

# CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA  
MAYOR

**JUNE LAGMAY**  
City Clerk

**HOLLY L. WOLCOTT**  
Executive Officer

When making inquiries relative to  
this matter, please refer to the  
Council File No.

Office of the  
CITY CLERK

Council and Public Services  
Room 395, City Hall  
Los Angeles, CA 90012  
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**SHANNON HOPPE**  
Council and Public Services  
Division

[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

December 18, 2012

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 12-1861,  
at its meeting held December 11, 2012.



City Clerk  
io

TIME LIMIT FILES  
ORDINANCES

Mayor's Time Stamp  
OFFICE OF THE MAYOR  
RECEIVED  
2012 DEC 11 PM 3:17  
CITY OF LOS ANGELES

City Clerk's Time Stamp  
CITY CLERK'S OFFICE  
2012 DEC 11 PM 3:13  
CITY CLERK  
BY \_\_\_\_\_  
DEPUTY

FORTHWITH

COUNCIL FILE NUMBER 12-1861 COUNCIL DISTRICT \_\_\_\_\_

COUNCIL APPROVAL DATE December 11, 2012 LAST DAY FOR MAYOR TO ACT DEC 21 2012

ORDINANCE TYPE:  Ord of Intent  Zoning  Personnel  General

Improvement  LAMC  LAAC  CU or Var Appeals - CPC No. \_\_\_\_\_

SUBJECT MATTER: ISSUANCE OF SUBORDINATE BONDS FOR THE WASTEWATER SYSTEM, AND AMENDING SECTION 5.168.1 OF THE LOS ANGELES ADMINISTRATIVE CODE TO ADD RELATED SPECIAL FUNDS

	APPROVED	DISAPPROVED
PLANNING COMMISSION	_____	_____
DIRECTOR OF PLANNING	_____	_____
CITY ATTORNEY	<u>X</u>	_____
CITY ADMINISTRATIVE OFFICER	<u>X</u>	_____
OTHER	_____	_____

RECEIVED  
CITY CLERK'S OFFICE  
2012 DEC 17 PM 2:19  
BY \_\_\_\_\_  
CITY CLERK  
DEPUTY

DEC 17 2012

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

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

DATE RECEIVED FROM MAYOR 12-17-12 ORDINANCE NO. 182348

DATE PUBLISHED 12-20-12 DATE POSTED \_\_\_\_\_ EFFECTIVE DATE 12-20-12

ORD OF INTENT: HEARING DATE \_\_\_\_\_ ASSESSMENT CONFIRMATION \_\_\_\_\_

ORDINANCE FOR DISTRIBUTION: YES  NO

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TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your ENERGY AND ENVIRONMENT COMMITTEE

reports as follows:

ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE relative to the issuance of subordinate bonds for the Wastewater System, and amending Section 5.168.1 of the Los Angeles Administrative Code to add related special funds.

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

1. PRESENT and ADOPT the accompanying ORDINANCE providing for the issuance of subordinate bonds for the Wastewater System and amending Section 5.168.1 of the Los Angeles Administrative Code to add related special funds.
2. ADOPT the Resolution (attached to the Council file as Attachment A), which authorizes the execution of a Continuing Covenant Agreement with Bank of America, N.A. for the Direct Purchase of the Wastewater System Subordinate Revenue Bonds, Variable Rate Refunding Series 2008 A through H, and incorporates various documents required to execute the transaction (attached to the Council file as Exhibits A to E).
3. ADOPT the Fifteenth Supplemental Resolution (attached to the Council file as Attachment B), which authorizes the execution of replacement credit facilities for the Wastewater Commercial Paper Program, incorporates various documents required to execute the replacement (attached to the Council file as Exhibits A to F), and authorizes the City Administrative Officer to take certain actions required to manage the transaction and the Wastewater System Commercial Paper Program.
4. FIND that the City's Affirmative Action policy for Sumitomo Mitsui Banking Corporation is waived and is reasonable and in the best interest of the City.
5. AUTHORIZE the City Administrative Officer to make technical adjustments as necessary to implement the intent of the Mayor and Council actions.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the proposed recommendations will have no impact to the City's General Fund. The debt service and associated costs of the Wastewater Debt Program are paid from the Sewer Construction and Maintenance Fund.

Community Impact Statement: None Submitted.


Summary:

On December 5, 2012, the Energy and Environment Committee considered a November 29, 2012 City Administrative Officer report relative to the issuance of subordinate bonds for the Wastewater System, and amending Section 5.168.1 of the Los Angeles Administrative Code to add related special funds.

After an opportunity for public comment, the Committee recommended that Council approve the draft ordinance and the City Administrative Officer report recommendations as stated above. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE



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

EV  
12-1861\_rpt\_ee\_12-5-12

**ADOPTED**

DEC 11 2012

**LOS ANGELES CITY COUNCIL**

**TO THE MAYOR FORTHWITH**

- Not Official Until Council Acts -

RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES APPROVING THE ISSUANCE OF VARIABLE RATE SUBORDINATE REVENUE REFUNDING BONDS IN ONE OR MORE SERIES FOR THE WASTEWATER SYSTEM, THE EXECUTION AND DELIVERY OF DOCUMENTS RELATED THERETO AND CERTAIN OTHER MATTERS

