proposition A) Fund is projected to be approximately $193.4 million, resulting in a structural deficit

of approximately $92.6 million annually. While the Fiscal Year 2026-27 [Proposed] 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 a comprehensive operational analysis 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 in-kind, such as public right-of-way and city-led infrastructure improvements) in the amount of three percent of the cost of rail projects undertaken by LACMTA within City limits. 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 ($71.1 million in Fiscal Year 2026-27).

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 following year, on March 31, 2026, LA28 further revised the 2028 Olympics budget to $7.26 billion, an increase of $0.11 billion, reflecting updated workforce planning, revised operating plans, and adjustments based on macroeconomic factors and market expectations. 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 approximately $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 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.

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 a 2024 CAO report, 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 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—City Financial 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. Oral arguments on the appeal were heard on April 23, 2026. It is unknown when the Ninth Circuit Court of Appeals will release its opinion.

Litigation Relating to the Palisades Fire.

Several hundred lawsuits have been filed by thousands of plaintiffs claiming damage from the Palisades Fire, including two putative class actions that have been consolidated into a single class action complaint. Additional lawsuits continue to be filed. The lawsuits are pending in the Los Angeles Superior Court. The two cases filed as putative class actions were filed on behalf of a putative class of 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 putative consolidated class action is currently stayed.

Pursuant to an order of the judge overseeing the litigation, on October 8, 2025, individual plaintiffs liaison counsel (i.e., counsel appointed to organize the individual plaintiffs) filed the Master Complaint containing allegations that are intended to be common to some or all of the cases. Plaintiffs later filed a Revised Master Complaint in December 2025 to correct minor errors in the original filing. In addition to the City and the State, the Revised Master Complaint added sixteen additional defendants whom plaintiffs claim are responsible for their losses under a variety of tort theories and, for some, inverse condemnation. The Revised Master Complaint generally alleges claims related to LADWP's water system and power system, and clearance of brush from city-owned lots. The Revised Complaint also alleges that the Palisades Fire was foreseeable in light of data about the history of fires in the area, current fire risk and weather. With respect to the LADWP water system, the Revised Master Complaint alleges that 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) and that LADWP chose to design its water system for urban use, not to fight wildfires. With respect to the power system, the Revised Master Complaint alleges that the fire ignited, power poles broke and the Department did not de-energize its distribution and transmission electrical facilities, which resulted in its overhead power lines arcing and causing additional spot fires that merged with the main fire. As to both the power system and the water system , the Revised Master Complaint asserts claims for inverse condemnation. The doctrine of inverse condemnation is a "takings clause" cause of action under the State and federal constitutions that entitles property owners to just compensation if their private property is damaged by a public use. California courts have imposed liability on public agencies in legal actions brought by private property holders for damages, where the inherent risks in the public agency's infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. The Revised Master Complaint also asserts tort claims as to the power system for dangerous condition of public property and nuisance. Finally, the Revised Master Complaint 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 and asserts dangerous condition of public property and nuisance. Complaints filed before and after the filing of the Revised Master Complaint allege other causes of action and additional theories of liability, which certain plaintiffs may choose to maintain when adopting the Revised Master Complaint. There can be no assurances that additional causes of action will not be asserted by the plaintiffs when they adopt the Revised Master Complaint, or additional litigation will not be brought by other plaintiffs whose properties were damaged in the Palisades Fire.

In addition, lawsuits have been filed by certain insurance carriers asserting subrogation rights and at least one public entity. These lawsuits allege claims based on inverse condemnation.

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 insurance carrier plaintiffs asserts a damages figure of greater than $3 billion. The cases are not yet at a stage where it is possible to reasonably estimate the potential ultimate financial exposure to the City or LADWP. The City and LADWP deny all liability claims and intend to vigorously defend against all of these lawsuits, but cannot predict the outcome of these cases.

The City and the State filed demurrers challenging the sufficiency of the allegations in the Revised Master Complaint. The court overruled the demurrers of the City and the State on February 19, 2026, in a written order.

On March 27, 2026, the City filed a Petition for a Writ of Mandate with the Second District Court of Appeal, seeking review from the Court of Appeal of the trial court's ruling on the City's demurrer to the inverse condemnation claim regarding the water system. The Court of Appeal denied the Petition for Writ of Mandate on May 6, 2026.

At the trial court, the stay on discovery was lifted on March 31, 2026. As of the date of this Official Statement, no trial date has been set.

See the caption "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—City Financial Challenges—*2025 Palisades Fire*."

Measure ULA Special Tax.