WHEREAS, the City of Los Angeles (the "City") is a municipal corporation and is a charter city having availed itself of the home rule provisions of the California Constitution and is organized and operates under the terms of The Charter of The City of Los Angeles (the "Charter") and under such Charter has the power and authority to issue bonds and incur other indebtedness and obligations; and

WHEREAS, the City owns and operates a wastewater system that includes sewers, pipes, buildings, systems, plants, works, equipment, improvements and other facilities and undertakings of the City relating to the collection, transportation, treatment and disposal of sewage and wastewater, industrial wastewater and filtration/inflows incidental thereto (such system with all future additions, extensions and improvements thereto, the "System"); and

WHEREAS, the Council (the "Council") of the City, by resolution adopted February 24, 1987, submitted to the qualified voters of the City the proposition of issuing bonds pursuant to the procedures set forth in the Revenue Bond Law of 1941 (Sections 54300 et seq. of the California Government Code) for the purpose of financing a portion of the System, and at such election held June 2, 1987, the voters voting on the proposition approved the issuance of \$500,000,000 of such bonds; and

WHEREAS, the Council, by resolution adopted August 2, 1988, submitted to the qualified voters of the City the proposition of increasing the authorization to issue bonds to finance the System improvement program from \$500,000,000 to \$2,000,000,000, and at such election held November 8, 1988, the voters voting on the proposition approved the increase in the authorization to a total of \$2,000,000,000; and

WHEREAS, the Council, by resolution adopted August 4, 1992, submitted to the qualified voters of the City the proposition of increasing the authorization to issue bonds to finance the System improvement program from \$2,000,000,000 to a total of \$3,500,000,000, and at such election held November 3, 1992, the voters voting on the proposition approved the increase in the authorization to a total of \$3,500,000,000; and

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

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

thereunder, which pledge of Revenues is subordinate to the pledge of Revenues established pursuant to the General Resolution; and

WHEREAS, the City previously has issued thirty (30) series of the Bonds (the "Prior Senior Bonds") under the General Resolution, issued twenty-four (24) series of Subordinate Bonds (the "Prior Subordinate Bonds") under the Subordinate General Resolution and authorized a commercial paper program through the issuance from time to time of Subordinate Bonds in the form of commercial paper notes (the "Commercial Paper Notes" and together with the Prior Senior Bonds and the Prior Subordinate Bonds, the "Prior Obligations") and now desires to initiate proceedings for the issuance of refunding Subordinate Bonds in one or more series to current refund some of its Wastewater System Subordinate Revenue Bonds Variable Rate Refunding Series 2008-A, Series 2008-B, Series 2008-C, Series 2008-D, Series 2008-E, 2008-F-1, 2008-F-2, Series 2008-G and 2008-H (collectively, the "Refunded Obligations"), and the Subordinate General Resolution provides that each series of Subordinate Bonds issued thereunder shall be authorized by, and the terms thereof shall be set forth in, a supplemental resolution; and

WHEREAS, through the refunding of some of the Prior Obligations, the City can achieve interest cost savings (based on interest rates in the municipal bond market and the interest rate swap market), and/or a desirable restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System, and the City therefore desires to authorize by resolution additional series of Subordinate Bonds to current refund the Refunded Obligations, which refunding Subordinate Bonds would be in an aggregate principal amount not to exceed \$280,860,000 and designated the "Wastewater System Subordinate Revenue Bonds Variable Rate Refunding Series 2012-D" (the "Series 2012-D Subordinate Bonds"); and

WHEREAS, the issuance of the Series 2012-D Subordinate Bonds initially as variable rate bonds requires the City to retain a paying agent for such Series 2012-D Subordinate Bonds and to sell such Series 2012-D Subordinate Bonds through a negotiated private placement;

NOW, THEREFORE, be it resolved by the Council as follows:

Section 1. Approval of Paying Agent Agreement. The Paying Agent Agreement in substantially the form before this Council is hereby approved. Each of the City Administrative Officer, the Assistant City Administrative Officer and their respective duly authorized designees, acting singly (each, an "Authorized City Representative") is hereby authorized to execute and enter into the Paying Agent Agreement with U.S. Bank National Association, as paying agent, with such changes as said Authorized City Representative, upon the advice of counsel, deems necessary and appropriate. The signature of any Authorized City Representative shall be sufficient to bind the City and cause the Paying Agent Agreement to be a valid and binding obligation of the City.

The City Administrative Officer is hereby authorized to remove any Paying Agent and to appoint any successor Paying Agent in accordance with the terms of the Paying Agent Agreement.

Section 2. Approval of Continuing Covenant Agreement. The Continuing Covenant Agreement in connection with the Series 2012-D Subordinate Bonds in substantially the form before this Council is hereby approved. Each Authorized City Representative is hereby authorized to execute and enter into a Continuing Covenant Agreement with Bank of America, N.A., as the initial private placement purchaser (the "Purchaser") of the Series 2012-D Subordinate Bonds, with such changes as said Authorized City Representative, upon the advice of counsel, deems necessary and appropriate. The signature of any Authorized City Representative together with the signature of the City Attorney approving the same as to form shall be sufficient to bind the City and cause the Continuing Covenant Agreement to be a valid and binding obligation of the City.

The City Administrative Officer is further authorized to execute and deliver one or more amendments (each, an "Amendment") to the Continuing Covenant Agreement (the Continuing Covenant Agreement as so amended, the "Amended Agreement") for the purpose of extending the term thereof, provided that each Amended Agreement shall otherwise have the same terms and conditions as the Continuing Covenant Agreement. The City Administrative Officer is further authorized to execute and deliver one or more new agreements (each, a "New Agreement") for the purpose of facilitating the restructuring of the debt that is the subject of this Resolution on terms more financially favorable to the City, which New Agreement(s) may be with a party other than the Purchaser but which shall otherwise be on the same terms and conditions as the Continuing Covenant Agreement. Any Amendment or New Agreement as previously described shall be valid and binding obligations of the City with the signature of any Authorized City Representative and the signature of the City Attorney approving the same as to form. Any Amendment or New Agreement that modifies the covenants, obligations and agreements of the City shall be approved by the City Council.

Section 3. Approval of Escrow Agreement. The Escrow Agreement in substantially the form before this Council is hereby approved. Each Authorized City Representative is hereby authorized to execute and enter into an Escrow Agreement with U.S. Bank National Association, as escrow agent, with such changes as said Authorized City Representative, upon the advice of counsel, deems necessary and appropriate. The signature of any Authorized City Representative shall be sufficient to bind the City and cause the Escrow Agreement to be a valid and binding obligation of the City.

Section 4. Approval of Side Agreement. The Side Agreement in substantially the form before this Council is hereby approved. Each Authorized City Representative is hereby authorized to execute and enter into a Side Agreement with Bank of America, N.A., as purchaser, with such changes as said Authorized City Representative, upon the advice of counsel, deems necessary and appropriate. The signature of any Authorized City Representative shall be sufficient to bind the City and cause the Side Agreement to be a valid and binding obligation of the City.

Section 5. Determinations and Findings. The Council hereby finds and determines that it is appropriate and desirable to authorize the issuance of the Series 2012-D Subordinate Bonds as variable rate Subordinate Bonds and to place all or a portion of the variable rate interest obligation of the City on the interest rate basis desired by the City, as will provide a desirable

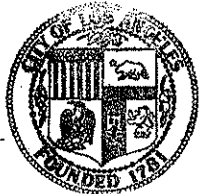
restructuring of debt or benefits to the manageability and convenience of the bond financing and refunding program for the System.

Section 6. Additional Actions. All actions heretofore taken by any officers, employees, agents or directors of the City, with respect to the issuance, delivery or sale of the Series 2012-D Subordinate Bonds, or in connection with or related to any of the agreements or documents referenced herein or to the refunding of the Refunded Obligations are hereby approved, confirmed and ratified; and the officers of the City and their authorized representatives, and each of the foregoing acting alone is, hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and to take any and all actions, and to execute and deliver such documents, agreements and certificates (including, but not limited to, the Tax Certificate), which they, or any of them, may deem necessary or advisable to effectuate the purposes of this Resolution and the lawful issuance and delivery of the Series 2012-D Subordinate Bonds.

I hereby certify that the foregoing resolution was adopted by the Council of the City of Los Angeles, California, at a meeting thereof duly held on the 11th day of December, 2012.

JUNE LAGMAY  
CITY CLERK

By: \_\_\_\_\_  
Deputy City Clerk



Approved as to form:

CARMEN A. TRUTANICH  
CITY ATTORNEY

By: \_\_\_\_\_  
Assistant City Attorney



**FIFTEENTH SUPPLEMENTAL RESOLUTION**

**RELATED TO THE**

**\$400,000,000**

**Maximum Aggregate Authorized Amount  
City of Los Angeles  
Wastewater System  
Commercial Paper Revenue Notes**

**WHEREAS**, the Council (the "Council") of the City of Los Angeles (the "City") by resolutions submitted to the voters of the City and such voters have authorized the issuance of an aggregate amount of \$3,500,000,000 of indebtedness pursuant to the procedures set forth in the Revenue Bond Law of 1941, Government Code Sections 54300 *et seq.*, to finance a portion of a major wastewater system improvement program; and

**WHEREAS**, the Council determined that it was appropriate and beneficial to the City to issue a portion of the authorized indebtedness in the form of Subordinate Bonds (defined below), including commercial paper notes, and in connection therewith on March 26, 1991, the Council adopted a resolution entitled the "WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (the "Subordinate General Resolution") which sets forth the basic terms under which the City may issue Subordinate Bonds (as defined in The Subordinate General Resolution); and

**WHEREAS**, on March 26, 1991, the Council also adopted a resolution designated as the "FIRST SUPPLEMENTAL RESOLUTION SUPPLEMENTING THE WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION" (the "First Supplemental Resolution") to, among other actions, authorize the issuance of such Subordinate Bonds in the form of commercial paper notes which were designated therein as the "Commercial Paper Notes" (the "Commercial Paper Notes") in the maximum aggregate principal amount outstanding from time to time of \$130,000,000; and

**WHEREAS**, on August 13, 1996, the Council adopted a resolution entitled "SECOND SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING THE WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION AND THE FIRST SUPPLEMENTAL RESOLUTION" (the "Second Supplemental Resolution") pursuant to which the Council, among other actions, increased the maximum authorized aggregate principal amount of Commercial Paper Notes to \$200,000,000; and

**WHEREAS**, on September 3, 1997, the Council adopted a resolution entitled "THIRD SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING THE WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION AND THE FIRST SUPPLEMENTAL RESOLUTION AND THE WASTEWATER SYSTEM SECOND SUPPLEMENTAL RESOLUTION" (the "Third Supplemental Resolution") to, among other actions, increase the maximum authorized amount of such Commercial Paper Notes from \$200,000,000 to \$400,000,000; and