Measure ULA, a voter initiative to fund affordable housing projects and programs, has been challenged by multiple actions. On December 21, 2022, Howard Jarvis Taxpayers Association and Apartment Association of Greater Los Angeles filed, in Los Angeles County Superior Court (the "County Superior Court"), a reverse validation action to invalidate the ULA special tax (*Howard Jarvis Taxpayers Assn. et al. v. City of Los Angeles et al.*) ("Jarvis Action") pursuant to California Code of Civil Procedure section 860 et seq. On January 6, 2023, Newcastle Courtyards, LLC and Jonathan Benabou (collectively "Newcastle") also filed a reverse validation action in Los Angeles County Superior Court (*Newcastle Courtyards, LLC et al. v. City of Los Angeles et al.*) pursuant to California Code of Civil Procedure section 860 et seq., which was consolidated with the Jarvis Action. Newcastle filed an additional complaint in the Federal District Court to challenge the validity of ULA and the ULA special tax (collectively "Newcastle Actions"). The Jarvis Action seeks to enjoin the ULA special tax by alleging that the enactment of the ULA special tax violates Section 450 of the City's Charter (the "Charter") and Section 4 of Article XIIIA of the California Constitution. The Newcastle Actions, similarly, seek to enjoin the ULA special tax based on allegations that it violates Section 4 of Article XIIIA of the California Constitution and would infringe various taxpayer protections and rights granted under the U.S. Constitution and California Constitution. On September 5, 2023, the Federal District Court dismissed Newcastle's federal court action for lack of subject matter jurisdiction, without prejudice to Newcastle's separate action filed in County Superior Court. Newcastle is appealing the District's Court's dismissal. On October 24, 2023, the Superior Court for the consolidated Jarvis Action concluded that the plaintiffs failed to state facts sufficient to support any claim against the City and ULA to invalidate its enactment. In rejecting the plaintiff's arguments, the Superior Court ruled, amongst others, that (1) ULA did not violate Section 4 of Article XIII of the California Constitution because it was passed as a voter initiative, not as a City-sponsored tax measure; (2) Section 450 of the Charter did not limit the initiative power of voters of the City; and (3) ULA either satisfied or did not violate a number of other constitutional considerations, such as the Equal Protection Clause and the Takings Clause. The plaintiffs appealed the County Superior Court's ruling to the California Court of Appeals. On December 15, 2025, the California Court of Appeals issued its decision to affirm the County Superior Court's dismissal of the challenge to invalidate ULA. On January 23, 2026, the challengers filed a petition to the California Supreme Court. The City filed a response to the petition on February 13, 2026. On March 11, 2026, the California Supreme Court denied the plaintiffs' petition for review. The Superior Court's ruling stands affirmed. [Plaintiffs have until early June 2026 to file a petition to the U.S. Supreme Court.] Should the U.S. Supreme Court grant Plaintiffs' petition, the City will continue to defend its interest in these matters.

See "OVERVIEW OF THE CITY'S FINANCIAL CONDITION—City Financial 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 (Acedo et al. v. City of Los

Angeles; Abram et al. v. City of Los Angeles; Vand et al. v. City of Los Angeles; and Stephen Baker et al v. City of Los Angeles) were filed by Los Angeles Fire Department ("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. 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 August 24, 2026. Separately, on February 12, 2026, ALP filed a separate action in Federal District Court for civil rights claims under 42 U.S.C. §1981 and 1983 arising out of the same facts. ALP seek approximately $800 million in damages. On _____, the City filed a motion to stay the action Federal District Court pending the outcome of the claims filed in Los Angeles County Superior Court.

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

On September 27, 2017, the plaintiffs filed a class action claim in Los Angeles 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, both sides moved for summary judgment and the trial court denied both motions. Plaintiffs then moved for class certification, which the trial court denied. Plaintiffs appealed. On October 7, 2025, the California Court of Appeal affirmed the trial court's denial of class certification. Plaintiffs petitioned the California Supreme Court for review. On January 23, 2026, the California Supreme Court denied the petition. The matter is now with the Superior Court again for further adjudication. 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. 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. On May 7, 2026, after weeks of trial, the jury returned a verdict in favor of the City.

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. Class certification has yet to be determined by the Federal District Court. 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.

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 for the 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 complied with this agreement, the term of which ended 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 June 24, 2025, following an evidentiary hearing, the Federal District Court denied the plaintiffs' request for a receiver and decided that the City did not breach the Roadmap Agreement. Additionally, with respect to the settlement agreement with the plaintiffs, 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 to select a third-party data 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. On October 14, 2025, the Federal District Court, over the City's objection, ordered the appointment of a monitor and a data team to be assisted by the City Controller. The City has appealed to the Ninth Circuit Court of Appeal's June 24, 2025 Order, and the subsequent October 14, 2025 Order, appointing the third party monitor, and a January 6, 2026 Order requiring the City to pay attorneys' fees and costs to Plaintiff and Intervenors, all of which are consolidated. On December 4, 2025, the Ninth Circuit Court of Appeals stayed the District Court's October 14, 2025 Order appointing a monitor pending resolution of the consolidated appeals. In addition, the Federal District Court issued Orders to Show Cause re Contempt concerning various allegations that the City has delayed in reporting information required under the Settlement Agreement, and may have allegedly misrepresented that the City Council approved an encampment resolution plan, which the City disputes.

In May 2026, the City, Plaintiffs, and Intervenors, executed an Agreement Regarding Disputes Relating to the 2022 Settlement Agreement between Plaintiffs and the City ("2026 Agreement"); the disputes were the subject of the ongoing evidentiary hearings and pending appeals. On May 8, 2026, the District Court entered the parties' joint stipulation seeking approval of the 2026 Agreement.