**WHEREAS**, on August 15, 2000, the Council adopted a resolution entitled “FOURTH SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING THE WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION, AND CERTAIN SUPPLEMENTAL RESOLUTIONS THERETO” (the “Fourth Supplemental Resolution”) to, among other actions, substitute a letter of credit with a line of credit as the source of liquidity for the Commercial Paper Notes and to make certain other modifications to the existing Supplemental Resolutions which add to the covenants and agreements of the City in the Previous Supplemental Resolutions and which do not adversely affect the interests of the Bondholders; and

**WHEREAS**, on January 21, 2003, the Council adopted a resolution entitled “SIXTH SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING THE WASTEWATER SUBORDINATE REVENUE BONDS GENERAL RESOLUTION AND CERTAIN SUPPLEMENTAL RESOLUTIONS THERETO” (the “Sixth Supplemental Resolution”) to substitute a new line of credit agreement (the “2003 Credit Agreement”) for the credit agreement then in place with respect to the Commercial Paper Notes; and

**WHEREAS**, on June 25, 2010, the Council adopted a resolution entitled “ELEVENTH SUPPLEMENTAL RESOLUTION SUPPLEMENTING AND AMENDING THE WASTEWATER SYSTEM SUBORDINATE REVENUE BONDS GENERAL RESOLUTION AND CERTAIN SUPPLEMENTAL RESOLUTIONS THERETO” (the “Eleventh Supplemental Resolution” and together with the First Supplemental Resolution, the Second Supplemental Resolution, the Third Supplemental Resolution, the Fourth Supplemental Resolution, the Fifth Supplemental Resolution and the Sixth Supplemental Resolution, the “Previous CP Supplemental Resolutions”) to (i) substitute a new Line of Credit Agreement, dated as of June 1, 2010 (the “2010 Credit Agreement”), by and among the City, State Street Bank and Trust Company (“State Street”), California State Teachers’ Retirement System (“CalSTRS”), and Wells Fargo Bank, National Association (“Wells” and collectively with State Street and CalSTRS, the “2010 Banks”) for the 2003 Credit Agreement; (ii) reappoint Morgan Stanley & Co., Incorporated and Barclays Capital, Inc. (collectively, the “2010 Dealers”) as dealers for the Commercial Paper Notes; (iii) approve a form of Offering Memorandum for the Commercial Paper Notes; and (iv) approve the terms and form of an Amended and Restated Issuing and Paying Agent Agreement, dated as of June 1, 2010 (the “2010 Paying Agent Agreement”) with U.S. Bank National Association, as issuing and paying agent (the “Issuing and Paying Agent”), for the Commercial Paper Notes; and

**WHEREAS**, pursuant to an Amendment No. 1 to Line of Credit Agreement, dated as of June 1, 2012 (“Amendment No. 1”), by and among the City and the 2010 Banks, the parties to the 2010 Credit Agreement amended the 2010 Credit Agreement to eliminate CalSTRS as a party thereto, to terminate CalSTRS’ Available Commitment thereunder and to make other conforming amendments; and

**WHEREAS**, pursuant to an Amendment No. 2 to Line of Credit Agreement, dated as of September 1, 2012 (“Amendment No. 2,” and together with the 2010 Credit Agreement and Amendment No. 1, the “Existing Credit Agreement”), by and among the City, Wells and State Street, the parties amended Schedule I to the 2010 Credit Agreement to add Wells Fargo Bank,

National Association (“Wells Fargo Securities”) and Samuel A. Ramirez & Co., Inc. (“Ramirez”) to the schedule of dealers; and

**WHEREAS**, pursuant to two separate dealer agreements, each dated as of September 1, 2012, the City has appointed each of Wells Fargo Securities and Ramirez as a non-exclusive dealer to replace the 2010 Dealers in connection with the offering and sale of the Commercial Paper Notes; and

**WHEREAS**, effective June 12, 2012, pursuant to Section 2.7 of the Existing Credit Agreement, State Street and Wells each extended the Commitment Expiration Date (as defined in the Existing Credit Agreement) with respect to their respective commitments under the Existing Credit Agreement, to December 28, 2012; and

**WHEREAS**, the Existing Credit Agreement permits the City at any time and at its sole option to replace the Existing Credit Agreement and terminate the commitment thereunder upon 15 days prior written notice to the 2010 Banks then providing an Available Commitment (as defined therein) thereunder and to the Issuing and Paying Agent, provided that the City shall pay or cause to be paid all amounts owed to such 2010 Banks thereunder and under the Bank Notes (as defined therein); and

**WHEREAS**, the City now desires to replace the Existing Credit Agreement and (i) enter into a new credit facility for the Tax-Exempt Series A-1 and Taxable Series B-1 Commercial Paper Notes (the “BNYM Reimbursement Agreement”) and the related fee letter (the “BNYM Fee Letter”) with The Bank of New York Mellon, a New York state banking corporation, (“BNYM”), pursuant to which BNYM will issue an irrevocable transferable direct pay letter of credit (the “BNYM Letter of Credit”) which will support the payment of the principal of and interest on the Tax-Exempt Series A-1 and Taxable Series B-1 Commercial Paper Notes and (ii) enter into a new credit facility for the Tax-Exempt Series A-2 and Taxable Series B-2 Commercial Paper Notes (the “Sumitomo Reimbursement Agreement”) and the related fee letter (the “Sumitomo Fee Letter” and together with the BNYM Fee Letter, referred to individually or collectively herein as the “Fee Letter”) with Sumitomo Mitsui Banking Corporation, acting through its New York Branch (“Sumitomo” and collectively with BNYM, the “Banks”), pursuant to which Sumitomo will issue an irrevocable transferable direct pay letter of credit (the “Sumitomo Letter of Credit”) which will support the payment of the principal of and interest on the Tax-Exempt Series A-2 and Taxable Series B-2 Commercial Paper Notes; and