Among other things, the parties agreed to amend certain reporting obligations and encampment reduction goals, and further agreed that the Court may retain jurisdiction over the 2026 Agreement solely to oversee and enforce certain enumerated provisions. The Court's jurisdiction over the 2026 Agreement will cease for all purposes on October 1, 2029. The City also agreed that by June 30, 2027, it will create a total of 14,000 housing and shelter solutions, inclusive of all housing or shelter solutions already created under the 2022 Agreement at an additional cost of [insert $], and the City will keep open no fewer than 12,915 of the housing or shelter solutions until June 30, 2029 at an annual cost of [insert $]. The parties also agreed to a proposed scope of work for a monitor and Nardello & Co. has been appointed to perform that work.

The parties further agreed that beginning on July 1, 2027, the Court may appoint a monitor or special master (but not both) to assist the Court in overseeing and enforcing the 2026 Agreement, with the monitor or special master's duties ending on October 1, 2029. The City shall be responsible for paying all fees and costs associated with the monitor or special master work, but the monitor or special master's fees and costs shall be limited to no more than $150,000 per year. With the 2026 Agreement, the evidentiary hearing has been vacated, and the consolidated appeals and writ petition have been dismissed. Without admitting any wrongdoing or that Plaintiffs or Intervenors have any entitlement to attorneys' fees, the City agreed to pay Plaintiffs $1,900,000 and Intervenors $300,000. These payments will fully satisfy the City's obligation to pay fees and costs to Plaintiffs and Intervenors under the Court's January 6, 2026 Order.

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 Los Angeles County Superior Court. The complaint, as supplemented,

alleges that the Board should have raised the retiree subsidy to the maximum amount of 7 percent for the fiscal year beginning July 1, 2017, rather than the 6 percent then awarded and for the fiscal years thereafter. This case has been consolidated with the case discussed above. In October 2021, the court conducted a three-day trial. On May 2, 2022, the court ruled that the letter of agreement did not require the City (through the LAFPP Board) to grant the unions the maximum possible increase in the retiree medical subsidy. Rather, the LAFPP Board retained the discretion on the amount of any increase. LAPPL filed a notice of appeal and has requested additional time to file its opening brief. Parties are in discussion to settle the matter. 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 of the first case.

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. The City is defending its interests in this matter. 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. Trial is preliminary scheduled for March 2, 2027.

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. For Fiscal Years 2022-23 through 2024-25, the City collected approximately $92 million, collectively, under the 3.5 percent surcharge. For the first two quarters of Fiscal Year 2025-26, the City collected approximately $7.5 million under the 3.5 percent surcharge.

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 employee's payroll (i.e., level percent of payroll). Retired members and surviving spouses/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, deferred vested, and retired members 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 a discount rate 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, private credit, private infrastructure, 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, private credit, private equity, real assets/infrastructure, private real estate, and cash. 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 doing so 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 annual comprehensive 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, 2025.

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, 2025, the date of its most recent actuarial valuation, LACERS had 27,000 active members, 22,915 retired members and beneficiaries, and 11,265 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, 2025 actuarial valuations, which determine the City's contribution rate for Fiscal Year 2026-27.

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, 2025, approximately 54 percent of the system's active membership was Tier 1 members and 46 percent was comprised of Tier 3 members.

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

Table 42
COMPARISON OF LACERS TIER 1 AND TIER 3 PLAN DESIGNS

Plan Feature	***Tier 1[(1)]***	***Tier 3***
Normal Retirement (Age / Years of Service)	55 / 30 60 / 10 70 / Any	60 / 30 60 / 10
Early Retirement (Reduced)	55 / 10 Under 55 / 30	Under 55 / 30
Benefit Factors	Normal Retirement 2.16% per year of service	Enhanced Retirement 2.0% @ 63 / 10 2.1% @ 63 / 30 Normal Retirement 1.5% @ 60 / 10 2.0% @ 60 / 30
	Early Retirement Reduced by 3% per year before age 55; and 1.5% per year from ages 55-59	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
Compensation Used to Determine Retirement Allowance	Highest consecutive 12 months, including pensionable bonuses	Highest consecutive 36 months, including pensionable bonuses
Maximum Benefit	100%	80%
Employee Contribution Base[(2)]	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 65 Public Safety Officers.

(2) Tier 1-Enhanced Members who had the opportunity under Measure FF to transfer to LAFPP, but who elected to remain in LACERS, will have an Employee Contribution Base of 11 percent.

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

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

Table 43
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[2]*	*Funded Ratio[3]*	*Covered Payroll[4]*	*UAAL as a Percentage of Covered Payroll[5]*
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
2025	20,599,247	27,613,229	7,013,981	74.6	2,868,029	244.6

(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, 2016 and the June 30, 2025 valuations, from 23.0 percent to 29.3 percent, primarily due to the amortization of UAAL increases from unfavorable actuarial and 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 5.0 percent in 2016 to 3.7 percent in 2025.

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

Table 44
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Market Value Of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded Liability[2]*	*Funded Ratio (Market Value)[3]*	*Covered Payroll[4]*	*Unfunded Liability As a Percentage of Covered Payroll (Market Value)[5]*
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
2025	21,077,645	27,613,229	6,535,584	76.3	2,868,029	227.9

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

Source: Calculated based on data from Los Angeles City Employees' Retirement System Actuarial Valuation reports.

The table below shows the actuarial funding progress of LACERS' liability for post-employment healthcare benefits.

Table 45
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL*[1]	*Funded Ratio*[2]	*Covered Payroll*[3]	*UAAL As a Percentage of Covered Payroll*[4]
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)
2025	4,091,528	3,868,233	(223,295)	105.8	2,868,029	(7.8)

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(3) Annual 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 2026-27 [Proposed] 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]

	2022-23	*2023-24*	*2024-25*	*2025-26*	*[Proposed] Budget 2025-26*
Sources of Contributions					
Contributions for Council-controlled Departments[2]	$ 636,523	$ 675,824	$ 706,025	$ 703,099	$799,723
Airport, Harbor Departments, LACERS, LAFPP	131,166	138,617	143,113	154,013	152,946
Total	**$ 767,689**	**$ 814,441**	**$ 849,138**	**$ 857,112**	**$952,669**
Percent of payroll – Tier 1	33.93%	34.07%	34.34%	32.65%	33.63%
Percent of payroll – Tier 3	31.35%	31.45%	31.06%	29.37%	29.50%
Uses of Contributions					
Current Service Liability (Normal cost)	$ 285,162	$ 298,345	$ 321,331	$ 323,024	$363,550
UAAL	556,287	596,007	609,339	569,107	609,705
Adjustments[3]	(73,760)	(79,911)	(81,532)	(35,019)	(20,586)
Total	**$ 767,689**	**$ 814,441**	**$ 849,138**	**$ 857,112**	**$952,669**

(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)

	[Proposed] Budget 2026-27	*Projection 2027-28*	*Projection 2028-29*	*Projection 2029-30*	*Projection 2030-31*
Contributions for Council-controlled Departments[1][2]	$ 799,723	$ 836,248	$ 831,258	$ 846,639	$ 871,725
Percentage of Payroll[3]	31.99%	31.27%	30.26%	30.24%	30.44%
Incremental Change	$ 96,533	$ 36,525	($ 4,990)	$ 15,381	$ 25,086
% Change	13.73%	4.57%	(0.01%)	1.85%	2.96%

(1) Includes the General Fund and various special funds.
(2) Assumes 7.0 percent return on investment in 2026-27 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.

The LACERS Board has recently requested that the 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 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, some Department of Harbor and Department of Airports police, and some Department of Recreation and Parks park rangers. As of June 30, 2025, the date of its most recent actuarial valuation, the LAFPP had 12,309 active members (including 140 in Harbor and 125 in Airports), 14,540 retired members and beneficiaries, and 835 inactive members (21 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, 2025, although both tiers have beneficiaries. Approximately 51 percent of active members are in Tier 5, and 46 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, subject to any restrictions in the Board's Surplus Management Policy.

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 new assumptions were first used in the June 30, 2024 actuarial valuation, which determined the City's contribution rate for Fiscal Year 2025-26. The actuary [reviewed] all actuarial assumptions with the Board in May 2026.

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

Table 48
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[2]*	*Funded Ratio[3]*	*Covered Payroll[4]*	*UAAL As a percentage of Covered Payroll[5]*
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
2025	28,992,293	28,833,801	(158,492)	100.5	1,859,215	(8.5)

(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, 2025.

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

Table 49
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Market Value of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded (Overfunded) Liability[2]*	*Funded Ratio (Market Value)[3]*	*Covered Payroll[4]*	*Unfunded Liability As a Percentage of Covered Payroll (Market Value)[5]*
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)
2025	30,495,211	28,833,801	(1,661,410)	105.8	1,859,215	(89.4)

(1) Table includes funding for retirement benefits only. Other post-employment benefits not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a deficit.
(3) Market Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual payroll against which liability is amortized.
(5) UAAL divided by covered payroll.
Source: Calculated by CAO based on data from LAFPP Actuarial Valuations.

The table below provides a ten-year history of the funding progress for retiree healthcare benefit liabilities of the LAFPP.

Table 50
LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL*[(1)]	*Funded Ratio*[(2)]	*Covered Payroll*[(3)]	*UAAL As a Percentage of Covered Payroll*[(4)]
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
2025	3,437,211	4,398,369	961,158	78.2	1,859,215	51.7

(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 2026-27 Proposed 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)

	2022-23	*2023-24*	*2024-25*	*2025-26*	*[Proposed] Budget 2026-27*
General Fund[(1)]	$ 660,945	$ 637,297	$ 660,048	$ 633,416	$ 670,725
Percent of Payroll	41.84%	40.63%	38.72%	35.80%	35.89%
Current Service Liability	$ 394,525	$ 390,133	$ 410,951	$ 431,982	$ 459,698
UAAL/(Surplus)	244,958	225,835	225,057	175,634	179,864
Administrative Costs	21,462	21,329	24,040	24,914	26,163
Adjustments[(2)]	-	-	-	885	5,000
Total	**$ 660,945**	**$ 637,297**	**$ 660,048**	**$ 633,416**	**$ 670,725**

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

(2) In accordance with the approval of Measure FF, Los Angeles Fire and Police Pensions; Peace Officers, on November 5, 2024, the 2025-26 adjustments include payments to refund members who previously elected to transfer from LACERS to LAFPP prior to 2024 and the 2026-27 adjustment includes the first of five amortized payments for the transfer cost of members who elected to transfer from LACERS to LAFPP effective January 11, 2026.