**WHEREAS**, the City now desires to reappoint Wells Fargo Securities and Ramirez as dealers for the Commercial Paper Notes (collectively, the “Dealers”) and to enter into respective dealer agreements with each of them (each a “Dealer Agreement” and collectively, the “Dealer Agreements”) to make conforming changes reflecting the BNYM Letter of Credit and the BNYM Reimbursement Agreement and the Sumitomo Letter of Credit and the Sumitomo Reimbursement Agreement (the BNYM Letter of Credit and the Sumitomo Letter of Credit referred to herein individually and collectively, as applicable, as the “Credit Facility” and the BNYM Reimbursement Agreement and the Sumitomo Reimbursement Agreement referred to herein individually and collectively, as applicable, as the “Credit Agreement”); and

**WHEREAS**, the City now desires to amend and restate the 2010 Paying Agent Agreement, with U.S. Bank National Association to be reappointed as issuing and paying agent with respect to the Commercial Paper Notes, to provide for the issuance of both tax-exempt and taxable Commercial Paper Notes in two Series to be designated as Tax-Exempt Series A and Taxable Series B, which may be further designated by subseries within a Series as directed by the City, and to make conforming changes reflecting the respective Credit Agreement and Credit Facility; and

**WHEREAS**, in connection with the amendment and restatement of the 2010 Paying Agent Agreement, the issuance of the respective Credit Facility and the execution and delivery of the respective Credit Agreement and the respective Fee Letter and the reappointment of the Dealers, the City desires to give to any Authorized City Representative the discretion and approval to appoint successor or replacement dealers from the City's approved underwriting pool if it is determined to be in the best interest of the City; and

**WHEREAS**, Section 11.02 of the Subordinate General Resolution permits the City by supplemental resolution to amend and supplement the Subordinate General Resolution and any Supplemental Resolution thereto provided that certain conditions set forth in Section 11.02 of the Subordinate General Resolution have been met, and the City has been advised by bond counsel that the proposed terms of this Fifteenth Supplemental Resolution do not adversely affect the interests of the Bondholders and all such conditions have been met;

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

**ARTICLE I**  
**SUPPLEMENT AND AMENDMENT TO DEFINITIONS CONTAINED**  
**IN THE PREVIOUS SUPPLEMENTAL RESOLUTIONS**

The Previous CP Supplemental Resolutions are hereby amended to supplement and modify the definitions of the terms contained in the Previous CP Supplemental Resolutions. All capitalized terms in this Fifteenth Supplemental Resolution that are not otherwise designated or defined below or in the preambles above shall have the meanings ascribed to them in the Subordinate General Resolution and the Previous CP Supplemental Resolutions, the provisions of which are hereby ratified and confirmed or in the respective Credit Agreement (as defined below), as appropriate.

"Amended and Restated Issuing and Paying Agent Agreement" means that certain amended and restated issuing and paying agent agreement as authorized for execution pursuant to Section 4.03 hereof.

"Authorized City Representative means any of the Mayor, the City Treasurer, the City Clerk, and the City Administrative Officer or any Assistant City Administrative Officer.

"Bank" means, individually, each of The Bank of New York Mellon and Sumitomo Mitsui Banking Corporation, acting through its New York Branch, or their respective successors and assigns, and "Banks" means, collectively, The Bank of New York Mellon and Sumitomo

Mitsui Banking Corporation, acting through its New York Branch, or their respective successors and assigns, as Banks under the respective Credit Agreement.

“Bank Notes” shall have the meaning ascribed to such term in the respective Credit Agreement.

“Credit Agreement” means, individually and collectively, as applicable, those certain Reimbursement Agreements, each dated as of December 1, 2012, by and between the City and the respective Bank, as authorized for execution pursuant to Section 3.01 hereof and any and all modifications, amendments and supplements thereto.

“Credit Facility” means, individually and collectively, as applicable, those certain irrevocable transferable direct pay letters of credit issued by the respective Bank, and any and all modifications, amendments and supplements thereto.

“Dealer” means any of Wells Fargo Bank, National Association and Samuel A. Ramirez & Co., Inc. or any subsequent successor or assign to any one or more of such entities as permitted under the respective Dealer Agreements, or any other dealer for all or part of the Commercial Paper Notes which is appointed by the City and has entered into a Dealer Agreement.

“Dealer Agreement” means, with respect to each Dealer, the Dealer Agreement dated as of December 1, 2012, by and between the City and any such Dealer, and any and all modifications, amendments and supplements thereto, or any other Dealer Agreement entered into by the City and a Dealer with respect to the Commercial Paper Notes.

“Fee Letter” means, individually and collectively, as applicable, those certain Fee Letters, each dated as of December \_\_, 2012, by and between the City and the respective Bank, as authorized for execution pursuant to Section 3.01 hereof and any and all modifications, amendments and supplements thereto.