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 2026-27[Proposed] 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 2026-27 [Proposed] Budget.

Table 52
LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS[1]
($ in thousands)

	[Proposed] Budget 2026-27	*Projection 2027-28*	*Projection 2028-29*	*Projection 2029-30*	*Projection 2030-31*
General Fund	$ 670,725	$ 692,461	$ 685,247	$ 683,058	$ 682,576
Percentage of Payroll[2]	35.89%	34.99%	34.18%	33.36%	32.51%
Incremental Change	$ 37,309	$ 21,736	($ 7,214)	($ 2,189)	($ 482)
% Change	5.89%	3.24%	(1.04%)	(0.32%)	(0.07%)

(1) Assumes 7.0 percent return on investment in Fiscal Year 2026-27 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 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 2026-27 and each year thereafter. Actual contributions will depend on a variety of factors, including actual investment returns and other non-investment experience, as well as any actuarial assumption changes adopted by the LAFPP Board.

City voters approved Measure FF on the November 5, 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 implementing ordinance for 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 final costs are based on the members who elected to transfer and an updated LAFPP valuation. The actuary for LAFPP completed the final actuarial study to determine the cost for the 314 members who elected to transfer from LACERS to LAFPP on March 12, 2026, and the LAFPP Board approved it on March 19, 2026. The actuarial report provided the updated lump sum payment associated with the transfer of past service (as of January 11, 2026) of approximately $127.5 million (of which $23.4 million is from the General Fund). 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.

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 2026 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, international trade, education, entertainment production, and wholesale trade and logistics all contribute significantly to local employment. There were more than 290,000 manufacturing jobs in the County in 2025. Important manufacturing components of local industry include transportation equipment, fabricated metal, computer and electronic components, food manufacturing, and chemical manufacturing. Fueled by trade with the Pacific Rim countries, the Ports of Los Angeles and Long Beach combined are the busiest container ports in the nation. As home to the film, television and recording industries, as well as important cultural facilities, the City serves as a principal global cultural center.

Population

The table below summarizes historic City, County, and State population estimates since 2000.

Table 53
CITY, COUNTY AND STATE POPULATION STATISTICS

Year[(1)]	*City of Los Angeles*	*Percentage Change*[(2)]	*County of Los Angeles*	*Percentage Change*[(2)]	*State of California*	*Percentage Change*[(2)]
2005	3,769,131	-	9,816,153	-	35,869,173	-
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	3,876,857	(0.56)	9,967,533	(0.46)	39,380,058	(0.40)
2022	3,820,855	(1.44)	9,861,671	(1.06)	39,159,480	(0.56)
2023	3,818,803	(0.05)	9,864,220	0.03	39,167,274	0.02
2024	3,828,748	0.26	9,882,296	0.18	39,446,835	0.71
2025	3,839,536	0.28	9,900,914	0.19	39,646,907	0.51
2026	3,806,201	(0.87)	9,837,286	(0.64)	39,592,978	(0.14)

(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 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, 2021-2026, with 2020 Census Benchmark. Sacramento, California, May 2026 for years 2020 through 2026.

Industry and Employment

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

Table 54
ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND UNEMPLOYMENT OF RESIDENT LABOR FORCE[(1)]

	2020	*2021*	*2022*	*2023*	*2024*
Civilian Labor Force					
City of Los Angeles					
Employed	1,787,300	1,868,300	1,947,300	1,957,000	1,962,900
Unemployed	251,500	181,900	102,600	108,500	124,400
Total	2,038,800	2,050,200	2,049,900	2,065,500	2,087,300
County of Los Angeles					
Employed	4,350,500	4,547,600	4,739,900	4,763,600	4,812,600
Unemployed	609,800	445,900	244,900	252,000	297,200
Total	4,960,300	4,993,500	4,984,800	5,015,600	5,109,800
Unemployment Rates					
City	12.3%	8.9%	5.0%	5.3%	6.0%
County	12.3%	8.9%	4.9%	5.0%	5.8%
State	10.1%	7.3%	4.2%	4.8%	5.3%
United States	8.1%	5.3%	3.6%	3.6%	4.0%

(1) March 2024 Benchmark report as of March 2025, not seasonally adjusted.

Note: Based on surveys distributed to households; not directly comparable to Industry Employment data reported in the table below.

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

The California Employment Development Department has reported preliminary unemployment figures for December 2025 of 5.5 percent statewide, 5.0 percent for the County, and 5.1 percent for the City (not seasonally adjusted).

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

Table 55
LOS ANGELES COUNTY
ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE[1]

	County of Los Angeles 2025	*% of Total*	*State of California 2025*	*% of Total*
Agricultural	4,200	0.1%	395,600	2.1%
Mining and Logging	1,700	0.0	18,300	0.1
Construction	146,500	3.2	893,600	4.8
Manufacturing	303,300	6.6	1,219,800	6.6
Trade, Transportation and Utilities	799,300	17.4	3,049,700	16.5
Information	177,000	3.9	527,500	2.9
Financial Activities	203,400	4.4	793,200	4.3
Professional and Business Services	660,200	14.4	2,752,200	14.9
Private Education and Health Services	2,007,100	21.9	3,476,000	18.9
Leisure and Hospitality	533,100	11.6	2,018,300	11.0
Other Services	158,000	3.4	593,500	3.2
Government	603,200	13.1	2,692,000	14.6
Total	**4,596,900**		**18,429,700**	

[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 2025 Benchmark report as of April, 2026.

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

Employer	*Product/Service*	*Employees*
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

Employers	*Employees*
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 (LAWA)	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 (LADWP, LAWA, Port of Los Angeles).
Source: Los Angeles Business Journal, Weekly Lists, published August 25, 2025.

Personal Income

The U.S. Bureau of Economic Analysis defines personal income as the income that persons receive in return for their provision of labor, land, and capital used in current production as well as other income, such as current transfer receipts. Personal income is calculated as the sum of wages and salaries, supplements to wages and salaries, proprietors' income, capital consumption adjustments, rental income, dividend income, interest income, and current transfer receipts, less contributions for government social insurance, plus the adjustment for residence.

The following table summarizes the latest available estimate of personal income for the County, State and United States; equivalent data is not available for the City.

Table 58
COUNTY, STATE AND U.S.
PERSONAL INCOME

Year and Area	*Personal Income (thousands of dollars)*	*Per Capita Personal Income[1] (dollars)*
2020		
County[2]	$ 678,659,849	$ 67,889
State[3]	2,770,488,779	70,090
United States[3]	19,613,059,000	59,151
2021		
County[2]	$ 721,712,800	$ 73,575
State[3]	3,019,215,724	77,113
United States[3]	21,484,168,000	64,692
2022		
County[2]	$ 728,349,845	$74,714
State[3]	3,021,645,501	77,230
United States[3]	22,144,814,000	66,303
2023		
County[2]	$ 766,331,882	$ 78,745
State[3]	3,182,779,295	81,231
United States[3]	23,577,208,000	70,013
2024		
County[2]	$ 818,509,319	$ 83,888
State[3]	3,400,237,317	86,378
United States[3]	24,897,613,000	73,227
2025		
County[2]		
State[3]	3,585,890,900	91,116
United States[3]	26,109,831,200	76,393

(1) Per capita personal income is total personal income divided by total midyear population.
(2) Last updated: February 5, 2026—new statistics for 2024; revised statistics for 2020 - 2023. Information for the County for 2025 is not available.
(3) Last updated: April 9, 2026—new statistics for 2025; revised statistics for 2020 - 2024.
Source: U.S. Bureau of Economic Analysis, " Table SAINC1 State annual personal income summary: personal income, population, per capita personal income" for information for the State and the United States and "Table CAINC1: Personal Income Summary" for information for the County (accessed April 28, 2026).

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 2021 through 2025.

Table 59
CITY OF LOS ANGELES
TAXABLE SALES
(in thousands)

	2021	*2022*	*2023*	*2024*	*2025*
Motor Vehicle and Parts Dealers	$ 5,927,499	$ 6,558,134	$ 6,094,547	$ 5,664,053	$ 5,503,469
Home Furnishings and Appliance Stores	2,025,904	1,974,419	1,743,770	1,637,937	1,599,512
Bldg. Materials and Garden Equip. and Supplies	3,040,639	3,207,718	3,147,398	3,093,823	3,040,308
Food and Beverage Stores	3,154,313	3,357,996	3,358,867	3,391,547	3,531,433
Gasoline Stations	4,469,765	5,873,754	5,163,072	4,748,107	4,292,742
Clothing and Clothing Accessories Stores	3,632,876	3,714,074	3,538,181	3,564,975	3,568,317
General Merchandise Stores	3,037,363	3,297,351	3,273,018	3,145,598	3,124,838
Food Services and Drinking Places	8,881,294	10,921,768	11,439,344	11,569,936	11,376,846
Other Retail Group	5,286,747	5,282,976	4,990,114	4,653,384	4,300,607
Subtotal Retail and Food Services	39,456,400	44,188,190	42,748,310	41,469,360	40,338,077
All Other Outlets	11,296,267	14,218,524	13,378,024	13,179,376	12,517,843
TOTAL ALL OUTLETS	**$ 50,752,667**	**$ 58,406,714**	**$ 56,126,334**	**$ 54,648,735**	**$ 52,855,920**
Year-over-year change	28.0%	15.1%	(3.9%)	(2.6%)	(3.3%)

Source: California Department of Tax and Fee Administration, Research and Statistics (last updated April 6, 2026).

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

	2025-26 Assessed Valuation[(1)]	*% of Total*	*No. of Parcels*	*% of Total*
Non-Residential				
Commercial Office	$ 124,107,500,577	14.42%	26,472	3.34%
Vacant Commercial	2,480,635,681	0.29	1,395	0.18
Industrial	62,470,300,675	7.26	17,596	2.22
Vacant Industrial	1,731,149,792	0.20	4,229	0.53
Recreational	3,013,292,705	0.35	816	0.10
Government/Social/Institutional	4,060,930,540	0.47	3,674	0.46
Miscellaneous	900,031,470	0.29	1,395	0.18
Subtotal Non-Residential	$ 198,763,841,440	23.10%	56,690	7.15%
Residential				
Single Family Residence	$ 439,266,409,727	51.05%	510,047	64.36%
Condominium/Townhouse	59,346,362,002	6.90	91,229	11.51
Mobile Homes and Lots	196,760,472	0.02	3,459	0.44
Mobile Home Park	394,331,021	0.05	100	0.01
2-4 Residential Units	48,864,018,077	5.68	75,188	9.49
5+ Residential Units/Apartments	110,503,777,921	12.84	36,443	4.60
Vacant Residential	3,156,442,399	0.37	19,278	2.42
Subtotal Residential	$ 661,728,101,619	76.90%	735,744	92.85%
Total	**$ 860,491,943,059**	**100.00%**	**792,434**	**100.00%**