“Related Bank” means the Bank whose Credit Facility is to support the payment of specific Series or subseries of Commercial Paper Notes.

“Reimbursement Obligations” shall have the meaning set forth in the respective Credit Agreement.

“Series” means any series of Commercial Paper Notes.

## **ARTICLE II AUTHORIZATION AND SECURITY**

The Commercial Paper Notes, the Reimbursement Obligations and City’s obligations to pay the Bank Notes together with interest thereon under the respective Credit Agreement are hereby designated as “Subordinate Bonds” issued under the terms of the Subordinate General Resolution and are secured by and entitled to the security and the rights granted by the Subordinate General Resolution. The Commercial Paper Notes will be issued in two Series, each Series in the maximum principal amount as set forth in the Amended and Restated Issuing and

Paying Agent Agreement, and a particular Series may be issued bearing interest at tax-exempt and/or taxable rates. The Commercial Paper Notes of each Series may be further designated by subseries as directed by the City.

The City's obligation to pay principal of and interest on the Commercial Paper Notes, to pay the Reimbursement Obligations and to pay each Bank Note and to pay interest thereon in accordance with the terms of the respective Credit Agreement (collectively, the "Second Lien Obligations") shall be and are special obligations of the City and the City shall be obligated to pay the Second Lien Obligations solely from the Revenues and from amounts in the SCM Fund, the CP Debt Service Fund and the CP Construction Funds into which the Revenues and proceeds of the Commercial Paper Notes are deposited; provided that the payment of the Second Lien Obligations from the Revenues and from amounts in the SCM Fund shall be subordinate to the payment of the Senior Lien Bonds, and shall be on a parity with the City's obligations with respect to any Subordinate Bonds that are outstanding from time to time. THE GENERAL FUND OF THE CITY IS NOT LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, INTEREST ON OR PREMIUM, IF ANY, ON THE SECOND LIEN OBLIGATIONS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO PAY THE SECOND LIEN OBLIGATIONS.

In addition to the lien granted to secure Subordinate Bonds under the Subordinate General Resolution (and referred to in Section 3.02 hereof), to secure the payment of the Second Lien Obligations, the City hereby pledges to the Holders of the Commercial Paper Notes and to the Banks, and places a first lien upon and assigns to the Holders of the Commercial Paper Notes and to the Banks, the proceeds of the issue of subsequent Commercial Paper Notes, the proceeds of advances under the related Credit Facility, and all moneys and securities held in the CP Debt Service Fund and the CP Construction Funds. All amounts in the CP Debt Service Fund which have become due and payable but have not been presented for payment shall be held in trust solely as security for such specific Second Lien Obligations and shall be used to pay only such Second Lien Obligations and shall not be pledged as security for or be available to pay other obligations.

**ARTICLE III**  
**AUTHORIZATION OF CREDIT FACILITY AND CREDIT AGREEMENT AND**  
**OBLIGATIONS UNDER THE CREDIT AGREEMENT**

**Section 3.01. Authorization of Credit Facility and Credit Agreement.** The Council hereby determines that the marketability of the Commercial Paper Notes will be enhanced if the City provides assurance to the purchasers of the Commercial Paper Notes that the City has ready access to sufficient funds to pay maturing Commercial Paper Notes by providing credit support for the Commercial Paper Notes. The Council hereby determines that the payment, interest rate, currency, security, default, remedy and other terms and conditions of two separate reimbursement agreements and the repayment of Reimbursement Obligations and any Bank Notes and interest thereon shall be as set forth in this Fifteenth Supplemental Resolution and in the respective Credit Agreement, the Credit Facility and the Bank Notes. The Council hereby approves the terms of each Credit Agreement, each Fee Letter, each Credit Facility and the Bank Notes, forms of which are on file with the City Clerk, and the Council hereby authorizes any one or more of the Authorized City Representatives to execute and deliver the respective Credit

Agreement, the respective Fee Letter and the Bank Notes in substantially such forms, but with such modifications and changes therein as the Authorized City Representatives executing such documents shall approve, and to incur the obligations represented thereby and authorizes the incurrence of the obligations therein and approves the form of each Credit Facility. The execution and delivery of the respective Credit Agreement and the respective Fee Letter by an Authorized City Representative shall be conclusive proof of the approval of any modifications and changes therein by the Authorized City Representative executing such document and by this Council.

**Section 3.02. Obligations Under the Credit Agreement.** The City's obligations to repay Reimbursement Obligations and the Bank Notes and to pay interest thereon as set forth in the respective Credit Agreement are issued under, secured by and subject to the terms of the Subordinate General Resolution and are secured on a basis subordinate to the Senior Lien Bonds and on a parity with all Outstanding Subordinate Bonds, as provided in the Subordinate General Resolution. The City's obligations to pay the Reimbursement Obligations and the Bank Notes and to pay interest thereon as set forth in the respective Credit Agreement are special obligations of the City payable only from the Revenues, the SCM Fund, the CP Debt Service Fund, the CP Construction Funds and the proceeds of the Commercial Paper Notes and not from the general fund of the City and the City is not obligated to repay Advances or any Bank Notes nor the interest thereon from any other source. The Second Lien Obligations shall be paid as and when due from the SCM Fund for purposes of, subject to and in accordance with Section 5.03 and Section 6.06 of the Subordinate General Resolution, and from the other funds and accounts described above. The City shall create and maintain or cause the Issuing and Paying Agent to create and maintain funds and accounts for the purpose of making payments on the Second Lien Obligations as and when due under the respective Credit Agreements; the Revenues and other funds shall be deposited in and used and withdrawn from such funds and accounts as set forth in this Supplemental Resolution, the Amended and Restated Issuing and Paying Agent Agreement and in the respective Credit Agreements with respect to such payments on Second Lien Obligations.