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Residential Value and Construction Activity

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

Table 61
CITY OF LOS ANGELES
PER PARCEL ASSESSED VALUATION OF SINGLE-FAMILY RESIDENTIAL PROPERTIES

	No. of Parcels	*2025-26 Assessed Valuation*	*Average Assessed Valuation*	*Median Assessed Valuation*
Single Family Residential Properties	510,047	$439,266,409,727	$861,227	$485,862

2025-26 Assessed Valuation	*No. of Residential Parcels* [1]	*% of Total*	*Cumulative % of Total*	*Total Valuation*	*% of Total*	*Cumulative % of Total*
$0 - $49,999	5,449	1.068%	1.068%	$ 199,787,585	0.045%	0.045%
$50,000 - $99,999	12,015	2.356	3.424	913,079,925	0.208	0.253
$100,000 - $149,999	13,815	2.709	6.133	1,730,038,635	0.394	0.647
$150,000 - $199,999	21,041	4.125	10.258	3,732,231,539	0.850	1.497
$200,000 - $249,999	27,740	5.439	15.697	6,282,666,160	1.430	2.927
$250,000 - $299,999	35,074	6.877	22.573	9,661,063,152	2.199	5.126
$300,000 - $349,999	46,050	9.029	31.602	14,993,327,400	3.413	8.540
$350,000 - $399,999	50,670	9.934	41.536	19,035,046,890	4.333	12.873
$400,000 - $449,999	29,365	5.757	47.293	12,503,117,795	2.846	15.719
$450,000 - $499,999	34,028	6.672	53.965	16,187,732,104	3.685	19.405
$500,000 - $549,999	32,968	6.464	60.429	17,331,376,504	3.946	23.350
$550,000 - $599,999	30,490	5.978	66.407	17,548,641,460	3.995	27.345
$600,000 - $649,999	21,568	4.229	70.635	13,489,640,896	3.071	30.416
$650,000 - $699,999	16,843	3.302	73.937	11,384,166,857	2.592	33.008
$700,000 - $749,999	16,064	3.150	77.087	11,654,801,472	2.653	35.661
$750,000 - $799,999	13,641	2.674	79.761	10,577,463,297	2.408	38.069
$800,000 - $849,999	10,972	2.151	81.913	9,057,265,308	2.062	40.131
$850,000 - $899,999	10,838	2.125	84.038	9,487,444,306	2.160	42.291
$900,000 - $949,999	10,278	2.015	86.053	9,509,894,226	2.165	44.456
$950,000 - $999,999	8,974	1.759	87.812	8,754,585,700	1.993	46.449
$1,000,000 and greater	62,164	12.188	100.000	235,233,038,516	53.551	100.000
	510,047	100.000%		$ 439,266,409,727	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

	2021	*2022*	*2023*	*2024*	*2025*
Valuation[(1)]	$ 6,091	$ 7,968	$ 5,306	$ 5,047	$ 5,244
Residential[(2)]	2,743	3,690	2,520	2,010	2,130
Non-Residential[(3)]	871	1,196	380	634	476
Miscellaneous Residential[(4)]	232	365	388	405	521
Miscellaneous Non-Residential[(5)]	18	2	20	3	8
Number of Residential Units:					
Single family[(6)]	3,122	4,430	3,918	4,695	4,594
Multi-family[(7)]	10,898	12,324	9,271	7,057	6,674
Subtotal Residential Units	14,020	16,754	13,189	11,752	11,268
Number of Non-Residential Units[(8)]	512	504	81	1	1
Miscellaneous Residential Units[(9)]	4,664	6,320	6,272	8,062	6,814
Miscellaneous Non-Residential Units[(10)]	480	46	164	22	589
Total Units	**19,676**	**23,624**	**19,706**	**19,837**	**18,672**

(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, Auto Repair Facilities, 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. Storage Buildings, Stadiums, Recreation Building, Child Care Facilities, Waste Disposal and Treatment Plants. 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, Storage Buildings.
(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 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 APPROVING OPINION OF NOTE COUNSEL

Upon the delivery of the Notes, Kutak Rock LLP, Denver, Colorado, Note Counsel to the City of Los Angeles, proposes to deliver its approving opinion in substantially the following form:

[TO COME FROM NOTE COUNSEL]

APPENDIX C

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX C concerning The Depository Trust Company, Jersey City, New Jersey ("DTC") and DTC's book-entry system has been obtained from DTC and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interests in or other confirmation of ownership interests in the Notes or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments with respect to the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representation is made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company, Jersey City, New Jersey, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and additional certificates will be issued in aggregate principal amounts up to $500 million each with respect to any remaining principal amount of such maturity.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes 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 soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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.