**Section 3.03. Drawing.** The Issuing and Paying Agent is hereby authorized and directed on each day any Commercial Paper Note of any Series and subseries matures to deliver to the Related Bank no later than 11:30 a.m. New York City time a drawing certificate (as provided in the related Letter of Credit) unless, prior to such time, (i) the City has been notified by the Dealers that Commercial Paper Notes have been sold for the account of the City or purchased for the Dealer's account or (ii) the City has provided funds to the Issuing and Paying Agent for deposit into the CP Debt Service Fund in an amount sufficient to pay principal of and interest on such maturing Commercial Paper Notes.

#### ARTICLE IV

#### DEALERS; OFFERING MEMORANDUM; PAYING AGENT AGREEMENT

**Section 4.01. Dealers.** The City hereby reappoints, as Dealers, Wells Fargo Bank, National Association and Samuel A. Ramirez & Co., Inc., and the City will enter into a Dealer Agreement with each of the Dealers.

The Council hereby authorizes any one or more of the Authorized City Representatives to execute and deliver the Dealer Agreements in substantially the form presented to this session of the Council with such modifications thereto as the Authorized Representative executing such Dealer Agreement shall approve. The execution and delivery of such Dealer Agreements by an Authorized City Representative shall be conclusive proof of the approval of any modifications therein by the Authorized City Representative executing such document and by this Council.

The Council hereby authorizes any one or more of the Authorized City Representatives the discretion and approval to take all action required and otherwise necessary to replace one or more of the Dealers with any dealer from the City's approved underwriting pool if it is determined to be in the best interest of the City.

**Section 4.02. Offering Memorandum.** There has been presented to this session of the Council a form of Offering Memorandum describing the Commercial Paper Notes and providing certain information concerning the City and the SCM Fund. The Council hereby authorizes the distribution of such Offering Memorandum in connection with the offer and sale of the Commercial Paper Notes, with such modifications and changes therein as the Authorized City Representatives shall approve. The execution and delivery of the Offering Memorandum by an Authorized City Representative shall be conclusive proof of the approval of any modifications and changes therein by the Authorized City Representative executing such document.

**Section 4.03. Amended and Restated Issuing and Paying Agent Agreement.** The Council hereby reappoints U.S. Bank National Association as issuing and paying agent for the Commercial Paper Notes and authorizes any one or more of the Authorized City Representatives to enter into an amended and restated issuing and paying agent agreement with the Issuing and Paying Agent to provide for the drawing and payment arrangements contemplated by the Credit Agreement. The Council hereby approves the terms of the Amended and Restated Issuing and Paying Agent Agreement, a form of which has been presented to this session of the Council, and hereby authorizes any one or more of the Authorized City Representatives to execute and deliver the Amended and Restated Issuing and Paying Agent Agreement in the form presented to this Council, but with such modifications and changes therein as the Authorized City Representatives executing such document shall approve. The execution and delivery of the Amended and Restated Issuing and Paying Agent Agreement by an Authorized City Representative shall be conclusive proof of the approval of any modifications and changes therein by the Authorized City Representative executing such document by this Council.

## ARTICLE V NOTICES AND OTHER ACTIONS REGARDING SUBSTITUTION OF CREDIT FACILITY

The Council hereby authorizes the Authorized City Representatives and each of them to take all action required by Section 8.02 of the First Supplemental Resolution and otherwise necessary to substitute the Banks for the 2010 Banks and replace the Existing Credit Agreement with each Credit Facility issued pursuant to the respective Credit Agreement and enter into all documents relating thereto, including the Credit Agreements and the Fee Letters with each respective Bank, and the Council hereby ratifies and confirms any such actions taken by the Authorized City Representatives prior to adoption of this Supplemental Resolution, including but



not limited to, causing notice of the substitution and replacement to have been provided to the Dealers, the Issuing and Paying Agent and the Holders of the Commercial Paper Notes.

## ARTICLE VI NON-PARITY OBLIGATIONS

### **Section 6.01. Priority of Payments; Obligations under the respective Credit Agreements and Fee Letters Not Constituting Parity Obligations; Pledge of Revenues.**