DTC may discontinue providing its services as depository with respect to the Notes 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, Note certificates are required to be printed and delivered.

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, Note certificates will be printed and delivered to DTC.

Exhibit D – Costs of Issuance Agreement

COSTS OF ISSUANCE AGREEMENT

$[PAR]
City of Los Angeles, California
2026 Tax and Revenue Anticipation Notes

This Costs of Issuance Agreement (the "Agreement") dated as of July 1, 2026 has been entered into by and between the City of Los Angeles (the "City") and Zions Bancorporation, National Association (the "Custodian"). The City has requested the Custodian to act as disbursing agent for the payment of costs of issuance for the $[PAR] City of Los Angeles, California 2026 Tax and Revenue Anticipation Notes (the "Notes"). This Agreement sets out the terms and conditions of said appointment.

The City and the Custodian agree as follows:

Section 1. The Custodian has received $[_____] from Wells Fargo Bank, National Association, on behalf of the City and has deposited the funds in account number [_____] (the "Costs of Issuance Fund") established with the Custodian in the name of the Notes (the "Deposit").

Section 2. The Custodian will hold funds uninvested pending receipt of written requests of the City and invoices for payments. The names, titles and specimen signatures of the authorized officers of the City (the "Authorized Officers") are contained in Exhibit A attached hereto. The Schedule of Costs is set forth in Exhibit B attached hereto.

Section 3. Any funds remaining in the Costs of Issuance Fund after December 1, 2026, or upon earlier receipt of a written certificate signed by an Authorized Officer indicating that all costs to be paid from the Costs of Issuance Fund have been paid, shall be disbursed to the City for deposit into the Note Proceeds Fund of the City, as defined in the Resolution adopted on June [__], 2026, by the Council of the City of Los Angeles (the "City Council") in connection with the Notes, in accordance with the following wire instructions:

Bank:
Bank Address:
ABA:
Account Name:
Account Number:
Ref Info:

Section 4. The Custodian will receive a one-time fee of $[____], payable out of the Deposit, as compensation for services hereunder.

Section 5. This Agreement will terminate on the date all funds have been disbursed or on December 1, 2026, whichever comes first. Any remaining balance will be disbursed in accordance with Section 3 above and the account shall be closed.

Section 6. Miscellaneous.

(a) The liability of the Custodian is expressly limited to the duties listed above. These duties shall be deemed purely ministerial in nature, and the Custodian shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Agreement against the Custodian. The Custodian or any of its officers, employees or agents shall not be liable for any acts or omissions, except for the Custodian's own negligence or willful misconduct. Nothing in this Agreement shall require the Custodian to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder. The Custodian shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Custodian in accordance with the advice of counsel or other professionals retained or consulted by the Custodian. The Custodian may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. The Custodian shall be entitled to request and receive written instructions from the City and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Custodian in accordance with the written direction of City.

(b) In no event shall the Custodian be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Custodian has been advised of the likelihood of such loss or damage and regardless of the form of action. The Custodian shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Custodian and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(c) Notwithstanding the foregoing or anything in this Agreement, the provisions in paragraphs (a) and (b) above, and any other protections provided the Custodian shall not apply in the event of any actions arising from the negligence or willful misconduct of the Custodian.

(d) The rights and obligations of the parties shall be governed by, and this Agreement shall be interpreted, construed and enforced in accordance with, the laws of the State of California, excluding its conflict of laws rules to the extent such rules would apply the law of another jurisdiction. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in the County of Los Angeles, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

(e) This Agreement shall not be assigned by the Custodian or any successor thereto without the prior written consent of the City.

(f) 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.

(g) This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

(h) This Agreement may be executed in counterparts, each of which shall be deemed an original.

(i) The parties further agree that facsimile signatures or signatures scanned into portable document format (.pdf) (or signatures in another electronic format designated by the City) and sent by e-mail shall be deemed original signatures.

[Remainder of page intentionally left blank; signature page follows]

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

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 Administrator Officer

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Custodian

By _____
[Jacqueline Nowak, Vice President, Zions Bank Division]

[Signature page to Costs of Issuance Agreement]

EXHIBIT A

TITLES OF AUTHORIZED OFFICERS AND SPECIMEN SIGNATURES

By _____
Benjamin Ceja, Assistant City Administrator Officer

By _____
Ha To, Chief of Debt Management

EXHIBIT B

SCHEDULE OF COSTS*

Name of Payee	Purpose	Total

* To be paid in accordance with instructions in the respective invoices attached.

Attachment B – List of Borrowable Special Revenue Funds

City of Los Angeles
Estimated Cash Balances - Interfund Borrowing Funds
As of August 31, 2026
(In Millions)

Fund No.	Fund Name		Estimated Available Cash
300	Library	$	135.7
302	Recreation & Parks		306.3
41M	Systematic Code Enforcement Fee		53.0
440	Rent Stabilization		42.0
48R	Building & Safety Permit Enterprise		133.8
49C	Permit Parking Prog Revenue		30.2
53P	State AB1290		107.3
58V	Development Sevices Trust		27.0
66M	House LA Fund		1,237.0
682	Engineering Special Service		101.3
834	Public Work Trust		103.6
	Total	**$**	**2,277.2**