Obligations under the respective Credit Agreements and the Fee Letters other than the obligation to pay the principal of and interest on the Commercial Paper Notes and the Reimbursement Obligations and the obligation to pay the Bank Notes and interest thereon (collectively, the "Other Obligations") shall be and are special, limited obligations of the City and shall be subordinated obligations pursuant to Section 6.06 of the Subordinate General Resolution payable solely from Revenues on a basis junior and subordinate to the Subordinate Bonds as to the lien on and source and security for payment from the Revenues. To secure the payment of all Other Obligations, the City hereby pledges and places a third lien upon the Revenues as defined in the Subordinate General Resolution and the Revenues held in the SCM Fund including the earnings on such Revenues, subject to the provisions of the General Resolution, the Subordinate General Resolution and this Fifteenth Supplemental Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein and subject to the prior pledge and, assignment and lien thereon granted by the General Resolution to secure the Senior Lien Bonds and the prior subordinate pledge and assignment thereof and lien thereon granted by the Subordinate General Resolution to secure the Subordinate Bonds. The pledge of and lien on Revenues granted hereby to secure Other Obligations shall rank on a parity with the pledge of and third lien on such Revenues granted under the Fourteenth Supplemental Resolution supplementing the Wastewater System Subordinate Revenue Bonds General Resolution with respect to the particular obligations identified thereunder, and shall be subordinate only to the Senior Lien Bonds and the Subordinate Bonds. Nothing in this Fifteenth Supplemental Resolution shall be deemed to limit the ability of the City to create additional liens on and pledges of the Revenues on a parity with the pledge of and lien on such Revenues granted hereby to secure the Other Obligations, provided that the terms and conditions of the General Resolution, the Subordinate Resolution and this Fifteenth Supplemental Resolution are met.

Such Other Obligations shall be paid as and when due from the SCM Fund subject to and in accordance with Section 5.03 and Section 6.06 of the Subordinate General Resolution. The City shall create and maintain or cause the Issuing and Paying Agent to create and maintain funds and accounts for the purpose of making payments on Other Obligations and other payments; provided the Revenues may be used to fund such funds and accounts only if the conditions for the use of excess amounts in the SCM Fund are met as provided in Section 5.03 of the Subordinate General Resolution. Subject to the foregoing, Revenues shall be deposited in and used and withdrawn from such funds and accounts as set forth in this Supplemental Resolution and the respective Credit Agreements, with respect to such payments on Other Obligations.

**Section 6.02. Rate Covenant.** The City further acknowledges that all Other Obligations shall constitute payments described under Section 6.03(a)(3) of the Subordinate General Resolution.

**Section 6.03. Tests for Issuance of Subordinate Bonds.** The City agrees that with respect to any money obligations included in Other Obligations, for purposes of calculating Maximum Annual Debt Service for compliance with Section 3.11 of the Subordinate General Resolution, such obligations will be treated as interest coming due in the year in which such obligations are first payable.

## **ARTICLE VII AMENDMENT OF FIRST SUPPLEMENTAL RESOLUTION**

The first two paragraphs of Section 3.03 of the First Supplemental Resolution shall be amended and restated in their entirety to read as follows:

Section 3.03. Terms of the Commercial Paper Notes; Signature. The Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in bearer form or registered to bearer; shall be issued in minimum denominations of \$100,000 and \$1,000 increments in excess thereof; and interest on the Commercial Paper Notes shall be separately stated by rate and amount on the face of each Commercial Paper Note. Commercial Paper Notes of a subseries shall bear interest from their respective dates, at either the applicable tax-exempt or taxable rates, payable on their respective maturity dates.

Commercial Paper Notes (i) shall bear interest payable at maturity at an annual rate not in excess of 12% per annum (calculated, with respect to Commercial Paper Notes bearing interest at tax-exempt rates, on the basis of a year consisting of 365 or 366 days and actual number of days elapsed, and, with respect to Commercial Paper Notes bearing interest at taxable rates, on the basis of a year consisting of 360 days and actual number of days elapsed) or such lesser rate permitted by the Revenue Bond Law at the time of issuance of the respective Commercial Paper Note, (ii) shall mature not more than 270 days after their respective issuance dates, but in no event later than 15 days prior to the Termination Date of the related Credit Agreement and (iii) shall be sold at a price of not less than 100% of the principal amount thereof. The stated interest rate, maturity date and other terms of each Commercial Paper Note, so long as not inconsistent with the terms of this Supplemental Resolution, shall be as set forth in the Issuance Request required by Section 3.08 hereof directing the issuance of such Commercial Paper Note.

## **ARTICLE VIII MISCELLANEOUS**

**Section 8.01. Additional Actions.** All actions heretofore taken by any officers, employees, agents or directors of the City, with respect to the negotiation, execution and delivery of each Credit Agreement and each Fee Letter and the Bank Notes, or in connection with any amendment thereto, and the making of any filings with the Municipal Securities Rulemaking Board, are hereby approved, confirmed and ratified; and the officers of the City and their authorized representatives, and each of the foregoing acting alone is, hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and to take any

and all actions, and to execute and deliver such documents, agreements and certificates, which they, or any of them, may deem necessary or advisable to effectuate the purposes of this Resolution.

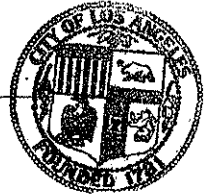
**Section 8.02. The Provisions of the Previous Supplemental Resolutions.** Unless the context indicates otherwise or unless otherwise amended herein, the provisions in the Previous CP Supplemental Resolutions shall be incorporated herein by this reference and shall apply to this Fifteenth Supplemental Resolution and all of the Commercial Paper Notes authorized pursuant hereto.

**Section 8.03. Effective Date.** This Fifteenth Supplemental Resolution shall take effect from and upon its adoption.

I hereby certify that the foregoing Resolution was duly adopted by the Council of the City of Los Angeles this 11 day of December, 2012.

JUNE LAGMAY  
City Clerk

By: \_\_\_\_\_  
Deputy



Approved as to Form  
CARMEN A. TRUTANICH  
City Attorney

By: \_\_\_\_\_  
Assistant City Attorney